

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Wednesday, October 1, 2014

1. Call to Order – Roll Call

Stationary Source Committee (Committee) Chairperson John Gioia called the meeting to order at 9:38 a.m.

Present: Committee Chairperson John Gioia; Vice-Chairperson John Avalos; and Directors Tom Bates, Carole Groom, Scott Haggerty, Eric Mar, Jan Pepper and James Spering.

Absent: Director Mary Piepho.

Also Present: Board of Directors (Board) Chairperson Nate Miley.

2. Public Comment Period: No requests received.

3. Approval of Minutes of July 21, 2014

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Pepper made a motion, seconded by Director Avalos, to approve the Minutes of July 21, 2014; and the motion carried by the following vote of the Committee:

AYES: Avalos, Gioia, Groom, Pepper and Spering.

NOES: None.

ABSTAIN: None.

ABSENT: Bates, Haggerty, Mar, Miley and Piepho.

4. Update on Bay Area Air Quality Trends and Refinery Emissions

Jack Broadbent, Executive Officer/Air Pollution Control Officer, introduced the topic and Wayne Kino, Director of Compliance and Enforcement, who gave the initial staff presentation *Bay Area Emissions and Air Quality: Trends & Refinery Overview* through slide 7, *District Compliance & Enforcement - 2013*, including refinery overview; Air District refinery regulations; refinery sources of emissions; summaries of Regulation 8, Rule 18, regarding fugitive emissions and Regulation 12, Rules 11 and 12, regarding flares; and Air District compliance and enforcement statistics for 2013.

NOTED PRESENT: Board Chairperson Miley was noted present at 9:44 a.m. and Directors Bates and Haggerty were noted present at 9:47 a.m.

Henry Hilken, Director of Planning, Rules and Research, gave the remainder of the staff presentation *Bay Area Emissions and Air Quality: Trends & Refinery Overview*, including distribution of 2013 annual average emissions; all source, stationary source and refinery emission trends from 1980 through 2015; measurement-based trends relative to a declining risk from toxic air contaminants in the Bay Area; Board of Directors actions requiring emissions reductions at refineries from 1992 through 2013; emissions reductions from Air District rules from 1992 through 2013; Bay Area refinery emissions per production capacity in 2012; 2015 Clean Air Plan preliminary draft control measures and further study measures for refineries; and next steps.

The Committee and staff discussed, at slide 8, *Distribution of 2013 Annual Average Emissions*, the composition of the category “Off-Road” and the localized and regional impacts of the various emission types.

Mr. Hilken continued the presentation.

The Committee and staff discussed, at slide 15, *Bay Area Refinery Emissions per Production Capacity 2012*, how a proposed project at the Shell refinery may affect the emissions displayed; the differences in emissions levels between refineries; and the varying production levels and throughput at each refinery.

Director Avalos requested information that explains why the emissions levels per production capacity vary between refineries.

Director Pepper requested information detailing the actual production level or throughput at each of the Bay Area refineries.

Mr. Hilken concluded the presentation.

NOTED PRESENT: Director Mar was noted present at 10:07 a.m.

Committee Comments:

The Committee and staff discussed the downward trends in all of the listed emissions categories except particulate matter; the importance of the discussion about the differences between

localized and regional impacts; regulatory or technological measures that might be employed to decrease or eliminate concerns regarding a change in the crude stock; and clarification that fine particulate matter exceedences are not originating around refineries in the Bay Area.

Public Comments: No requests received.

Committee Action: None; receive and file.

5. Update on the Development of Regulation 12, Rule 15: Petroleum Refining Emissions Tracking and Development of Options to Limit Emissions at Bay Area Refineries

Mr. Broadbent introduced the topic and Eric Stevenson, Director of Technical Services, who gave the staff presentation *Regulations to Track and Reduce Emissions from Petroleum Refineries*, including a summary of an enhanced approach; elements of the current version of Regulation 12, Rule 15; a summary of the proposed companion rule; possible approaches for decreasing emissions; 2015 Clean Air Plan preliminary draft control measures and further study measures for refineries; and strategy for tracking and reducing refinery emissions.

At slide 3, *Current 12-15 Elements*, the Committee and staff discussed the release of new state air quality guidelines based on new methods of analysis which revealed higher cancer risks at lower levels than previously thought; whether new rules are being implemented to address claims that crude stocks have or can be changed under an existing permit without public notice or the issuance of a new permit; and the limits of Air District authority relative to transportation.

Mr. Stevenson concluded the presentation.

Committee Comments:

The Committee and staff discussed staff plans relative to proposed rules for Board consideration and for addressing public concern about the public health impact of changing crude stocks at Bay Area refineries; claims by refinery operators that recent modernization projects will not result in emissions increases and the possible use of the companion rule as a guarantee against increases; how Air District staff intends to work toward achieving the 20% reduction of refinery emissions that community groups are demanding; how emissions are quantified in preparing these proposed rules; how staff intends to establish baseline emissions and calculate thresholds; the impact of the recent economic downturn on baseline and threshold calculations and, in turn, mitigation plans; the state of discussions between Air District staff, the regulated community, and public and community interest groups relative to the proposed 12-15 and companion rule; the public desire to see overall emissions reductions regardless of throughput; a request by community interest groups for a resolution requiring 20% reductions by 2020; if carbon dioxide (CO₂) increases are expected from refineries and if and how CO₂ will be included in Air District plans; whether the permitting process can consider refinery inputs; the desire for measures that decrease emissions instead of avoiding increases; examples of control measures that may assist with Air District rule development; what constitutes “cost-effective” in this discussion and the origin of staff’s use of the term.

Public Comments:

Don Cuffel, Valero, addressed the Committee to provide a technical explanation of the impact of production limits on refinery operations.

Guy Bjerke, Western States Petroleum Association (WSPA), addressed the Committee to express concern about the objectives of the proposed companion rule, the state of negotiations relative to proposed rule 12-15 and the implementation of a multi-tiered approach to emissions reductions.

Diane Bailey, Natural Resources Defense Council, addressed the Committee in support of the proposed companion rule and, when taken in conjunction, proposed rule 12-15; to suggest a great deal of reductions remain; and said Bay Area refineries emit more pollutants per barrel produced than those in the Los Angeles area.

David Farabee, WSPA, addressed the Committee to suggest that the mitigations contemplated under the proposed rules are legally difficult for the Air District to impose.

Matthew Buell, Tesoro, addressed the Committee regarding pride in creating jobs and implementing technological advances; the lack of necessity for the proposed companion rule because of the operational requirements provided in a Title V permit; and in support of finalizing proposed rule 12-15.

Roger Lin, Communities for a Better Environment (CBE), addressed the Committee to read an excerpt from an Air District concept paper on proposed rule 12-15 and asked for clear direction to staff to set limits on emissions levels, develop an emissions reduction schedule, and to implement numerical targets for emissions reduction levels.

Kathy Wheeler, Shell Oil Company, addressed the Committee regarding her participation in the development of the flare rule, at which time emissions data was also allegedly misstated by community interest groups, and to express support for proposed rule 12-15 in order to provide accurate data to inform future actions.

Dan Broadwater, International Brotherhood of Electrical Workers Local 180, addressed the Committee regarding the environmental focus of Valero projects because it is what makes continued operations and jobs creation possible.

David McCoard, Sierra Club, addressed the Committee regarding the cancer levels and similarly dire health impacts for those who reside in the communities that are home to Bay Area refineries; in support of proposed rule 12-15 and the companion rule; and to suggest that environmental impact reports that claim no net increase in refinery emissions are calculating those numbers through disingenuous methods.

The Committee and staff discussed if and how the State cap-and-trade program may impact local emissions limits and program implementation monitoring by the staffs of the California Air Resources Board and Air District.

Janet Whittick, California Council for Environmental and Economic Balance (CCEEB), addressed the Committee regarding the origin and nature of CCEEB; to note the 30-year history of emissions reductions under the watch of the Air District through its current regulatory and permitting systems that have resulted in Bay Area refineries being models for the world; and to express concern about the proposed companion rule which allegedly implies the Air District regulatory scheme is a failure or otherwise unable to achieve its stated goal.

Bill Quinn, CCEEB, addressed the Committee regarding the Air District Rule Development Plan originating from the Clean Air Plan, as detailed in Air District literature; in support for proposed rule 12-15 and a future discussion about reductions once it yields the necessary data; and in opposition to the draft proposed resolution “Addressing Emissions from Bay Area Petroleum Refineries.”

The Committee and staff discussed the identification of the proposed rules in a regulatory concept paper two years ago; clarification that staff will not recommend draft language for proposed rule 12-15 and the companion rule to the Board at its meeting on October 15, 2014, and it will instead be a forum for staff to receive direction; the resolution relative to the rulemaking will be proposed in December 2014; and that the proposed companion rule, if it moves forward, will be part of a rulemaking process that will culminate in a proposed resolution around March 2015.

Anna Rikkelman addressed the Committee regarding her 25-year residency in the Bay Area, her opposition to emissions limits and reductions through these proposed rules in addition to the existing permitting and monitoring requirements, and her questioning the motivation of community interest groups.

Director Gioia clarified that the purpose of the proposed rules is not to eliminate refineries in the Bay Area but to improve public health.

Steven Yang, Chevron Richmond Refinery, addressed the Committee to report that the provisions of proposed rule 12-15 create significant new standards and work for the refineries and in opposition to the proposed companion rule.

Ratha Lai, Sierra Club, addressed the Committee to suggest that Bay Area refineries have twice the toxic emissions of those in the Los Angeles area and that the public health impacts are real and significant.

Nile Malloy, CBE, addressed the Committee regarding the growth of community concern on this topic being initiated by the Chevron refinery incident in August 2012, in support of the proposed companion rule, and to encourage continued dialogue and a persistent focus on community concerns.

Vivian Huang, Asian Pacific Environmental Network (APEN), addressed the Committee regarding her 20-year history of community organizing in Richmond where residents have long suffered the health impacts of a neighboring refinery, in support of the proposed companion rule and to suggest a need to target reductions in emissions.

Steven Nadel, Sunflower Alliance, addressed the Committee regarding the concern among residents of communities that house refineries about the health impact of changes in crude oil stocks, to suggest that communities support emissions reductions generally, to support the proposed companion rule, and to request greater public involvement earlier in the permit and operations discussions at the Air District.

Andrés Soto, CBE, Benicians for a Safe and Healthy Community, Sunflower Alliance, Richmond Environmental Justice Coalition, and Bay Area Refinery Corridor Coalition, addressed the Committee regarding frustration with the regulatory pace in light of the importance of the issue and to suggest that domestic demand for oil is decreasing so the oil industry is planning exports.

Lip Chanthanasak, APEN, addressed the Committee (with Tom Normpraseurt interpreting) regarding his 24-year residency in Richmond, his attending many meetings at the Air District and throughout the Bay Area on this topic to no end, to suggest a goal is clear and a solution exists but no one will act to curtail Chevron's operations, and to express concern at the inaction in light of the health impacts that do not wait.

Mey Chiem, APEN, addressed the Committee (with an unnamed interpreter) regarding her long-term Richmond residency and recent death of her spouse, the personal health impacts since the Chevron refinery incident in August 2012, the seemingly growing impacts for Richmond residents and to ask who is supporting the suffering families.

Director Haggerty urged the Air District to work in support of improved public health since it will likely face a lawsuit regardless of the outcome and asked why refineries cannot be asked to improve their operations like the rest of the regulated community, including small operations such as dry cleaners.

Mr. Normpraseurt, APEN, addressed the Committee regarding his 40-year residency in Richmond, the desire to see his family in good health and to suggest that Chevron has significant profits from which to pay for the operational improvements.

Siengther Lathanasouk, APEN, addressed the Committee (with Mr. Normpraseurt interpreting) to ask Chevron to reduce known pollution because members of their shared community are dying of cancer and to report the recent death of his uncle.

Charles Davidson, 350 Bay Area and Sunflower Alliance, addressed the Committee to suggest that refineries plan to increase natural gas processing, recent air quality improvements are the result of the economic downturn and improvements in motor vehicle technology, refinery emission controls will provide far greater reductions than those currently in place and the provisions of proposed rule 12-15 relative to feed stocks are in need of revision.

Marie Walcek, California Nurses Association, addressed the Committee to echo the comments of earlier speakers regarding the public health impact for refinery communities and the urgency of the matter because health impacts do not wait, in support of the proposed companion rule, in support of immediate emissions reductions and to commend the Committee members who restated the focus on public health in keeping with the Air District mission statement.

Committee Comments (continued):

The Committee and staff discussed staff plans for the Board meeting on October 15, 2014, proposed rule 12-15, the proposed companion rule and the Board meetings in December 2014; that downward trends in refinery emissions are assumed by local bodies who are considering proposed refinery projects but these assumptions conflict with industry arguments before the Committee that emissions limits may hamper their need for increased production capability; staff revisions made to the proposals to address public concerns; the higher standards for facilities in California; the tension between concerns about public health and other interests and the likelihood that refineries and the related jobs will persist despite requirements for decreased emissions; concern whether the proposed course of action will result in higher emissions limits than would have been set in the normal course of business; whether an emissions limit might discourage capital investment and eventually lead to job loss; the advisability of using facts to achieve reductions and keeping the stakeholder interests in mind; the lack of clarity about refinery contributions locally; anticipation relative to hearing reports about stakeholder feedback to staff; a desire to focus on decreasing emissions over time; appreciation of a comprehensive approach to the issue with individual mitigation plans to follow; and the seeming lack of an apparent conflict between imposing emissions limits and achieving reductions.

Director Avalos requested an advance copy of the proposed resolution for consideration at the Board meeting on October 15, 2014.

Committee Action: None; receive and file.

6. **Committee Member Comments/Other Business:** None.
7. **Time and Place of Next Meeting:** At the call of the Chairperson.
8. **Adjournment:** The meeting adjourned at 12:16 p.m.

15/ Sean Gallagher

Sean Gallagher
Clerk of the Boards