

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
Thursday, May 1, 2014

1. Call to Order – Roll Call

Stationary Source Committee (Committee) Chairperson John Gioia called the meeting to order at 9:37 a.m.

Present: Committee Chairperson John Gioia; Vice-Chairperson John Avalos; Board of Directors (Board) Chairperson Nate Miley; and Directors Tom Bates, Scott Haggerty, Eric Mar, and Jan Pepper.

Absent: Directors Carole Groom, Mary Piepho and James Spring.

Also Present: None.

2. Public Comment Period:

Don Cuffel, Valero, addressed the Committee regarding the seeming lack of public and Board understanding of the controls in place on refinery operations outside of the proposed Petroleum Refining Emissions Tracking Rule discussed by the Committee on April 21, 2014.

NOTED PRESENT: Director Avalos was noted present at 9:38 a.m.

Committee Chairperson Gioia said the Board understood the controls in place at these facilities.

The Committee and Mr. Cuffel discussed the relationship between the number of combustion sources and the refinery processing rate, current refinery operations and upgrades, and use of offsets.

Bradley Angel, Greenaction for Health and Environmental Justice, addressed the Committee regarding his group's long history of working with the Air District and the disappointing number of public workshops related to permit decisions.

NOTED PRESENT: Director Mar was noted present at 9:45 a.m.

Committee Chairperson Gioia clarified that changes to the historic permitting process may be possible to address Ms. Angel's concerns.

Denny Larson, Global Community Monitor, addressed the Committee to request the Air District consider the historic permit review process in light of the proposed refinery projects.

3. Approval of Minutes of April 21, 2014

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Bates made a motion, seconded by Director Pepper, to approve the Minutes of April 21, 2014. The motion carried by the following vote of the Committee:

AYES: Avalos, Bates, Gioia, Mar, Miley and Pepper.

NOES: None.

ABSTAIN: None.

ABSENT: Groom, Haggerty, Piepho and Spering.

4. Discussion of the Permit Status of Energy Projects in the Bay Area

Committee Chairperson Gioia noted the series of letters from the Air District to the City of Pittsburg, Contra Costa County and the City of Richmond, copies of which were provided to the Committee.

Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation *Bay Area Energy Projects*, including a description of transport by railcar and ship; flaring at Phillips 66; emissions examples; a diagram of gas station operations; overviews of refinery and ship transport emissions; summaries of energy project operations by Valero, Wespac, Kinder Morgan, Phillips Propane Butane, and Chevron; regional emissions from transportation of crude-by-rail for select Bay Area energy projects; an explanation of crude-by-rail philosophy; an overview of U.S. crude oil production; flash point information relative to flammability; rail logistics and crude-by-rail movements; crude oil sources for Bay Area refineries; and California crude-by-rail import growth projections.

The Committee and staff discussed, on slide 9 - *Gas Station*, the factors which constitute “Smaller” and “Larger” facilities.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 10 - *Refinery Emissions*, the range of throughput rates at Bay Area refineries; why staff chose to present the data as averages; whether the presentation includes all of the emission types regulated by the Air District; and what is included in the category “Particulate Matter (PM).”

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 11 - *Ship Transport Emissions*, what types of operations were included in the data provided; how many tanker vessels traverse the Bay Area each year; and how many large terminals are in the Bay Area.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 12 - *Valero*, whether differences in rail and ship transit diesel emissions were included in the calculations; whether the level of throughput would change between the two forms of transit and if that was included in the calculations; the current input level and transit method for Valero; and whether refinery terminals will eventually have shorepower installed, as was done at the Port of Oakland, and the applicability of the related regulations.

Mr. McKay continued the presentation.

The Committee and staff discussed, slide 13 - *Wespac*, Wespac's intended storage operation; the applicability of Air District regulations to their output to other refineries; the reason for Wespac's significantly higher GHG to barrels-per-day ratio compared to other refineries; the intended pipeline and refined product recipients; existing infrastructure and future plans for crude transit from Wespac to the other five refineries; the current status of related environmental impact reports (EIR); the issues inherent to the proposed output operations; the range of Air District authority relative to a project of this type, applicability of offsets, retrofitting of existing storage tanks, and the impact on fugitive emissions; additional details regarding the offset program; the role of the Air District in the EIR process, why it is so different than that of South Coast Air Quality Management District, and who gets to make the final decision or delegate the authority to do so; and the best way to exert permit authority.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 14 - *Kinder Morgan*, requirements permit from the City of Richmond for the project; the ministerial and discretionary permit types at the Air District and proper adherence to the California Environmental Quality Act (CEQA); the City of Richmond's understanding of its own permitting authority; the lack of Air District authority relative to rail and marine operations but the inclusion of their related emissions in Air District permit application analysis; the nature and interconnection of City of Richmond and Air District authorities; how Air District permitting and offsets would be affected if output increases; the judicial history of rail operations regulations and whether the state legislature has any authority; and the importance of educating the public about where the proper authority lies in various situations.

NOTED PRESENT: Director Haggerty was noted present at 10:48 a.m.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 16 - *Phillips Propane Butane*, the potential negative aspects of the proposed project and the status of the additional analysis recommended by the Air District.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 18 - *Regional Emissions from Transportation of Crude by Rail*, the data as being relative to transportation only, not processing; that the Wespac numbers do not include output information while staff awaits receipt of the EIR; and whether all emissions should be considered at some point.

Mr. McKay continued the presentation.

The Committee and staff discussed, on slide 22 - *Flash Point*, the volatility of Baaken Crude and other elements involved in pipeline transport and the reason for the refined flash point of gasoline.

Mr. McKay concluded the presentation.

Committee Comments:

The Committee and staff discussed the cause of increasing total crude oil imports to the Bay Area; the convergence and limitations of the various authorities over the broader topic; the desire to focus on what the Air District can do and to work on enhancing Air District regulations; and the role of the proposed Petroleum Refining Emissions Tracking Rule within this discussion.

Public Comments:

Guy Bjerke, Western States Petroleum Association, addressed the Committee regarding the proposed operations as necessary components of California's role in establishing U.S. energy independence and to provide an update on the regulatory discussion regarding crude-by-rail operations.

Ethan Buckner, Forest Ethics, addressed the Committee regarding the opposition of Pittsburg's residents to the Wespac project, the state of the offset program, the lack of interconnection between regulatory authorities, and to request a moratorium on these proposed projects.

Marilyn Bardet, Benicians for a Safe and Healthy Community, addressed the Committee in follow up to a letter to Jack Broadbent, Executive Officer/Air Pollution Control Officer, requesting Air District statistics relative to all of these proposed projects; the lack of control afforded by a permit over the final form of rail transport and to request information on how the Air District would address this; and to suggest there is limited value in the alleged emissions reductions claimed to be the result of switching to rail transport.

Walt Gil, Chevron, addressed the Committee regarding the intended operations; EIR and city permitting process timelines; proposed project overview; fence-line and community monitoring systems readings; and the intentions of the proposed project.

Diane Bailey, Natural Resources Defense Council, addressed the Committee regarding the crude-by-rail accidents occurring across the nation; commendable Committee desire to consider what the Air District can do; potential impacts of changes in oil production; to request a moratorium on these proposed projects while conducting a cumulative impacts analysis; and to express concern and doubt about the sources of data presented.

Nile Malloy, Communities for a Better Environment (CBE), addressed the Committee to suggest the number of simultaneously proposed projects is noteworthy; the efforts by the City of Richmond relative to its designation as a Community Air Risk Evaluation (CARE) community; that issues relative to the ministerial and discretionary permit designations at the Air District need to be addressed in earnest; CBE data conflicts with claims from Chevron that the proposed project will result in no net increases in emissions; and to report that the offset program does not benefit the local community.

Tom Griffith, Martinez Environmental Group, addressed the Committee to request more information in the presentation regarding the dangers of crude-by-rail; to express concern relative to a possible repeat of the Lynchburg, Virginia, disaster on April 30, 2014, being repeated in the Bay Area; and to request an immediate moratorium.

Nancy Reiser, Crockett-Rodeo United to Defend the Environment (CRUDE), addressed the Committee stating that the Air District proposed Petroleum Refining Emissions Tracking Rule is an effort at gutting Assembly Bill 32 California Global Warming Solutions Act; the refineries, cities and counties will never agree to consider cumulative impact analysis during permitting; there is a lack of public understanding regarding the proposed projects to increase production capacity; and to request a moratorium.

Stephanie Harvey, CBE, addressed the Committee to note the lack of applicability of Spare the Air events on business operations; to suggest an unequal weighing of public and commercial interests; and to request a moratorium.

Jeff Kilbreth addressed the Committee to suggest the Chevron data is incorrect; to provide alternative Chevron data and suggest special consideration because of Richmond's status as a CARE community; and to note the difference between Chevron refinery modernization plans and facility maintenance.

Mr. Larson addressed the Committee to note the data presented in slide 26, *California Crude-by-Rail Imports Grow*, did not include information relative to October through December 2013. To challenge the earlier claim that the rail authority issue has already been decided in the court system; to suggest the proposed projects are preparation for a shift to a oil export program; to request an immediate moratorium and the reactivation of air monitoring in and around Pittsburg.

Susan Gustofson, Valero, addressed the Committee regarding Valero's intended use of the proposed project; anticipation of the Valero EIR because it requires a full disclosure; overviews of Valero refining improvements, company culture, and the state of dialogue in the U.S. regarding hazardous materials transport; and to express Valero's intention to fully comply with all applicable regulations.

Committee Comments (continued):

The Committee and staff discussed the Committee desire to fully understand the issue; the thoroughness of staff EIR reviews resulting, for example, in questions from the Air District to Contra Costa County relative to the Rodeo project that ultimately led to the continuance of the EIR comment deadline; the status report of the Contra Costa County consideration of the Rodeo proposed project; status report on the City of Richmond and Contra Costa County health standards and regulations reviews; how best to influence EIR deliberations; what legal authority exists for declaring a moratorium; the intention of the proposed Petroleum Refining Emissions Tracking Rule to address many of the concerns expressed by the public; the interconnecting, limited authorities of various involved agencies and governments; the ministerial and discretionary permit types at the Air District.

Mr. Broadbent clarified that the Air District will not be the lead agency on the EIRs for any of the proposed projects discussed today.

Committee Action: None; receive and file.

5. **Committee Member Comments/Other Business:** None.
6. **Time and Place of Next Meeting:** At the call of the Chairperson.
7. **Adjournment:** The meeting adjourned at 12:25 p.m.

15/ Sean Gallagher

Sean Gallagher
Clerk of the Boards