

Bay Area Air Quality Management District
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**Permit Evaluation
and
Statement of Basis
for
Major Facility Review Permit
Minor Revision**

**for
Chevron Products Company
Facility #A0010**

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Application (Title V): 17171

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Minor Revision of Title V permit for Chevron

Statement of Basis

This minor revision includes a change to the Responsible Official from Curtis Anderson to M. E. Coyle and the deletion of the annual throughput for the #4 Crude Unit S-4236.

Changes to the Permit

The legal and factual basis for the permit follows.

Section II

Chevron's application requests to revise the Chevron refinery Title V permit to change the status of annual and daily throughput limits applicable to the #4 Crude Unit, S-4236, from an enforceable limit in Table II.A.1. to a reporting threshold in table II.A.3. These limits were imposed when the Title V permit was initially issued to Chevron in December 2003, and were included as issues raised in Chevron's appeal of that initial permit issuance. Chevron has indicated to the District that it believes the Crude Unit has historically had the capacity to exceed this annual throughput limit. As the District understands it, although this position has been held by Chevron since at least 2003, Chevron has not pressed the issued until now because, among other reasons, its business plans did not rely on an increased throughput.

Chevron's recent request for an increase has led the District to re-evaluate the limits set for S-4236 in 2003. The District now concludes that the factual record does not support the existing annual throughput limit as an enforceable, not-to-exceed, limit. For the reasons set forth below, Chevron's requested resolution of this issue was to change the limit from an enforceable not-to-exceed limit to a reporting threshold. This source is included in the Richmond Lube Oil Cap (RLOP) Cap (or bubble), which is an enforceable limit, but the source did not have a specific limit until the Initial Title V Permit was issued. As the District explained in 2003, throughput limits such as those set for the Crude Unit were intended to facilitate implementation of New Source Review by setting thresholds representative of what would constitute a "modification" pursuant to 2-1-234. However, there is no requirement to set throughput limits in the Title V permit that implement District Regulation 2-1-234. The District has done so in its discretion where it felt there was factual support for it. Having re-examined this discretionary decision made in 2003, the District is revising it. The District remains interested in setting a not-to-exceed throughput limit for the Crude Unit, and may do so in the future when there is a greater level of certainty as to the appropriate number.

The District's explanation for setting throughput limits in the initial Title V permit issuance, set forth in the Statement of Basis for that action, is important for understanding today's revision. As noted in that document, throughput limits were established for certain sources to better define what would constitute a "modification" as

defined in 2-1-234, and thereby facilitate implementation of the District's New Source Review program. As also noted, limits for some sources were established as reporting thresholds rather than not-to-exceed limitations in instances where the throughput level was believed to be at least indicative of a modification, but could not yet be established as definitive of a modification.

The throughput levels established for the Crude Unit of 88,659,000 barrels per year and 257,200 barrels per day were placed into Table II.A.1 based on the District's belief at the time that this defined the maximum capacity of the unit, and therefore defined a modification for 2-1-234 purposes. The daily throughput limit was based on the highest-attained daily throughput for 1999 per 2-1-234.3.1.3. The annual throughput limit was established using the highest consecutive 6-month throughput multiplied by two, which, at the time, was the policy used to implement 2-1-234.3.1.3. However, a permit application data form originally submitted in 1977 indicates that the #4 Crude Unit "maximum operating rate" for this unit is 11,800 barrels per hour. This information would support a higher annual limit provided there is no bottleneck. Consistent with 2-1-234 the District may establish an annual throughput limit by multiplying the hourly by 24 hours/day and the daily by 365 days/year. In general, the District will do so unless there are technical reasons for establishing a lower level. Though it may do so in the future, the District is not establishing a new not-to-exceed annual limit at this time. That action should include an analysis of whether there is a reason to establish a limit lower than daily times 365, including a determination of whether there is a bottleneck in the process that limits the capacity of this unit. Rather, the present action will delete the annual limit from Table II.A.1 and refer to the RLOP Cap as the basis.

This revision is being processed as a minor revision because it does not match the significant revision criteria at 2-6-226. Most pertinent to this determination is 2-6-226.5, which identifies as a significant revision "the establishment of or change to a case-by-case determination of any emission limit or other standard." As should be evident from the preceding discussion, establishment of a throughput limit that implements 2-1-234 is not a case-by-case determination, because there is no discretion to exercise. 2-1-234 defines the appropriate limit by algorithm. The necessary exercise involves identifying the relevant information to be used as inputs, but does not involve any exercise in judgment. The reduced level of process for a minor revision in this situation is also appropriate given that, as explained in the 2003 Statement of Basis, 2-1-234 operates with full effect regardless of what limit may be established. This revision therefore does not authorize any action by Chevron that would be prohibited by a factually-supported implementation of 2-1-234.

Chevron proposed revising Standard condition I.J.2 so that reporting on the exceedence of a threshold in Table II.A.3 would occur as a report to the Engineering Division of the District, rather than as a deviation. Per a January 15, 2008 telephone conversation with Tery Lizarraga, Chevron EHS Manager, Chevron has agreed with the District's approach outlined above and has retracted the requests to revise Standard condition I.J.2. Furthermore, Ms. Lizarraga stated that the daily throughput limit is acceptable at this time.

In Table II.A.1 Permitted Sources (New Source Review), for S-4236 No. 4 Crude Unit the annual throughput limit has been deleted until such a time that the District finalizes its policies and/or procedures regarding Section 2-1-234.