



Phillips 66
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September 9, 2016

ESDR-287-16
05-C-03-G

VIA Email

Mr. Greg Nudd (gnudd@baaqmd.gov)
Manager, Rule Development Section
Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105

RE: Phillips 66 Company: Comments on BAAQMD's Draft Project Description for Regulation 12, Rule 16 and Regulation 11, Rule 18

Mr. Nudd:

Phillips 66 Company (Phillips 66) is providing comments in this letter related to the draft Project Description for two new Bay Area Air Quality Management District (District) rules currently being developed – Regulation 12, Rule 16: Petroleum Refining Facility-Wide Emission Limits (Reg. 12-16) and Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (Reg. 11-18). It is important that both proposed Rules are included in the same EIR and all possible impacts are considered.

In addition, Phillips 66 supports and adopts the comments of the Western States Petroleum Association (WSPA) and the California Council for Environmental and Economic Balance (CCEEB) on the above-referenced Draft Project Description submitted on September 9, 2016.

Regulation 12 Rule 16

The current process for proposal of Reg. 12-16 is flawed and will produce a Regulation that will unnecessarily restrict legal refinery operations. Draft Reg. 12-16 proposes to limit “maximum-annual emissions reported for that facility in the period from 2011 through 2015 with allowance or “threshold factor” of seven percent over the maximum annual emission rate for each pollutant.” The Project Description and subsequent rulemaking process needs to provide justification for restricting legal pollutant emissions below enforceable limits which, in many cases, have been evaluated in CEQA EIRs and/or received valid, federally enforceable permit conditions from this very District. Refinery owners and operators, including Phillips 66, have vested rights in currently-held enforceable permit limits. Curtailment of those rights could amount to a taking of property without just compensation. For instance, past refinery purchases of District validated emission reduction credits (ERCs) may be effectively voided and future use of ERCs may be prohibited in conflict with existing District Reg. 2-2.

The District needs to evaluate the environmental, socioeconomic and other factors associated with arbitrarily restricting refinery operations. The potential to affect fuel supply in the Bay Area must be thoroughly evaluated. For instance, what are the GHG impacts of importing gasoline from outside the State or from foreign countries should a fuels shortage be caused or exacerbated by proposed Reg 12-16? Additionally, how will refineries modernize or add equipment, if, for instance, fuel standards are changed?

Regulation 11 Rule 18

The District must provide a thorough scientific justification for why a cancer risk threshold of 10 in a million (10/M) was arbitrarily chosen. The District's own Community Air Risk Evaluation (CARE) study estimated that average background air quality in the Bay Area corresponds to lifetime cancer risk of approximately 510/M (and in some areas over 1,700/M).

If you have any questions regarding these comments, please contact me at (510) 245-5825

Sincerely,



Don Bristol
Environmental Superintendent

Attachment

cc. Eric Stevenson, BAAQMD (via e-mail: ESTevenson@baaqmd.gov)