

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Monday, June 1, 2016

1. CALL TO ORDER – ROLL CALL

Stationary Source Committee (Committee) Chairperson John Gioia called the meeting to order at 9:33 a.m.

Present: Committee Chairperson John Gioia; Vice-Chairperson James Spering; and Directors John Avalos, Carole Groom, Scott Haggerty, David Hudson, Liz Kniss, Jan Pepper, and Rod Sinks.

Absent: None.

Also Present: None.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

3. APPROVAL OF THE MINUTES OF APRIL 18, 2016

Public Comments:

No requests received.

Committee Comments:

No requests received.

Committee Action:

Director Hudson made a motion, seconded by Director Haggerty, to approve the Minutes of April 18, 2016; and the motion carried by the following vote of the Committee:

AYES: Gioia, Groom, Haggerty, Hudson, Sinks, and Spering.

ABSTAIN: None.

ABSENT: Avalos, Kniss, and Pepper.

NOTED PRESENT: Director Avalos was noted present at 9:36 a.m.

4. UPDATE ON REGULATION 12, RULE 16: EVALUATION OF OPTIONS FOR REDUCING COMBUSTION EMISSIONS FROM REFINERIES

Chair Gioia stated that this is the first opportunity for the public to engage with staff regarding the evaluation of options for proposed Rule 12-16. Jean Roggenkamp, Deputy Executive Officer, introduced Gregory Nudd, Rule Development Manager, who gave the staff presentation *Update on Regulation 12, Rule 16: Evaluation of Options for Reducing Combustion Emissions from Refineries*, including: overview; refinery impacts and issues; refinery strategy background and progress; refinery strategy - criteria and toxic pollutants and focus on combustion emissions; options for combustion emissions reductions at refineries; evaluation criteria; staff evaluation; staff recommendations; and next steps. Ms. Roggenkamp added that, having evaluated four options, staff recommends a “multi-path” approach which would develop: a rule to require refinery-wide reductions of combustion emissions; a combustion emissions best available retrofit control technology (BARCT) strategy leading to a prioritized list of source-specific rules for refineries and other significant sources of combustion emissions; and a methane control strategy leading to a prioritized list of source-specific rules for methane control.

NOTED PRESENT: Director Pepper was noted present at 9:45 a.m. and Director Kniss arrived at 9:47 a.m.

At this time, Jeffrey McKay, Deputy Air Pollution Control Officer, stated that the Advisory Council was recently restructured and has since met three times to discuss the key question, “What is the efficacy of imposing numeric caps on greenhouse gas (GHG) emissions from Bay Area refineries?” The Council’s preliminary deliberations were shared in this presentation called *Efficacy of Refinery GHG Caps: Status Report*. Mr. McKay introduced Board Liaison and Advisory Council Ex-Officio member, Director Sinks, who introduced the first three slides of the presentation: Advisory Council members, key question, and Advisory Council meeting schedule, concluding with his acknowledgement for the Council’s expertise and service. Advisory Council Chairperson, Stan Hayes, introduced the remaining slides of the presentation, including: speakers and discussion; progress to date; District mission; criteria pollutants; toxics; GHG with and without action; refineries and refinery GHG; Council deliberations; guiding principles; and preliminary conclusions. Mr. Broadbent, Executive Officer/Air Pollution Control Officer, added that staff feels that it has fulfilled the Board’s direction to develop and evaluate viable options for Rule 12-16. Mr. Broadbent also said that staff will await feedback from the Stationary Source Committee and Board regarding the proposed comprehensive combustion emission reduction strategy for refineries that staff has proposed and feels is in line with the District’s legal framework, regulatory mission, and the California Air Resources Board’s GHG emission reduction efforts.

Public Comments:

Upon collecting the public comment request cards for this item, Chair Gioia asked the Committee if it would agree to allow each speaker two minutes, except for one representative from the environmental activist groups, and one representative from the refinery industry, who would each be allotted four minutes. The Committee agreed to this. Greg Karras was chosen as the environmental activist and Gary Rubenstein as the representative from the refinery industry both of them were given four minutes to speak.

Gary Rubenstein, Sierra Research, working in conjunction with the California Council for Environmental and Economic Balance (CCEEB), said that the goal of Rule 12-16 remains unclear,

but he believes that the goal is to reduce GHG emissions, and that the issue of leakage is very real. Mr. Rubenstein gave his input on the four options, speculating that the refinery-wide combustion emissions reduction approach would be infeasible and impractical for refineries, and claiming that carbon capture and sequestration is energy-intensive and this method would just move carbon around without reducing it. Mr. Rubenstein said that the only way to ensure that carbon emissions are being reduced from the transportation and refinery sectors is to reduce the demand for fuel.

Greg Karras, Communities for a Better Environment (CBE), distributed a letter to staff and the Committee, stating that CBE supports the emissions cap approach as the most developed and quickest way to reduce emissions. The letter referenced Air District Resolution No. 2014-07, *Addressing Emissions from Bay Area Petroleum Refineries*, to remind the Committee of the Board's direction to staff to propose a backstop in Rule 12-16, as the first of a series of measures to reduce refinery emissions as much as feasible. CBE's letter concluded by requesting that staff prepare a rule adoption package for Rule 12-16 that will allow the Board to adopt the refinery emissions cap approach by September 2016, include analysis of GHG emissions per barrel of oil feedstock on the alternative analysis of the Environmental Impact Report for this rule adoption package, and schedule a public hearing to consider adoption of proposed Rule 12-16 to be held in a Bay Area refinery community on a weekday evening by September 2016.

Bill Quinn, CCEEB, addressed the Committee regarding his concern over the lack of information provided for three new approaches being proposed by staff for Rule 12-16, and urged the Committee to bring this item back to the Advisory Council before it is taken to the Board.

Ratha Lai, Sierra Club, expressed his disappointment over what he considered to be a lack of language about the prevention of emission levels *increasing*, within the Advisory Council's deliberations. He thanked staff for their preparation of the four approaches and conveyed his support for Option #3 (emissions cap.)

Ariana Chandler, Sierra Club, addressed the Committee regarding her shock about the impact on public health due to refinery emissions, upon moving to the Bay Area as a teacher and hospital chaplain. Ms. Chandler supports the adoption of the emissions cap approach and hopes it will be implemented as soon as possible.

Lori Mintzer, Chevron, requested that staff engage refinery technical staff early and throughout the development process when considering alternatives in developing guidance documents for Rule 12-16. She urged the District to confirm what compliance looks like *before* making rules and setting deadlines, so that refineries will be able to comply properly and within the given timeframe.

Katelynn Mudgett, Sierra Club, urged the Committee to not put the refinery industry before public health, but instead adopt the emissions cap option, and give those affected the opportunity to participate in the process by holding public hearings in Bay Area refinery communities on weekday evenings, making it a fair and transparent process.

Jed Holtzman, 350 Bay Area, stated that 350 Bay Area submitted a letter to the Advisory Council disputing parts of the deliberation, and especially on the issue of leakage. Mr. Holtzman said that the District needs to cease permitting refinery projects or at stop emissions from increasing at refineries first, ideally implementing all four approaches at the same time, instead of choosing one or two over others.

Margaret Pearce, 350 San Francisco, urged the District not to wait to implement emissions caps at refineries. She said that the District has been studying and evaluating for years but has not taken any action to stop the increase of emissions.

Bill Pinkham, Sunflower Alliance, addressed the Committee regarding the greed of the oil companies and the need to cap emissions at refineries.

Jeff Kilbreth, Richmond Planning Commission, stated the Commission's position of resisting the increase of GHG emissions that can arise from refinery projects (referencing the Chevron Richmond Refinery Modernization Project in 2014) and reiterated that caps at refineries are a good solution to reducing emissions. Mr. Kilbreth said that the ARB and the Air District's Advisory Council are wrong for not wanting to implement caps at refineries. Chair Gioia requested that staff explain to the Board the permit that the District granted Chevron for its Modernization project in Richmond at the next Board meeting. Director Pepper requested that the letter from Attorney General Harris to the Richmond Planning Commission regarding the Chevron Modernization project be sent to the Board.

Kathy Kerridge, Benicians for a Safe and Healthy Community, stated that she is in favor of the combining all four approaches in order to stop emissions from increasing and urged the District not to fear leakage.

Alameda resident, Misao Brown, urged the District to make public health a priority by adopting all four options as soon as possible.

Sarah Greenwald, 350 Bay Area, addressed the Committee regarding the immediate need for quantitative caps on refinery emissions, which she believes are readily enforceable. She urged the District to stop focusing on reducing climate emissions outside of its jurisdictions and to cease permitting refinery projects.

Richard Gray, 350 Bay Area, addressed the Committee regarding the need for preservation of public health via immediate implementation of numeric caps on refineries and the reduction of crude by rail into the Bay Area.

Steven Yang, Chevron, addressed the Committee regarding his support of the Advisory Council's deliberations. He said that he does not think that Option 3 considers the Advisory Council's recommendations and urged the District to solicit refinery technical input for the development of Rule 12-16. Mr. Yang also said that those who think that an increase in refinery projects will increase emissions do not understand the regulations being enforced by the District.

Richmond resident, Rebecca Auerbach, urged the District to implement Option 3, as she claimed it is the quickest approach to stop emissions from increasing at refineries. Ms. Auerbach said that she was in favor of the staff-recommended combined approach, but only after the caps have been imposed.

Quanna Parker Brightman, United Native Americans, addressed the Committee regarding his concern about premature deaths resulting from air pollution. He urged the District to implement Option 3.

Steven Nadel, Sunflower Alliance, expressed his appreciation for all four proposed approaches, but said that Option 3 is the only approach that is ready to be implemented today. He urged the District to do so immediately.

Anne Donjacour, 350 San Francisco, addressed the Committee regarding her opinion that the Advisory Council's deliberations are too conservative, given the time-sensitive action that she said is needed. She supported the immediate implementation of Option 3. Concerned about the timeframe between gathering scientific evidence and implementing policy, Mr. Donjacour recommended a publication from 2013 entitled *Late Lessons from Early Warnings: Science, Precaution, Innovation*, a report produced by the European Environment Agency.

Janet Johnson, Richmond Progressive Alliance, addressed the Committee regarding the American Lung Association's recent grade of "D" given to the Bay Area for its air quality. Ms. Johnson expressed her concern of the refineries' shift to dirtier crude and production of tar sands, which she said will increase toxic emission levels. She urged the Committee to recommend Option 3 to the Board for immediate adoption.

Charles Davidson, Sunflower Alliance, predicted that leakage to foreign countries for large-scale Bay Area refinery product export will occur by 2030, despite the removal of the 2030, 50% gasoline reduction plan from SB 350. He also said that tar sands exports to the west coast will increase eight-fold by 2030, according to industry reports, and that the District needs to implement Option 3 as soon as possible.

Roger Lin, CBE, praised an element of Option 1 (refinery-wide combustion reductions), which imposes a GHG limit per year and per barrel of oil and which is complementary to state regulations. But he stated that the emissions cap approach is the only multi-pollutant option currently being recommended, which will establish a baseline to measure enforceability success. Mr. Lin echoed Greg Karras' comments regarding the requested action items of the District included letter submitted to the Committee from CBE.

Ken Jones, 350 Marin, addressed the Committee regarding the increasing climate emergency and the immediate need for the implementation of the emissions cap at refineries.

Lipo Chanthanasak, Asian Pacific Environmental Network, addressed the Committee regarding the impacted health of Richmond residents due to the refinery emissions, and requested that the District adopt the emissions cap.

Boon Manivong, Asian Pacific Environmental Network, addressed the Committee regarding the need for the emissions cap to be implemented immediately, in order to protect the community's health.

Torm Nompraseurt, Asian Pacific Environmental Network, said that he has attended too many funerals of residents who suffered from health issues due to refinery emissions and urged the District to cap refinery emissions as soon as possible.

Chair Gioia thanked those who gave public comments, commending the public's advocacy regarding this rule and previous air quality-related legislation.

Mr. Broadbent explained that there will be a Stationary Source Committee report out given at the June 15, 2016 Board meeting. He said that staff has developed a strategy (hybrid of Options 1 and 2) that is consistent with the District's mission and that remains within the District's legal authority, containing the following key elements: setting a carbon intensity target for the refineries, establishing a command and control set of rules for all the combustion relegated operations, and amending existing rules or establishing a new one to achieve GHG reductions. Mr. Broadbent reiterated that the District does not believe that it can make the legal finding that caps are necessary, due to the fact that the ARB already has caps in place under the Cap and Trade program. He also said that between now and June 15th, staff will further develop the proposed hybrid approach. Regarding the Chevron Richmond Refinery Modernization Project, Mr. Broadbent said that Chevron voluntarily took on the emissions cap for that project, and emphasized the difference between one refinery taking on a voluntary cap for one project and imposing a numeric cap on all five refineries.

Committee Comments:

The following topics were discussed by the Committee and staff upon the conclusion of both presentations given within this item: a request from the Committee that staff explain in full detail the "hybrid" approach at the June 15, 2016 Board meeting; how the pros and cons of the four different approaches pertain to refineries' varying levels of GHG emissions per barrel of oil refined; which approach is most effective from a co-benefit standpoint; the amount of methane emissions that are produced by refineries; how the transportation sector is the largest contributing factor to rising GHG emission levels; which approach is the most aggressive and can most expeditiously meet the District's GHG target goals; the way in which the District evaluates economic impacts when considering a new rule; the challenges and possibilities of leakage when imposing a cap on refineries; how it is not the District's desire or intent to shut down any refineries when developing regulation; who is allowed to refine gasoline for the California market; possibilities for different combinations of the four proposed approaches; the State's AB32 scoping plan update to reflect 2030 target (40% below 1990 levels by 2030); the elasticity of California's fuel supply, the demand for it, and how a cap on Bay Area refineries and increase in electric vehicles would affect the demand for imported fuel and purchasing habits; whether or not the combination of local and statewide GHG emission regulations is sufficient enough, and if not, whether or not it is appropriate for the District to advocate for local action to fill in the gaps of the GHG emission chain; how electric vehicles affect the economy

Committee Action:

None; receive and file

5. COMMITTEE MEMBER COMMENTS

Director Pepper thanked everyone in the room for their various ways of involvement in the rulemaking process. She requested that the District contact Attorney General Harris' office to discuss the legal parameters of implementing an emissions cap on refineries, or at least request clarification about it, and urged staff not to be intimidated by the threat of refinery litigation when developing rules.

Director Hudson expressed his support for the proposed hybrid approach and requested that the District make the methane option a priority. In response, as the Bay Area Air District representative on the ARB Board, Chair Gioia stated that, to be fair, all four strategies are equally important in addressing climate change, not one over another.

Committee Vice Chair Spering supported the hybrid approach that staff recommends and said that focusing on litigation is a misdirection of the Air District's resources.

Director Avalos supported capping emissions at current levels and said that although he would like to see a carbon-free future, he does not want to shut down refineries. He also said that all four approaches should be implemented, and that there is a complimentary way for the District to work with the ARB in implementing the emissions cap within legal authority.

Chair Gioia emphasized the co-benefit of reducing toxics *and* criteria pollutants (in addition to GHG emissions) because they greatly affect public health. He acknowledged the public's concern that the Air District is not moving fast enough to cap emissions, and said that whatever the Board adopts will be the most far-reaching regulation at a local Air District regarding GHG emission reduction, even though Air Districts' authority to regulate GHG emissions is currently being debated and reconsidered in Sacramento. Chair Gioia also said that it is important to consider where each refinery is in its life and when it began operations, as this may require different caps at different refineries.

6. TIME AND PLACE OF NEXT MEETING

Monday, July 18, 2016, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 10:30 a.m.

7. ADJOURNMENT

The meeting adjourned at 12:30 p.m.

MS/ Marcy Hiratzka
Marcy Hiratzka
Clerk of the Boards