



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

## **STAFF REPORT**

### **Proposed Amendments to Refinery Rules**



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# STAFF REPORT

## Refinery Rules

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## I. EXECUTIVE SUMMARY

The Bay Area Air Quality Management District (Air District) proposing administrative amendments to several regulations (listed in Tables 1 – 3 below) to ensure that rules currently applicable to petroleum refineries, which process crude oil into product fuels and other oil products, continue to apply to the same facilities after operations are modified to produce the products from alternative feedstocks (including those that are not derived from petroleum). This Staff Report has been developed to provide information supporting the proposed amendments and is intended to provide the public with information to supplement the Air District's Request for Comments.

In 2020 and 2021, two of the five petroleum refineries in the Bay Area submitted permit applications to modify the facility operation to process alternative feedstocks with the intention of producing “renewable” products. These facilities use the term “renewable” to mean they will be producing fuel and other products by processing non-petroleum feedstocks. Petroleum refineries are subject to a variety of Air District rules and regulations. Some of these rules are exclusively applicable to petroleum refineries and some of these rules are applicable to petroleum refineries as well as other facilities. Most of these rules determine that applicability by using the definition of petroleum refinery. There are also instances where a particular standard, requirement, or exemption is dependent on terms such as “fossil-derived,” “fossil-fuel,” “petroleum,” and “crude oil.”

The purpose of the proposed amendments is to ensure that the facilities that produce fuels and other products from non-petroleum feedstocks remain subject to and in compliance with the same emission standards and rule requirements that were in effect when the feedstock was petroleum based.

Without these proposed amendments to existing Air District Rules and Regulations, the facilities that change to non-petroleum operation may no longer be subject to the emission standards and other regulatory requirements that currently apply to them. The purpose of these amendments is to ensure that emissions are not allowed to increase as these facilities transition away from the processing of crude oil. Such an outcome would be contrary to Air District gains in creating a healthier environment for all Bay Area residents, especially those in the petroleum refinery frontline communities.

In summary, adopting the proposed administrative amendments will maintain the status quo and ensure that the petroleum facilities that convert to non-petroleum operations will continue to be required to comply with the same emission standards and regulatory requirements that are currently applicable to them.

## II. BACKGROUND

### A. Industry Description

Petroleum refineries process crude oil into a variety of products such as gasoline, aviation fuel, diesel, and other fuel oils, lubricating oils, and feedstocks for the petrochemical industry.

#### 1. Industry / Facility Operations

The processing of crude oil occurs in various process units or plants throughout these facilities including; separation processes (e.g., atmospheric or vacuum distillation, and light ends recovery), petroleum conversion processes (e.g., cracking, reforming, alkylation, polymerization, isomerization, coking, and visbreaking), petroleum treating processes (e.g., hydrodesulfurization, hydrotreating, chemical sweetening, acid gas removal, and deasphalting), feedstock and product handling (e.g., storage, crude oil blending, non-crude oil feedstock blending, product blending, loading, and unloading), and auxiliary facilities (e.g., boilers, waste water treatment, hydrogen production, sulfur recovery plants, cooling towers, blowdown systems, compressor engines, and power plants). Some of these processes may be retained or repurposed for non-petroleum operation.

New non-petroleum feedstocks for refinery facilities are generally biological-based oils and include tallow, cooking oils, vegetable oils and rendered fats. Additional processes for the non-petroleum operation include esterification, hydrodeoxygenation, and fermentation.

Two Bay Area facilities are planning to convert their refining operations to non-petroleum feedstocks and do not intend to produce any crude oil products. They will, however, retain the ability to receive, blend, and ship petroleum-based materials. Additionally, these facilities may retain permits with the Air District that allow them to switch equipment back into crude oil or other petroleum-based feedstock processing service in the future.

#### 2. Pollutants and Emissions Sources

Pollutants and emission sources for the non-petroleum operation will be similar to the current petroleum operation:

- Organic Liquid Storage Tanks
- Process Heaters
- Internal Combustion Engines
- Wastewater Treatment
- Cooling Towers
- Loading Operations
- Hydrogen Production
- Fugitive Emissions from Equipment Leaks
- Flares

Some of the significant changes that will occur for the non-petroleum operation include:

- Fluid Catalytic Cracking Unit – may no longer be required
- Delayed Coker – may no longer be required

### 3. Current Emissions Control Technology and Methods

There will be no change in the emissions control methodology or technology. If an existing source operates with an abatement device in the petroleum operation, it will continue to operate with an abatement device in the non-petroleum operation. In addition, if a source required for the non-petroleum operation is new or modified, the source will be evaluated pursuant to Regulation 2, Rule 2 New Source Review, including the determination of the Best Available Control Technology.

#### B. Regulatory History

The regulatory history for petroleum refineries is complex and comprehensive. Petroleum refineries are subject to federal, state, and Air District regulations; all of which have been developed and promulgated over decades. Since the purpose of the proposed amendments is to keep current petroleum facilities that are converting to non-petroleum operations subject to the same rules and regulations, a detailed regulatory history is not applicable. From a historical perspective, it is important to point out that all Air District refinery sector regulatory action is constrained to the five major petroleum refining industrial complexes that have been operating in the Bay Area for decades. The proposed scope of amendments is limited to these five major facilities and the intent of this rule development effort does not set out to change the regulatory landscape for any other currently permitted facility.

## III. PROPOSED AMENDMENTS

The Air District is proposing amendments to definitions (Section 200) of “petroleum refinery,” “gasoline,” and “liquid petroleum gas (LPG)” in each applicable refinery rule. If these definitions are left unchanged, the refineries that convert to non-petroleum refining operations may no longer be subject to the current emissions standards. This approach is intended to have no impact on the facilities that are currently subject to those emissions standards (current petroleum operations remaining subject to the same emission standards even though they are converting to non-petroleum operations). In addition, the proposed amendments are intended not to impact any facility other than the major petroleum refineries that are currently subject to these rules.

Careful attention has been paid to ensure that:

- Facilities currently not subject to a petroleum refinery rule are not now swept into one as a result of these definition changes; and similarly,
- Any current refineries are not left unregulated under the proposed rule development action after they convert their processes to non-petroleum feedstocks.

Following identification of the applicable rules, the Air District individually evaluated each rule and is proposing necessary changes to ensure that only the facilities currently subject to the rule are included.

There are three main proposed definition changes (petroleum refinery, gasoline, and liquid petroleum gas (LPG)) outlined below.

## A. Definition of Petroleum Refinery

The proposed definition change ensures any emission standards, exemptions, or limited exemptions that are currently applicable to the five existing petroleum refineries continue to apply, even if the facility is repurposed to process material that is not petroleum. The new definition of Refinery includes the processing of non-petroleum based organic feedstocks. The intent of the language amendment is to accomplish the task of retaining all five major refineries under the rules that are currently applicable to them. This definition is derived from the existing definition of Petroleum Refinery in Regulation 12, Rule 15 with the generalization of feedstocks to cover the repurposed facilities and to ensure the smaller operations in the Air District are not impacted.

The current definition of Petroleum Refinery in Regulation 12 Rule 15 Section 210 states:

**Petroleum Refinery:** An establishment that is located on one or more contiguous or adjacent properties that processes crude oil to produce more usable products such as gasoline, diesel fuel, aviation fuel, lubricating oils, asphalt or petrochemical feedstocks. Petroleum refinery processes include separation processes (e.g., atmospheric or vacuum distillation, and light ends recovery), petroleum conversion processes (e.g., cracking, reforming, alkylation, polymerization, isomerization, coking, and visbreaking), petroleum treating processes (e.g., hydrodesulfurization, hydrotreating, chemical sweetening, acid gas removal, and deasphalting), feedstock and product handling (e.g., storage, blending, loading, and unloading), auxiliary facilities (e.g., boilers, waste water treatment, hydrogen production, sulfur recovery plant, cooling towers, blowdown systems, compressor engines, and power plants), and support facilities (e.g., hydrogen plants, sulfuric acid plants, and electrical generation).

The Air District proposes to delete the current definition of Petroleum Refinery from the rules listed below and adds a new definition of “Refinery” as follows:

**Refinery:** An establishment that is located on one or more contiguous or adjacent properties that processes any petroleum or alternative feedstock, to produce more usable products such as gasoline, diesel fuel, aviation fuel, lubricating oils, asphalt or petrochemical feedstocks, or any other similar product. Refinery processes include separation processes (e.g., atmospheric or vacuum distillation, and light ends recovery), conversion processes (e.g., cracking, reforming, alkylation, polymerization, isomerization, coking, and visbreaking), treating processes (e.g., hydrodesulfurization, hydrotreating, chemical sweetening, acid gas removal, and deasphalting), feedstock and product handling (e.g., storage, crude oil blending, non-crude oil feedstock blending, product blending, loading, and unloading), and auxiliary facilities (e.g., boilers, waste water treatment, hydrogen production, sulfur recovery plant, cooling towers, blowdown systems, compressor engines, and power plants).

Table 1 below lists the proposed changes to each rule that will be amended under this category.



| <b>TABLE 1 - Proposed Administrative Changes to Refinery Definition</b>              |                |  |  |
|--|----------------|--|--|
| <b>Rule</b>  | <b>Section</b> | <b>Action</b>  | <b>Rationale</b>   |
| 3 Fees   |                | Remove word Petroleum from multiple sections of rule | Ensure applicable fees continue to apply to the five refineries in with the Air District.  |
| 6-5 Particulate Emissions from Petroleum Refinery Fluidized Catalytic Cracking Units | 6-5-208        | Delete Definition                                    | To be replaced by new definition of Refinery   |
|  | 6-5-214        | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|  | 6-5-215        | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|  |                | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 8-1 General Provisions   | 8-1-203        | Delete definition                                    | Definition not applied within the standards of this rule.  |
| 8-8 Wastewater Collection and Separation Systems                                     | 8-8-224        | Delete Definition                                    | To be replaced by new definition of Refinery   |
|  | 8-8-233        | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|  | 8-8-234        | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five                                      |

|                                      |          |  |  |
|--------------------------------------|----------|--|--|
|                                      |          |  | refineries in with the Air District.   |
|                                      |          | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 8-9 Vacuum Producing Systems         | 8-9-202  | Delete Definition                                    | To be replaced by new definition of Refinery   |
|                                      | 8-9-204  | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|                                      | 8-9-205  | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                                      |          | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 8-10 Process Vessel Depressurization | 8-10-202 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|                                      | 8-10-207 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|                                      | 8-10-208 | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                                      |          | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |

|   |          |  |  |
|---|----------|--|--|
| 8-18 Equipment Leaks  | 8-18-213 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|   | 8-18-229 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|   | 8-18-230 | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|   |          | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 8-28 Episodic Releases From Pressure Relief Devices at Petroleum Refineries and Chemical Plants | 8-28-209 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|   | 8-28-217 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|   | 8-28-218 | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|   |          | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 8-53 Vacuum Truck Operation   | 8-53-216 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|   | 8-53-224 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials   |

|                    |  |  |  |
|--------------------|--|--|--|
|                    |  |  | used by the refineries to produce product.   |
|                    | 8-53-225   | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                    |  | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 9-1 Sulfur Dioxide | 9-1-212  | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|                    | 9-1-213  | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                    |  | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
|                    | 9-1-313  | Add language: "or other alternative feedstock."      | Ensure Rule Section includes non-petroleum refineries  |
|                    | 9-1-313.1  | Add language: "or other alternative feedstock."      | Ensure Rule Section includes non-petroleum refineries  |
|                    | 9-10 Boilers, Steam Generators and Process Heaters in Refineries | Rule Title   | Delete Petroleum from the Title  |
| 9-10-213           |  | Delete Definition                                    | To be replaced by new definition of Refinery   |
| 9-10-223           |  | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials   |

|  |           |  |  |
|--|-----------|--|--|
|  |           |  | used by the refineries to produce product.   |
|  | 9-10-224  | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|  |           | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 11-10 Hexavalent Chromium Emissions From All Cooling Towers and Total Hydrocarbon Emissions From Refinery Cooling Towers | 11-10-107 | Add the term alternative material to the exemption   | Intended to incorporate the use of non-petroleum based organic material  |
|  | 11-10-206 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|  | 11-10-212 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|  | 11-10-213 | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|  |           | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |
| 12-11 Flare Monitoring at Refineries   | 12-11-205 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|  | 12-11-211 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the   |

|                                   |               |  |  |
|-----------------------------------|---------------|--|--|
|                                   |               |  | refineries to produce product.   |
|                                   | 12-11-212     | Add new definition of Refinery                         | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                                   |               | Remove word Petroleum from multiple sections of rule   | Ensure language refers to new definition of Refinery in Rule.  |
| 12-12 Flares at Refineries        | 12-12-206     | Delete Definition                                      | To be replaced by new definition of Refinery   |
|                                   | 12-12-214     | Add new definition of Alternative Feedstock            | New language to define non-petroleum materials used by the refineries to produce product.  |
|                                   | 12-12-215     | Add new definition of Refinery                         | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|                                   |               | Remove word Petroleum from multiple sections of rule   | Ensure language refers to new definition of Refinery in Rule.  |
| 12-15 Refining Emissions Tracking | 12-15-102     | Add new exemption for Small Refineries                 | Continues to exclude smaller facilities (less than 20,000 barrels per day of organic feedstock) from this rule   |
|                                   | 12-15-209.1.3 | Add new reporting requirement non-petroleum feedstocks | Requires API gravity of non-petroleum feedstocks reporting to be replaced by density in lb/gal   |

|  |           |  |  |
|--|-----------|--|--|
|  | 12-15-210 | Delete Definition                                    | To be replaced by new definition of Refinery   |
|  | 12-15-215 | Add new definition of Alternative Feedstock          | New language to define non-petroleum materials used by the refineries to produce product.  |
|  | 12-15-216 | Add new definition of Refinery                       | New language to ensure any emission standards, exemptions, or limited exemptions that continue to apply to the five refineries in with the Air District. |
|  |           | Remove word Petroleum from multiple sections of rule | Ensure language refers to new definition of Refinery in Rule.  |

## B. Definition of Gasoline

As previously stated, the proposed definition change ensures any emission standards, exemptions or limited exemptions that are applicable to gasoline continue to apply even if the material is not actually manufactured from a petroleum feedstock. This definition is derived from the existing definition of Gasoline in 8 Rule 33 Section 202 which states:

**Gasoline:** Any petroleum distillate, including aviation gasoline and additives, that has a Reid vapor pressure of four (4.0) pounds or greater.

The Air District proposes to delete “petroleum” and amend the definition to be as follows:

**Gasoline:** Any distillate, including aviation gasoline and additives, that has a Reid vapor pressure of four (4.0) pounds or greater.

Table 2 below lists the proposed changes to each rule that will be amended under this category.

| Table 2 - Proposed Administrative Changes to Gasoline Definition |          |                                      |  |
|--|----------|--------------------------------------|--|
| Rule   | Section  | Action                               | Rationale  |
| 8-5 Storage of Organic Liquids                                   | 8-5-205  | Amend current definition of gasoline | Expand the definition from petroleum distillates to any distillate to incorporate the use of alternative feedstocks to |
| 8-7 Gasoline Dispensing Facilities                               | 8-7-202  |                                      |  |
| 8-33 Gasoline Bulk Terminals                                     | 8-33-202 |                                      |  |
| 8-39 Gasoline Bulk Plants  | 8-39-202 |                                      |  |
| 8-44 Marine Vessels  | 8-44-209 |                                      |  |
| 8-53 Vacuum Truck Operation                                      | 8-53-209 |                                      |  |

|  |  |  |                              |
|--|--|--|------------------------------|
|  |  |  | produce “renewable” products |
|--|--|--|------------------------------|

### C. Definition of Liquid Petroleum Gas (LPG)

The proposed definition change ensures any emission standards, exemptions or limited exemptions that are applicable to LPG continue to apply even if the material is not actually manufactured from a petroleum feedstock. The Air District will amend the current definition of LPG in Regulation 8 Rule 6 Section 215 with the following additional language:

**Liquefied Petroleum Gas:** A compressed gas composed of one or more of the following flammable hydrocarbons (propane, n-butane, isobutane, propylene, and butylenes), which is used especially as a fuel or as raw material for chemical synthesis, including hydrocarbons that are obtained, originate or manufactured from non-petroleum materials.

Table 3 below lists the proposed amendments to Regulation 8 Rule 6 and Regulation 9 Rule 10 under this category.

| Table 3 - Proposed Administrative Changes to LPG Definition      |          |                                 |  |
|--|----------|---------------------------------|--|
| Rule   | Section  | Action                          | Rationale  |
| 8-6 Bulk Plants and Bulk Terminals                               | 8-6-215  | Amend current definition        | Expand definition to include LPG produced using non-petroleum feedstock. |
| 9-10 Boilers, Steam Generators and Process Heaters in Refineries | 9-10-225 | Add definition of liquified gas | Define liquified gas since it is utilized in exemption 9-10-110.1        |

In addition to changes listed above, the Air District is also proposing amendments to Section 600 Manual of Procedures of each rule listed above. Some of the methods for determining emissions cited in current regulations are specific to petroleum-based products (eg. Reid Vapor Pressure). Allowing for use of alternative test methods will ensure facilities containing non-petroleum products utilize the appropriate testing methods for the materials they are handling. The following proposed language would be added to the current 600 sections of each rule:

“...or any other method approved by the APCO.”

The added statement provides the Air District opportunities to consider and approve available alternative methods. Allowing the flexibility to use a current methodology which allows both the Air District and the regulated community to ensure accurate data for determination of regulatory compliance. Table 4 below lists the specific 600 sections to which the proposed statement will be added.

| Table 4 – Proposed Administrative Changes to 600 Section |         |
|--|---------|
| Rule   | Section |
| 8-1 General Provisions                                   | 8-1-602 |
| 8-2 Miscellaneous Operations                             | 8-2-601 |



|  |  |
|--|--|
| 8-5 Storage of Organic Liquids                   | 8-5-601<br>8-5-602<br>8-5-603                                  |
| 8-6 Bulk Plants and Bulk Terminals               | 8-6-603  |
| 8-7 Gasoline Dispensing Facilities               | 8-7-606  |
| 8-8 Wastewater Collection and Separation Systems | 8-8-601<br>8-8-602   |
| 8-9 Vacuum Producing Systems                     | 8-9-601  |
| 8-18 Equipment Leaks                             | 8-18-603   |
| 8-33 Gasoline Bulk Terminals                     | 8-33-601<br>8-33-605   |
| 8-39 Gasoline Bulk Plants                        | 8-39-601<br>8-39-602<br>8-39-605                               |
| 8-53 Vacuum Truck Operation                      | 8-53-602<br>8-53-604   |
| 9-1 Sulfur Dioxide                               | 9-1-601<br>9-1-602<br>9-1-606<br>9-1-607<br>9-1-608<br>9-1-609 |

The Air District has also provided copies of each Regulation referenced above in Appendix D with proposed amendments noted in ~~strikethrough~~ or underline format.

#### IV. EMISSIONS and EMISSIONS REDUCTIONS

The proposed amendments will not result in significant emissions impacts. The proposed changes are administrative and intended to ensure the five Bay Area petroleum refineries continue operation in compliance with the rules and regulations that apply to their operation after any repurposing to process feedstocks that are not petroleum based.

Without adoption of the proposed amendments, it is possible that the repurposed facility (one that no longer uses crude oil or other petroleum feedstocks) would no longer meet the definition of a petroleum refinery as currently defined in Air District rules. As a result, these refineries may not be subject to the emissions standards that are currently applicable prior to the repurposing of their facility. The purpose of this rulemaking is to ensure that enforceable emission standards remain in place, avoiding possible increases in emissions.

While it appears that the volume of fuels produced will be lower than the current petroleum operation, the products will be very similar, if not identical, to the current products produced by the petroleum operation. Furthermore, each facility is likely to import petroleum-based products for distribution or blending, so there will be both petroleum and non-petroleum materials at the facility.

The types of air pollution emitted by the repurposed facilities will be similar to current operation. The proposed amendments will ensure emissions will not increase, keeping existing community protections in place.

## V. ECONOMIC IMPACTS

There are no economic or socioeconomic impacts for the proposed amendments. The impacted facilities are already subject to the emissions standards and other requirements detailed in the rules that are proposed to be amended, so no impacts to the Air District or to the regulated industry is anticipated.

### A. Socioeconomic Analysis

Section 40728.5 of the California Health and Safety Code requires an air district to assess the socioeconomic impacts of the adoption, amendment, or repeal of a rule if the rule is one that “will significantly affect air quality or emissions limitations.” As noted above, there are no anticipated costs associated with these proposed amendments and so they would not have a significant economic impact to the affected industry. In addition, we expect these amendments to have little or no impact on the local economy. Applied Development Economics, Inc of Lafayette, California has completed an updated socioeconomic analysis with an updated economic profile of the industry affected by the rule. Their analysis is attached as Appendix A to this report.

## VI. REGULATORY IMPACTS

Section 40727.2 of the Health and Safety Code requires an air district, in adopting, amending, or repealing an air district regulation, to identify existing federal and district air pollution control requirements for the equipment or source type affected by the proposed change in air district rules. The air district must then note any difference between these existing requirements and the requirements imposed by the proposed change.

The Air District is not proposing new or modifying any current standards through this rule development effort. As stated previously in this report, the proposed amendments will ensure that the facilities produce fuels and other products from non-petroleum feedstocks remain subject to and in compliance with the same emission standards and rule requirements that were in effect when the feedstock was petroleum based. The proposed administrative amendments are intended to maintain status quo and the petroleum facilities that convert to non-petroleum operations will continue to be required to comply with the same emission standards and regulatory requirements that are currently applicable to them.

## VII. ENVIRONMENTAL IMPACTS

### California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA), the Air District has concluded that the proposed amendments to the regulations cited above are exempt under CEQA guidelines Section 15301, Class 1. The rule amendment would involve negligible or no expansion of an existing use. The proposed changes will ensure the five Bay Area petroleum refineries continue operation in compliance with the rules and regulations that apply to their operation after any repurposing to process feedstocks that are not petroleum based. The purpose of this rulemaking is to ensure that enforceable emission standards remain in place, avoiding possible increases in emissions. For the same reasons, the rulemaking is also exempt from CEQA pursuant to the commonsense exemption described in CEQA Guidelines Section 15061(b)(3), because it is certain the project will not have a significant effect on the environment. Air District Staff will file a

Notice of Exemption with the County Clerk after adoption by the Board of Directors. The CEQA documents are attached as Appendix B to this report.

## **VIII. RULE DEVELOPMENT / PUBLIC PARTICIPATION PROCESS**

Air District staff presented the proposed regulatory amendments during the Air District's Stationary Source and Climate Impacts Committee Meeting on July 19, 2021 and met with representatives of the five Bay Area refineries to review the proposed language changes.

The Air District believes the proposed administrative amendments are necessary to ensure continued applicability of refinery regulations regardless of the changes made to refinery processes. However, the Air District also acknowledges and has responded to the comments received during the written comment period. The comments and Air District responses are attached as Appendix C to this report.

## **IX. CONCLUSION / RECOMMENDATIONS**

Pursuant to Section 40727 of the California Health and Safety Code, the proposed rule amendments must meet findings of necessity, authority, clarity, consistency, non-duplication, and reference before the Board of Directors adopt, amend, or repeal a rule. The proposed Rule amendments are:

- Necessary to ensure protection of the public from toxic air contaminants from refineries and their support facilities;
- Authorized by California Health and Safety Code Sections 40000, 40001, 40702, and 40725 through 40728;
- Written or displayed so that their meaning can be easily understood by the persons directly affected by them;
- Consistent with other California air district rules, and not in conflict with state or federal law;
- Non-duplicative of other statutes, rules, or regulations; and,
- Implementing, interpreting, and making specific the provisions of the California Health and Safety sections 40000 and 40702.

A socioeconomic analysis prepared by Bay Area Economics has found that the proposed regulation amendments would not have a significant economic impact or cause regional job loss. A California Environmental Quality Act (CEQA) analysis prepared by Environmental Audit, Inc., concludes that the proposed amendments are exempt under CEQA Guidelines Section 15301, Class 1. In addition, the rulemaking is also exempt from CEQA pursuant to the common-sense exemption described in CEQA Guidelines Section 15061(b)(3), because it is certain the project will not have a significant effect on the environment. Air District staff have reviewed and accepted this analysis and will file a Notice of Exemption after amendments are adopted by the Board of Directors. District staff recommends adoption of proposed regulation amendments outlined in Section III above.

## **APPENDICES**

- A. Socioeconomic Analysis
- B. CEQA Documents
- C. Comments and Responses
- D. Proposed Regulation Amendments