



BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

JOHN GIOIA - CHAIRPERSON
TOM BATES
SCOTT HAGGERTY
JAN PEPPER
JIM SPERING

JOHN AVALOS - VICE CHAIRPERSON
CAROLE GROOM
ERIC MAR
MARY PIEPHO

WEDNESDAY
OCTOBER 1, 2014
9:30 A.M.

7th FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

AGENDA

1. **CALL TO ORDER - ROLL CALL**

The Stationary Source Committee (Committee) Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS**

(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at Air District headquarters, 939 Ellis Street, San Francisco, California 94109, and on the Air District's website www.baaqmd.gov at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.

3. **APPROVAL OF MINUTES OF JULY 21, 2014**

The Committee will consider approving the attached draft minutes of the Committee meeting of July 21, 2014.

4. **UPDATE ON BAY AREA AIR QUALITY TRENDS AND REFINERY EMISSIONS**

J. Broadbent/5052

jbroadbent@baaqmd.gov

Staff will brief the Committee on Bay Area air quality trends and air pollution regulations and emissions at petroleum refineries.

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**

J. Roggenkamp/4646

jroggenkamp@baaqmd.gov

Air District staff will provide an update on the development of the Petroleum Refining Emissions Tracking rule.

6. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2).

7. **TIME AND PLACE OF NEXT MEETING**

At the Call of the Chair - Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109

8. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

**CONTACT THE CLERK OF THE BOARDS
939 ELLIS ST, SAN FRANCISCO, CA 94109**

**(415) 749-5073
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov**

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities, notification to the Executive Office should be given at least three (3) working days prior to the date of the meeting so that arrangements can be made accordingly.

Any writing relating to an open session item on this Agenda that is distributed to all or a majority the members of the body to which this Agenda relates shall be made available at the Air District's headquarters at 939 Ellis Street, San Francisco, California 94109, at the time such writing is made available to all, or a majority of all, members of that body.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

SEPTEMBER 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Climate Protection Committee – <i>(Meets 3rd Thursday every other Month)</i>	Monday	29	9:30 a.m.	Board Room

OCTOBER 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	1	9:45 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets Quarterly at the Call of the Chair)</i>	Wednesday	1	9:30 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i>	Thursday	30	9:30 a.m.	4 th Floor Conf. Room

NOVEMBER 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	12	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Nominating Committee <i>(At the Call of the Chair)</i>	Wednesday	19	9:30 a.m.	Room 716
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee – <i>(Meets 3rd Thursday every other Month)</i>	Thursday	20	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Monday	24	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room

Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED AND RESCHEDULED TO MONDAY, NOVEMBER 24, 2014 DUE TO THANKSGIVING HOLIDAY	Thursday	27	9:30 a.m.	Board Room
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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: September 22, 2014

Re: Approval of the Minutes of July 21, 2014

RECOMMENDED ACTION

Approve the attached draft minutes of the Stationary Source Committee (Committee) meeting of July 21, 2014.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting on July 21, 2014.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment – Draft Minutes of the Committee Meeting of July 21, 2014

Draft Minutes – Stationary Source Committee Meeting of July 21, 2014

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Monday, July 21, 2014

1. Call to Order – Roll Call

Stationary Source Committee (Committee) Chairperson John Gioia called the meeting to order at 11:05 a.m.

Present: Committee Chairperson John Gioia; and Directors Scott Haggerty, Eric Mar, Jan Pepper and Mary Piepho.

Absent: Vice-Chairperson John Avalos; and Directors Tom Bates, Carole Groom and James Spring.

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

2. Approval of Minutes of May 1, 2014 (Out of Order Agenda Item #3)

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Piepho made a motion, seconded by Director Pepper, to approve the Minutes of May 1, 2014; and the motion carried by the following vote of the Committee:

AYES: Gioia, Mar, Miley, Pepper and Piepho.

NOES: None.

ABSTAIN: None.

ABSENT: Avalos, Bates, Groom, Haggerty and Spring.

3. Update on the Development of Regulation 12, Rule 15: Petroleum Refining Emissions Tracking (Agenda Item #4)

Jack Broadbent, Executive Officer/Air Pollution Control Officer, introduced Eric Stevenson, Director of Technical Services, who gave the staff presentation *Update on Petroleum Refining Emissions Tracking Rule*, including an update on the rule development process; proposed rule elements and timelines; rationale for revised approach; opportunities; and next steps.

NOTED PRESENT: Director Haggerty was noted present at 11:09 a.m.

At slide 3, *Proposed Rule Elements*, the Committee and staff discussed the inclusion of cargo carrier emissions.

Mr. Stevenson concluded the presentation.

Committee Comments:

The Committee and staff discussed the number of years necessary to establish a profile and the rationale for the revised proposal; operational issues resulting from an emissions cap; rulemaking possibilities regarding Fluidized Catalytic Cracking Units (FCCUs); an overview of the FCCU rule at South Coast Air Quality Management District (SCAQMD) and its problems; the complications that result from imposing an emission limit as a permit condition when there are changes in methodology; an appropriate alternative approach to emissions caps; refinery-wide health risk assessment (HRA) update; the extent and method of current refinery monitoring; the justification for basing the inventory on a 2015 start date and the viability of an earlier start date.

Public Comments:

Frances Swanson, San Francisco Bay Chapter Sierra Club, addressed the Committee to urge for proactive regulations.

Taylor King, Sierra Club, addressed the Committee in opposition to air pollution and to urge for tightened regulations.

Vanessa Gerber, Sierra Club, addressed the Committee to encourage action to limit refinery emissions.

John Ribeiro-Broomhead, San Francisco Bay Sierra Club, addressed the Committee to urge for an accelerated pace of refinery regulations; to oppose the removal of an emissions cap; and to ask the Committee to consider the impact that diminished air quality will have on those suffering from asthma.

Diane Bailey, Natural Resources Defense Council, addressed the Committee regarding the impact on refinery emissions if no cap is included in the proposed rule, particularly as dirty crude oil begins to be processed in the Bay Area and to suggest that adequate data exist to establish an emission inventory now.

Vivian Huang, Asian Pacific Environmental Network, addressed the Committee regarding the real public health impact of toxic air and the Air District's central role to reductions; and in support of the inclusion of an emissions cap and stronger language in the proposed rule.

Greg Karras, Communities for a Better Environment (CBE), provided written material, *Excerpt from Conditional Use Permit for Chevron Richmond Refinery Project issued by the Richmond Planning Commission on July 10, 2014 – Chevron appealed condition D-4*, and addressed the Committee to summarize the same and express support for stronger refinery regulations.

Nancy Rieser, Crockett-Rodeo United to Defend the Environment, addressed the Committee to suggest the SCAQMD rule is effective and the Air District's proposed rule is inadequate.

Guy Bjerke, Western States Petroleum Association (WSPA), addressed the Committee to request more limited requirements for emissions data under the proposed rule and to suggest that crude oil information lacks any value in this context.

Walt Gill, Chevron, addressed the Committee regarding the completed installation of monitoring equipment at the Chevron facility that is similar to that contemplated in the proposed rule; to provide facility emissions information; and to explain ongoing monitoring system efforts.

Charles Davidson addressed the Committee in opposition to the influx of tar sands crude oil to the Bay Area; to summarize the chemical repercussions of processing tar sands crude; and to suggest that the new proposal to use tar sands crude for transportation fuel is a negative development.

Marilyn Bardet, Good Neighbor Steering Committee and Benicians for a Safe and Healthy Community, addressed the Committee regarding the retraction of the emissions cap from the proposed rule and to request an explanation; to suggest energy companies are working to access tar sands crude while flying under the radar of existing regulations; and to express opposition to the revised timeline in the proposed rule.

Bill Quinn, California Council for Environmental and Economic Balance, addressed the Committee to oppose the inclusion of HRAs in the proposed rule because the Air District is already granted the authority elsewhere in the regulatory scheme; to request an expanded timeline; and to praise the proposed rule but suggest it remains in need of further development.

Marilyn Langlois, Richmond Planning Commissioner, addressed the Committee in support of the inclusion of an emissions cap in the proposed rule and to encourage the attendance of the Air District at the City of Richmond Planning Commission meeting on July 22, 2014.

Denny Larson, Global Community Monitor, addressed the Committee to echo the invitation by Ms. Langlois and ask for Air District support; suggested the legal concerns expressed by staff are specious and will result in a lawsuit against the Air District by the community instead of by industry; and to propose this is an issue for the Board, not staff, to engage.

Don Cuffel, Valero, addressed the Committee regarding the numerous standards already in place to control particulate matter levels and to suggest that sound science is needed for the development of future rules and policies.

Tom Griffith, Martinez Environmental Group, addressed the Committee to suggest the Air District look to community health, not WSPA representatives, for guidance while considering this proposed rule.

Committee Comments (continued):

The Committee and staff discussed the influx of tar sands crude oil into the Bay Area and the extent to which federal regulations control its transport; the accuracy of the statement that Air District staff will be speaking in support of the Chevron appeal before the City of Richmond Planning Commission and their actual role in the project consideration process; the history of facility emissions caps for specific operations; why the baseline is so challenging to establish and why emissions levels are not immediately being set lower in light of available technology; the role of fence-line and community monitoring systems in imposing fines and penalties; enhancement of mobile monitoring capabilities; comparable rules at SCAQMD; the details of enhancements under the proposed rule regarding annual emissions inventories and Petroleum Refinery Emissions Profiles (PREPs); the history of improvements to air quality as a result of Air District regulations; the possibility of imposing an emissions cap in the future; how to prevent emissions increases and maintain transparency; the history of emissions caps at SCAQMD and the resulting marketplaces; SCAQMD cargo carrier rules; how the Air District is serving the needs of the public while preserving the confidential proprietary interests of industry relative to crude oil mixes and the nature of the Air District's interest in the information; how the Air District could and why it does not use the information already available to establish a baseline immediately; Air District testimony before the City of Richmond Planning Commission; the written material submitted by CBE; how cargo carriers are regulated; the original intent of the proposed rule; Assembly Bill 69 – Perea as a proposal to exempt transportation fuels from the cap and trade program and a possible Board position on the same; that health risk reductions are the ultimate goal of the proposed rule; current requirements regarding operational caps; a contemplated scenario in which increased emissions from a changed crude stock at a facility that remains below its permitted emissions level and how the Air District would deal with the increased health risk; the varying source risks and their purported incompatibility with the expectations of the Board and public.

The Committee requested information detailing the regulatory history at SCAQMD as it pertains to refineries.

Committee Chairperson Gioia requested a discussion before the Board regarding the limits of Committee authority.

The Committee and staff discussed the SCAQMD's regulations regarding FCCU; why reports of emissions vary; and the state of discussions about particulate matter emissions testing methodology.

Committee Action: None; receive and file.

4. Public Comment Period (Agenda Item #2):

Ms. Bailey addressed the Committee regarding the need for Board and Committee member attendance at the City of Richmond Planning Commission meeting; to disagree with staff's statements regarding the state of particulate matter measurement methodologies; to ask why a particulate matter limit cannot be a permit condition; and why the discussion about methodologies has not happened sooner.

Ms. Bardet addressed the Committee in support of Ms. Bailey’s comments; to share her experience at a recent meeting of the Environmental Protection Agency; and to ask about the flare stack combustion and emissions provision under the proposed rule.

Ms. Langlois addressed the Committee to question the Air District staff’s position on FCCU emissions measurement methodologies and to request the support of the Board and Committee of the guidelines proposed by the City of Richmond Planning Commission.

Martin MacKerel, 350 Bay Area, provided written material, *111350 Bay Area Proposal Air Quality Leadership BAAQMD Stationary Source Committee – July 21, 2014*, and addressed the Committee in support of transparent information sharing; to suggest the inventory baseline should be established as soon as possible to suggest that refineries will be unnecessary in sixteen years; and asked that existing regulatory loopholes be closed.

5. Committee Member Comments/Other Business:

Committee Chairperson Gioia asked that a version of today’s presentation, *Update on Petroleum Refining Emissions Tracking Rule*, be delivered to the Board at its next meeting on July 31, 2014.

6. Time and Place of Next Meeting: At the call of the Chairperson.

7. Adjournment: The meeting adjourned at 1:32 p.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: September 22, 2014

Re: Update on Bay Area Air Quality Trends and Refinery Emissions

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District regularly prepares and updates emissions inventories of criteria air pollutants, toxic air contaminants and greenhouse gas emissions in the San Francisco Bay Area. These inventories estimate emissions from all sources, including stationary sources subject to Air District regulations, as well as mobile and other sources subject to state and federal regulations. These emissions inventories provide a critical foundation for numerous Air District activities, including air quality planning, rule development, the Clean Air Communities Initiative, and the climate protection program.

The Air District also maintains a network of monitoring stations that measure concentrations of various air pollutants in ambient air. Monitoring data is used for various purposes, including: determining compliance with ambient air quality standards, regulations and permits; air quality planning; identifying localized areas with high levels of air pollution; forecasting Spare the Air days; and public outreach and education.

Tracking long term trends in emissions inventories and monitoring data allows the Air District to evaluate progress and identify priorities for future air quality programs.

Petroleum refineries are among the largest stationary sources of air pollution in the Bay Area and have long been subject to strict emissions limits via Air District regulations and permits. Particularly since the passage of AB 32, refineries have also increasingly been subject to State regulations, including the cap-and-trade program. Air District regulations and permit requirements have reduced refinery emissions substantially. The potential for further emissions reductions at refineries is carefully investigated whenever the Air District updates clean air plans and agency priorities and initiatives. Staff has begun preparation of the 2015 Clean Air Plan. This planning process provides an opportunity to evaluate, and augment as appropriate, the Air District's regulatory program regarding refinery emissions.

DISCUSSION

Staff will provide the Stationary Source Committee with a summary of air quality trends and background on regulations addressing refinery emissions, including:

- Major source categories for fine particulate matter (PM_{2.5}), reactive organic gases (ROG), nitrogen oxides (NO_x) and sulfur dioxide (SO₂);
- Trends in emissions of these pollutants from all sources, stationary sources, and refineries;
- Trends in air quality monitoring data;
- Summary of Air District regulations affecting refineries; and
- Potential opportunities for further emissions reductions at refineries.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Henry Hilken and Wayne Kino
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: September 23, 2014

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

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

On October 17, 2012, the Board of Directors (Board) approved staff's *Work Plan for Action Items Related to Accidental Releases from Industrial Facilities* that included, among the key actions, the development of a new rule(s) that would apply to Bay Area petroleum refineries. During the rule development process, the following goals have emerged:

- Evaluate whether changes in crude oil composition result in increased emissions by enhancing current emissions inventories, establishing refinery-specific emissions profiles and the reporting of crude oil properties;
- Re-evaluate health risks associated with refinery emissions based on new Office of Environmental Health Hazard Assessment guidelines;
- Develop air monitoring capabilities along refinery fence-lines and in nearby communities; and
- Investigate ways to continue reducing refinery emissions over time.

DISCUSSION

In this report, staff will provide the Stationary Source Committee with an update on progress towards meeting the above goals, including:

- Current and future rule development activities and stakeholder outreach;
- Methods to limit emissions increases;
- Options to reduce emissions and associated health risks; and
- The development of a Board resolution to guide further rule development.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None. Staff intends to propose a new fee schedule in order to recover the Air District's costs of implementing the new rule(s).

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp