



Bay Area Air Quality Management District

COUNCIL MEETING

December 3, 2015



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT



Welcome

Jack P. Broadbent
Executive Officer / APCO





Brown Act Requirements

Brian Bunger
General Counsel





Public Comment on Agenda Items





Council Members Self-Introductions





Election of Officers

Chair

Vice Chair





Council Charter





Air District Overview



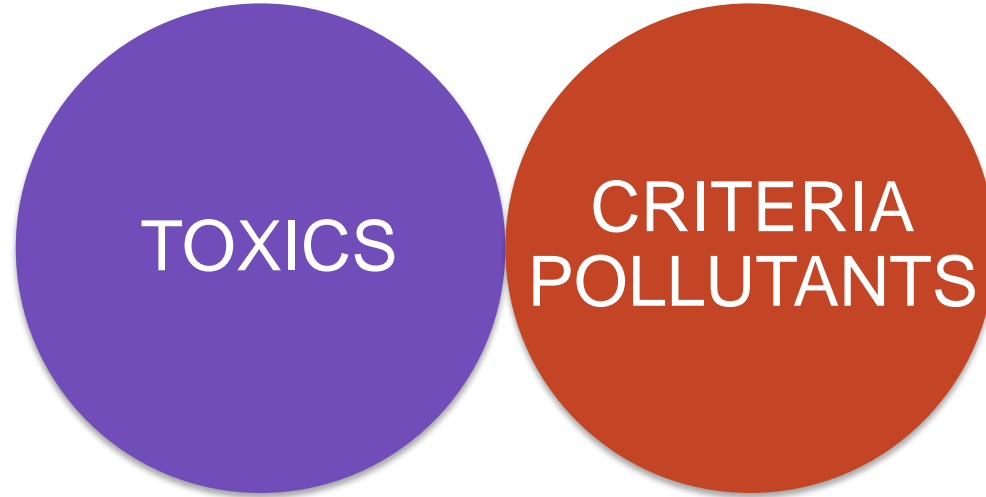
Bay Area Air Quality Management District (BAAQMD)



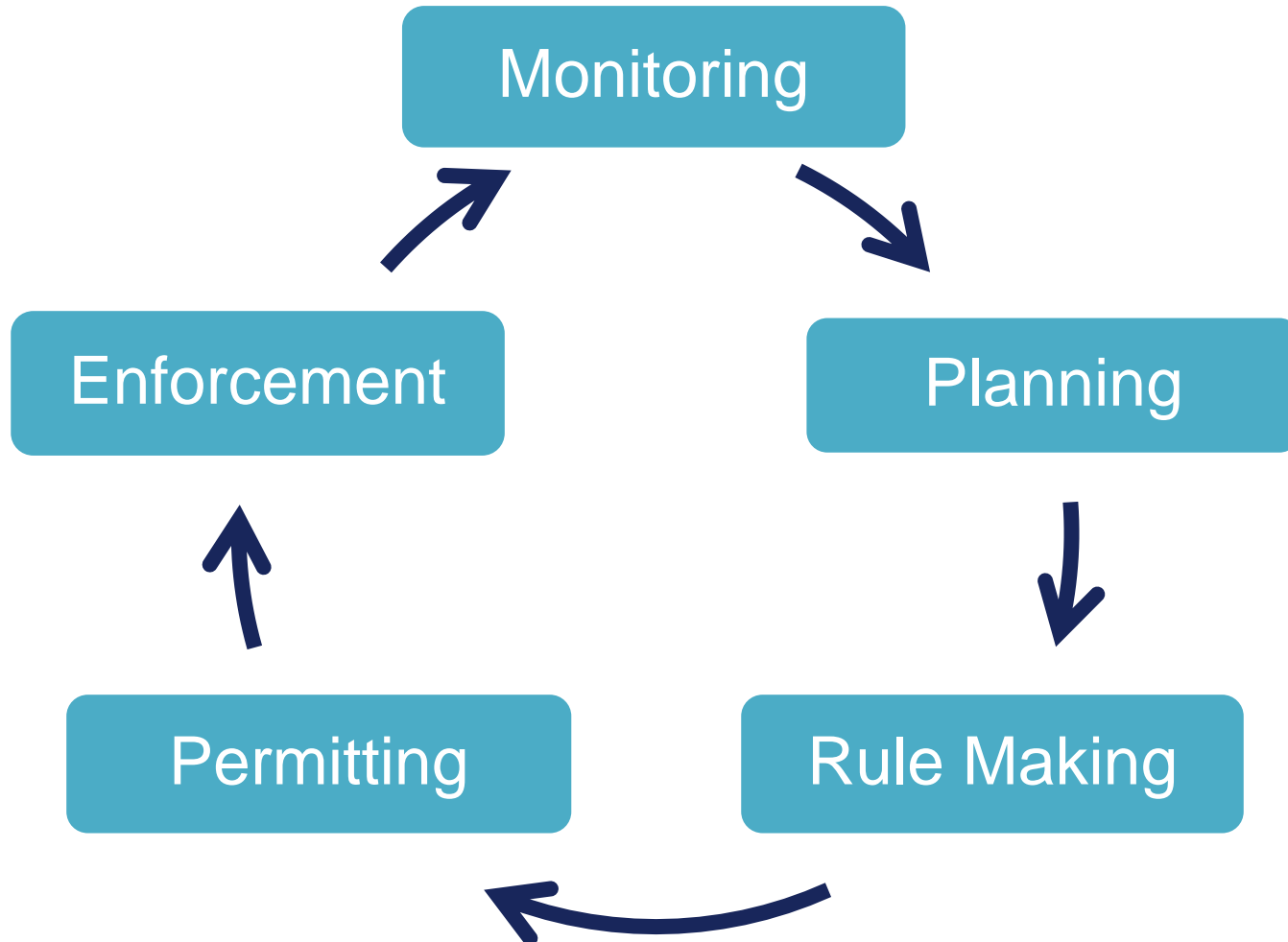
- Established in 1955
- 100+ cities
- 7 million people
- 5 million vehicles
- Mission: To protect and improve public health, air quality, and the global climate



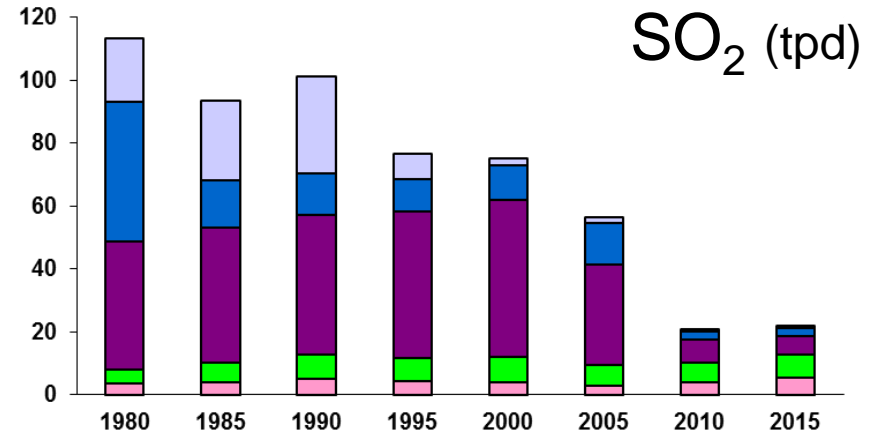
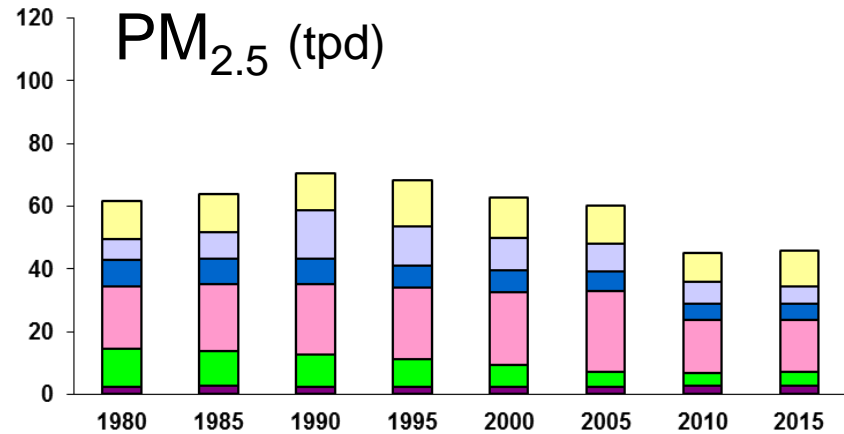
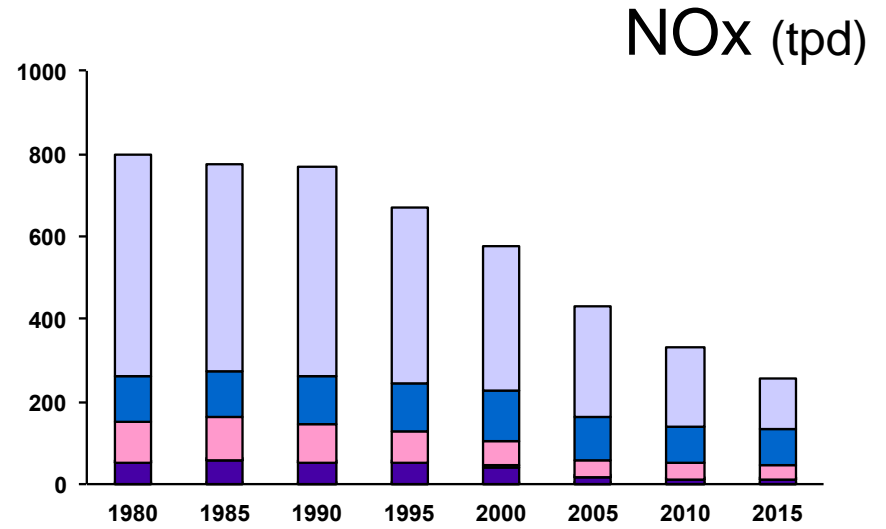
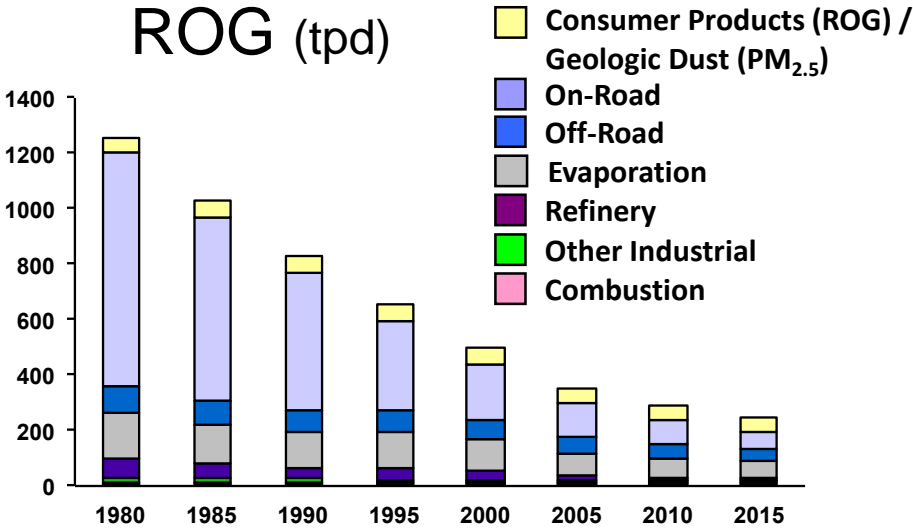
Two Broad Categories of Pollutants



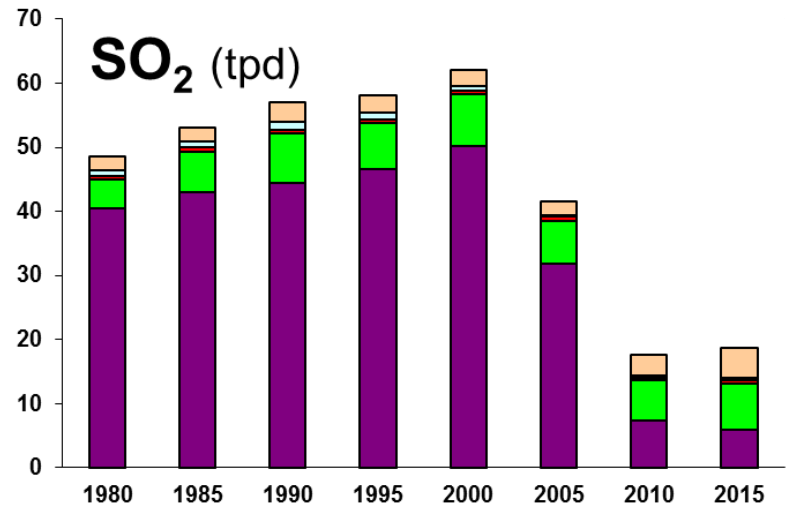
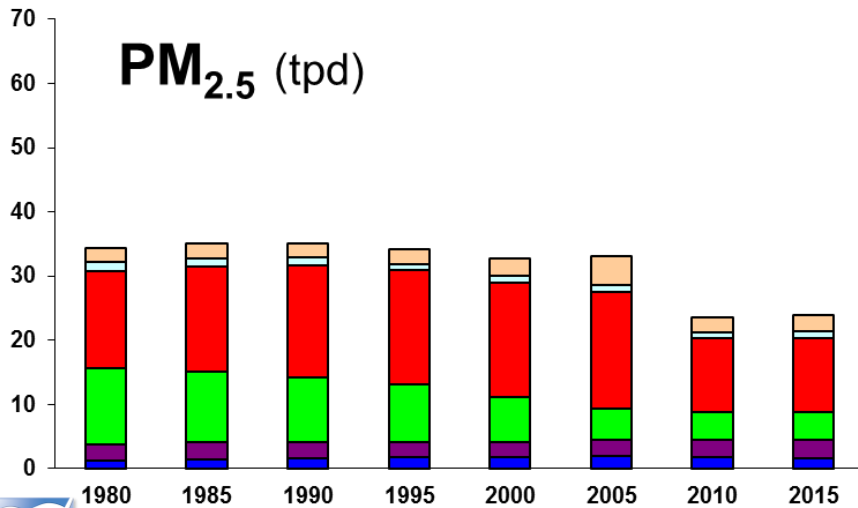
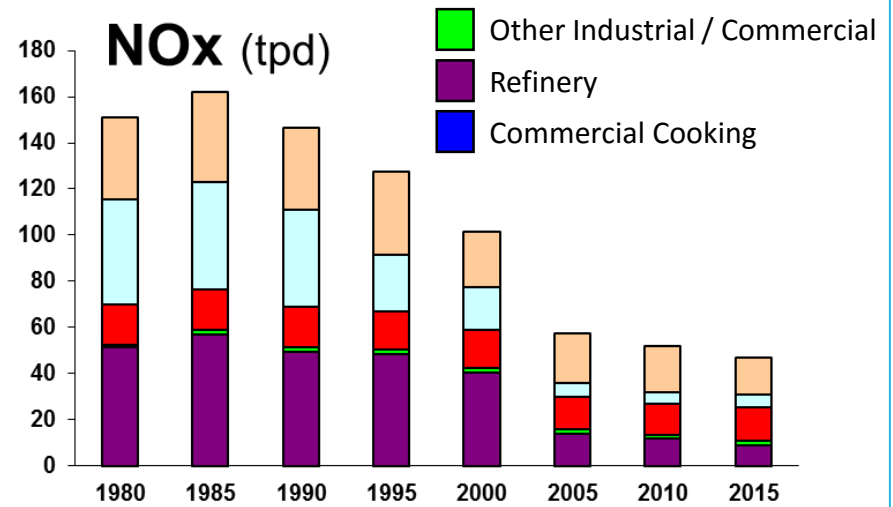
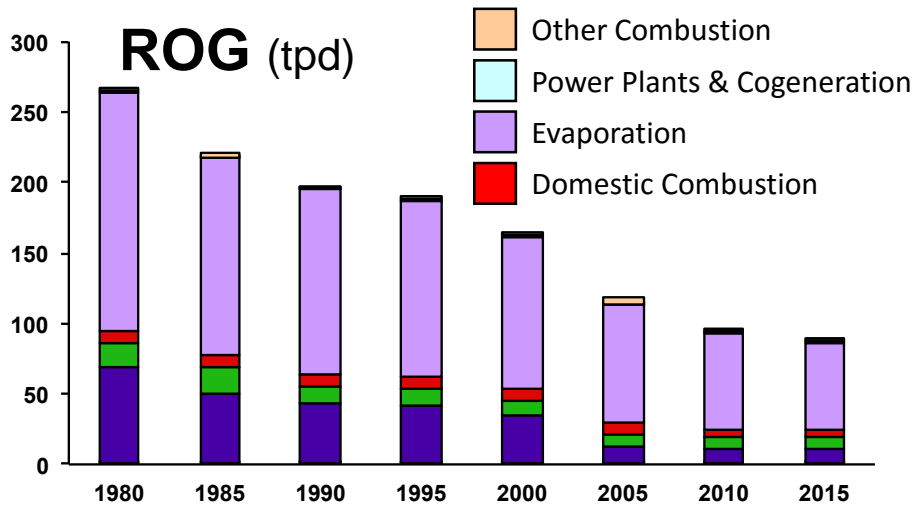
Functional Organization



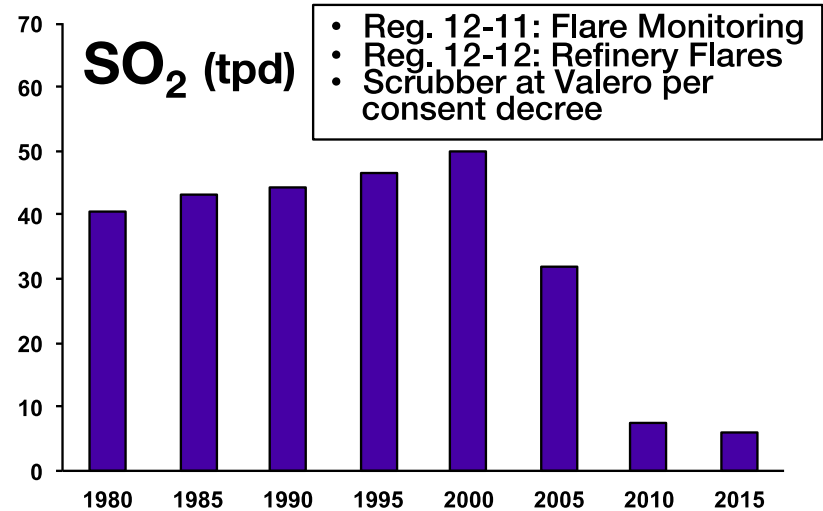
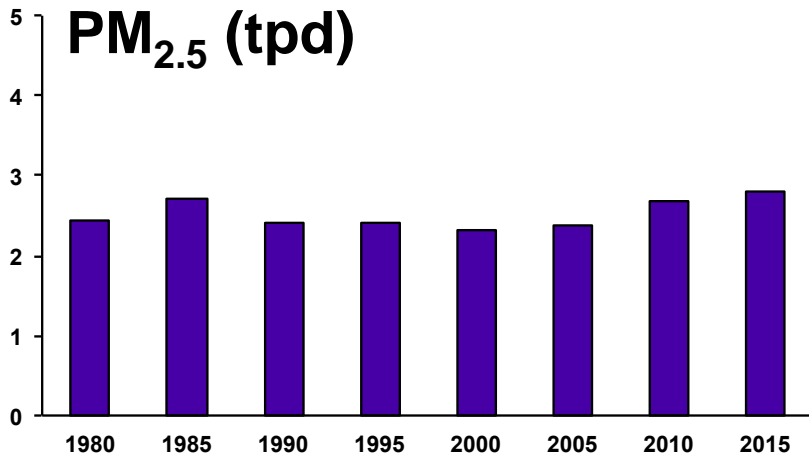
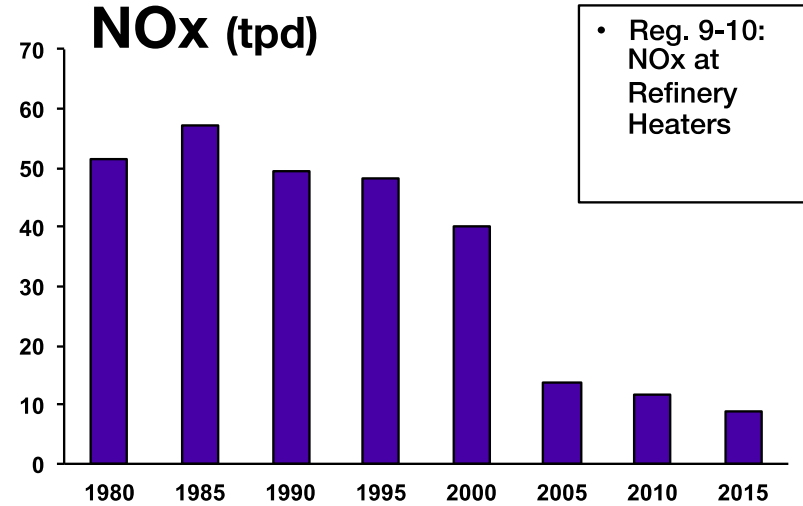
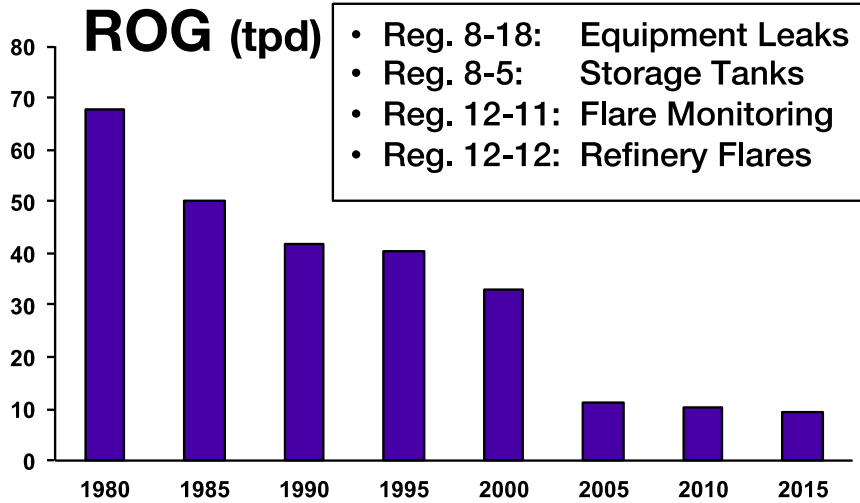
All Source Emission Trends 1980-2015



Stationary Source Emission Trends 1980-2015



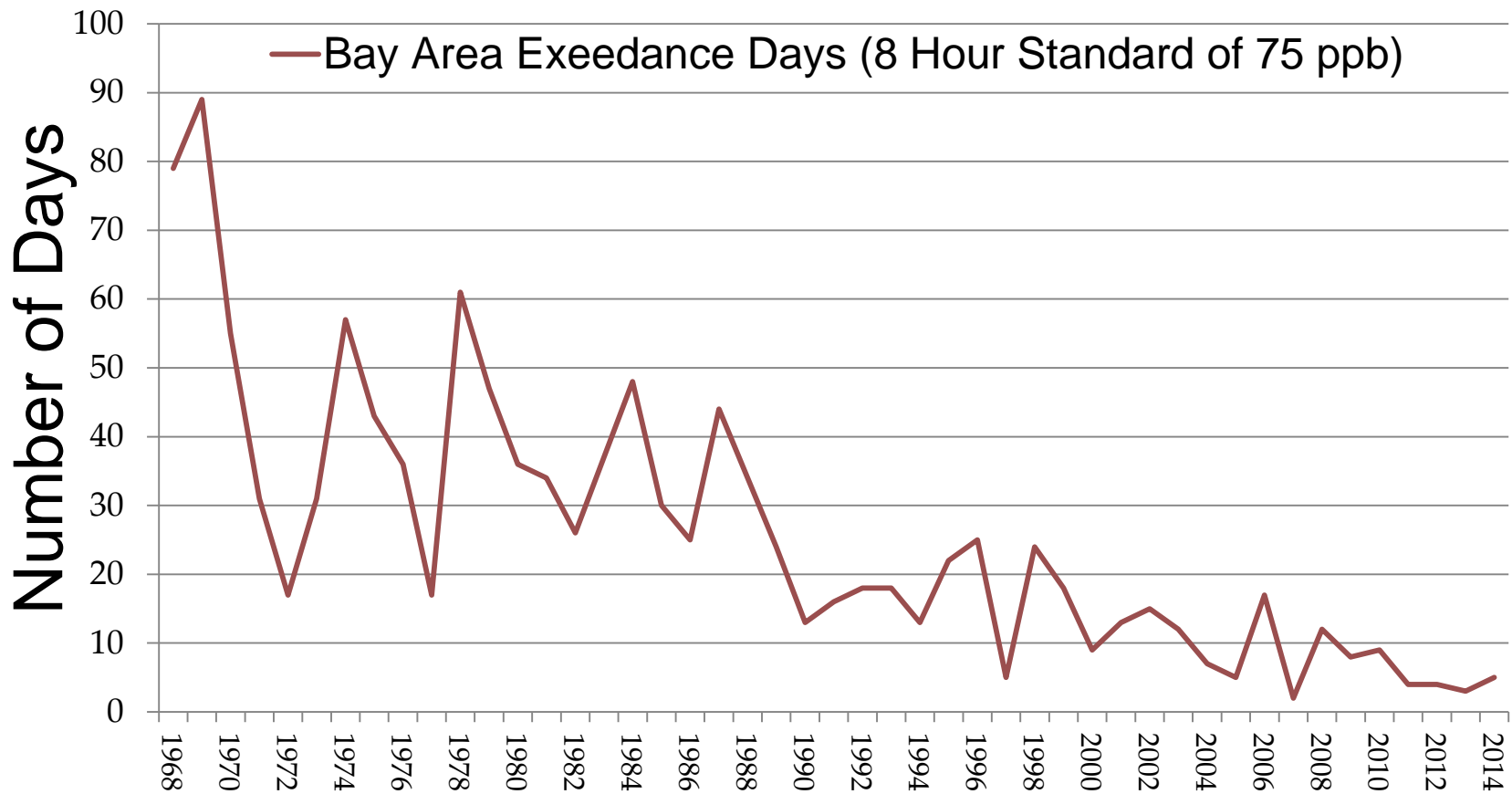
Refinery Emission Trends 1980-2015 and Main Causes of Reductions



Bay Area Ozone Trends



Days Above the Federal Ozone Standard



National and State Standards



Pollutant	National Standard	National Secondary Standard	State Standard	Averaging Time
Carbon Monoxide Modified in 2011	9 ppm	None	9.0 ppm	8-hour
	35 ppm	None	20 ppm	1-hour
Lead Modified in 2010			1.5 µg/m ³	30 Day Average
	0.15 µg/m ³	Same as Primary		Rolling 3-Month Average
Nitrogen Dioxide Modified in 2011	53 ppb	Same as Primary	0.030 ppm	Annual (Arithmetic Average)
	100 ppb	None	0.18 ppm	1-hour
Sulfur Dioxide Modified in 2010	0.03 ppm	None		Annual (Arithmetic Average)
	0.14 ppm	None	0.04 ppm	24-hour
		0.5 ppm		3-hour
	75 ppb	None	0.25 ppm	1-hour
Particulate Matter (PM ₁₀)	150 µg/m ³	Same as Primary	50 µg/m ³	24-hour
			20 µg/m ³	Annual (Arithmetic Average)
Particulate Matter (PM _{2.5})	15.0 µg/m ³	Same as Primary	12 µg/m ³	Annual (Arithmetic Average)
	35 µg/m ³	Same as Primary		24-hour
Ozone Modified in 2008	0.075 ppm	Same as Primary	0.070 ppm	8-hour
			0.09 ppm	1-hour

There are additional State Standards for visibility, sulfates, hydrogen sulfide and vinyl chloride



Attainment Status



	State Standard	Federal Standard
Ozone	Non Attainment	Non Attainment
PM₁₀	Non Attainment	Unclassified
PM_{2.5}	Non Attainment (Annual Average)	Non Attainment (24-hour Average)

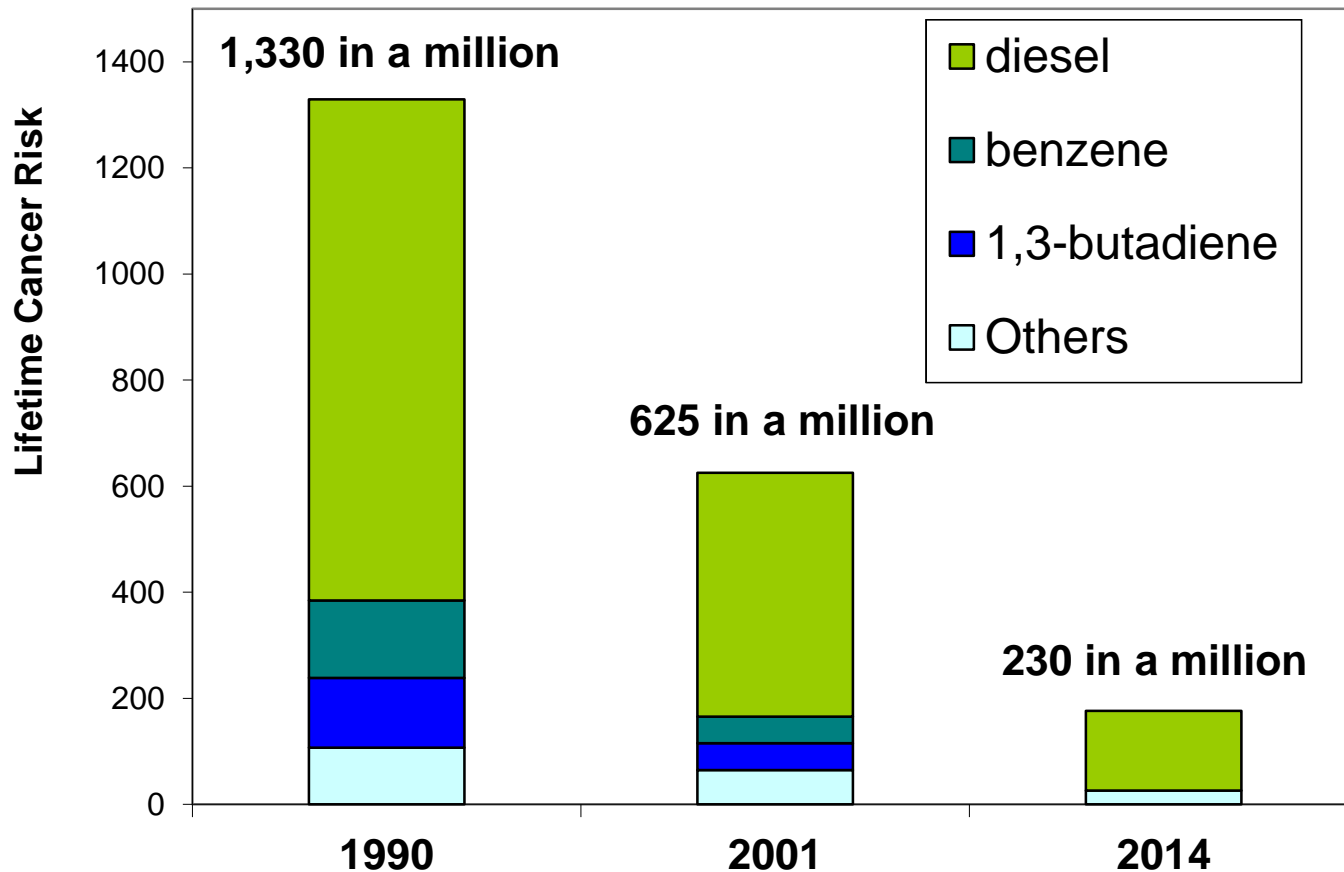
Attainment for National PM_{2.5} (Annual), CO (Hourly and Annual), NO₂ (Annual)



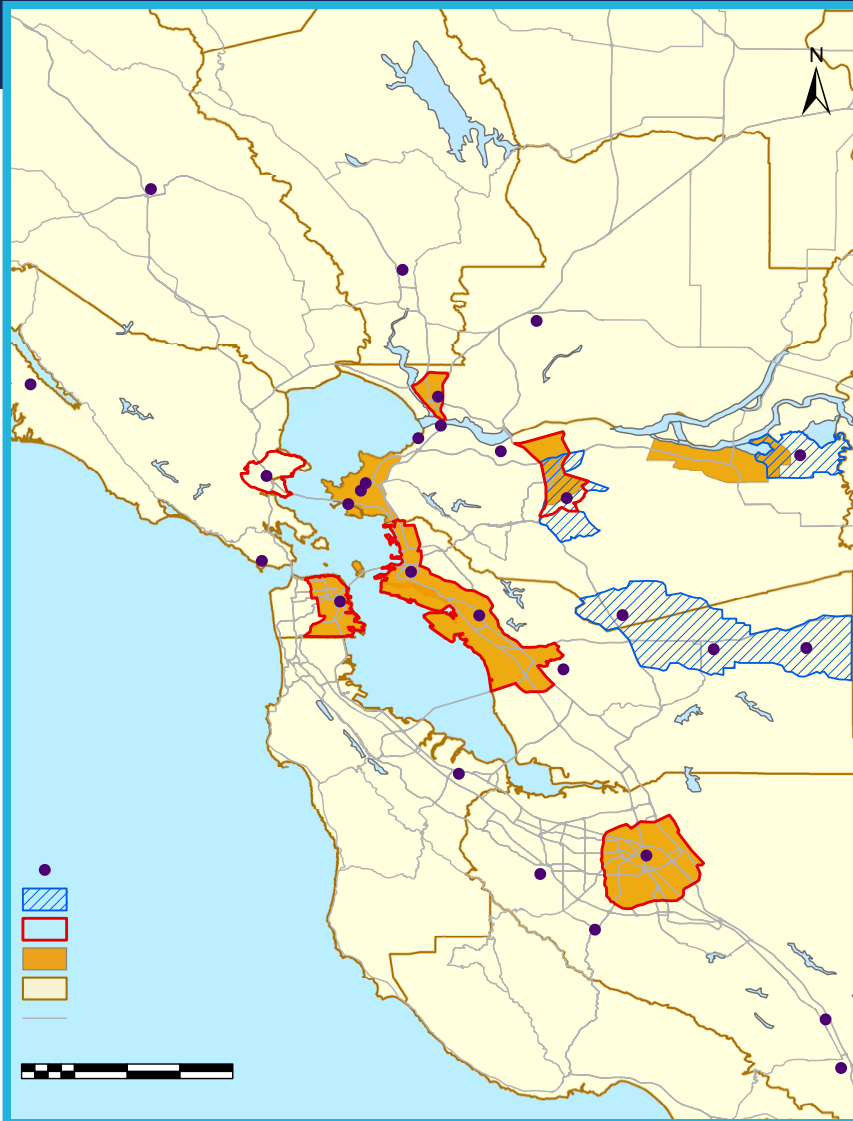
Risk from Toxic Air Contaminants Declining in the Bay Area



Measurement-based Trends



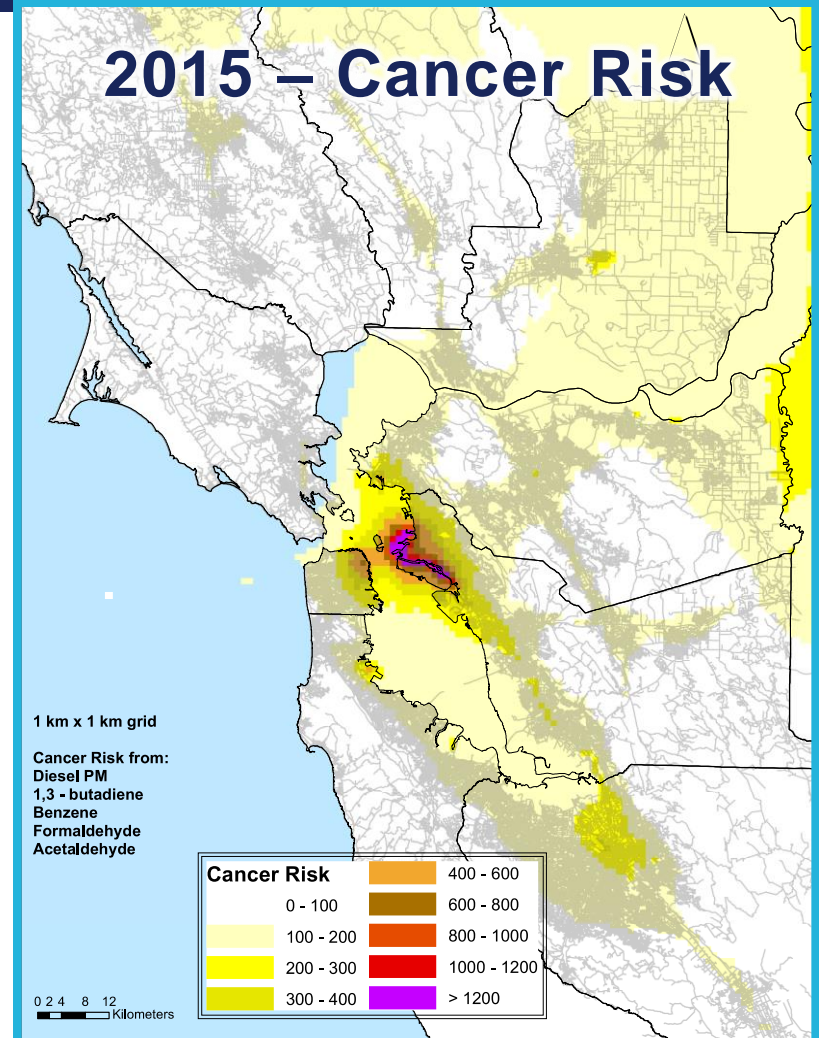
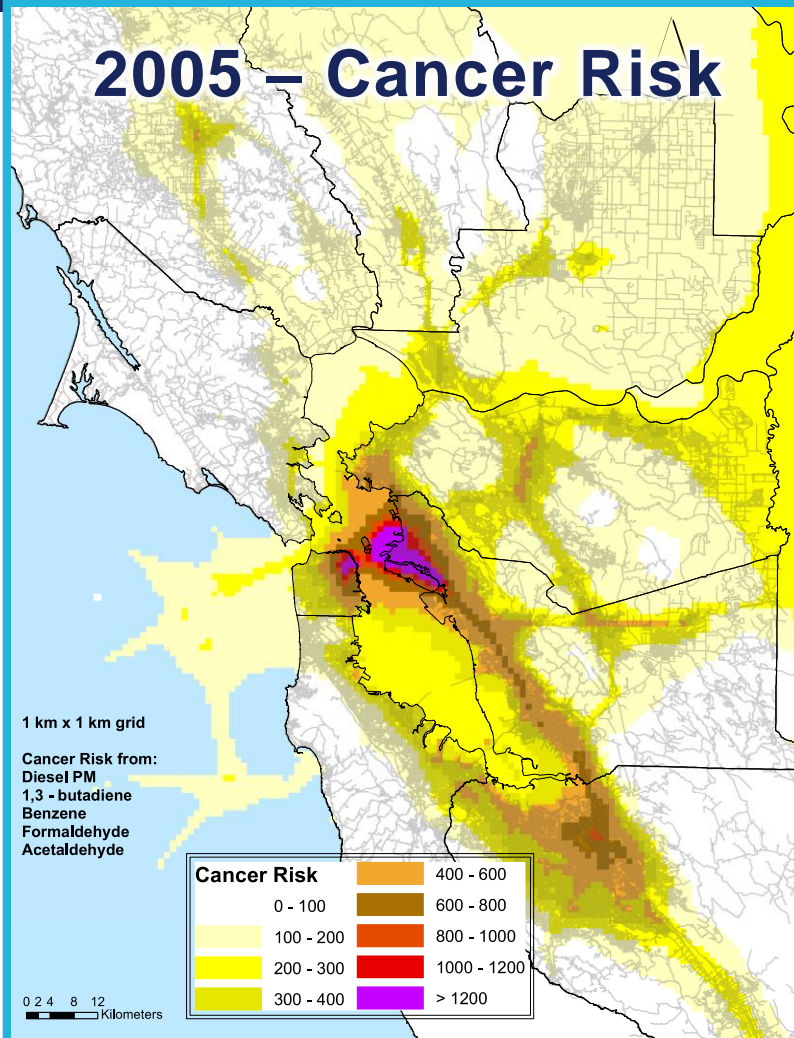
Impacted Communities



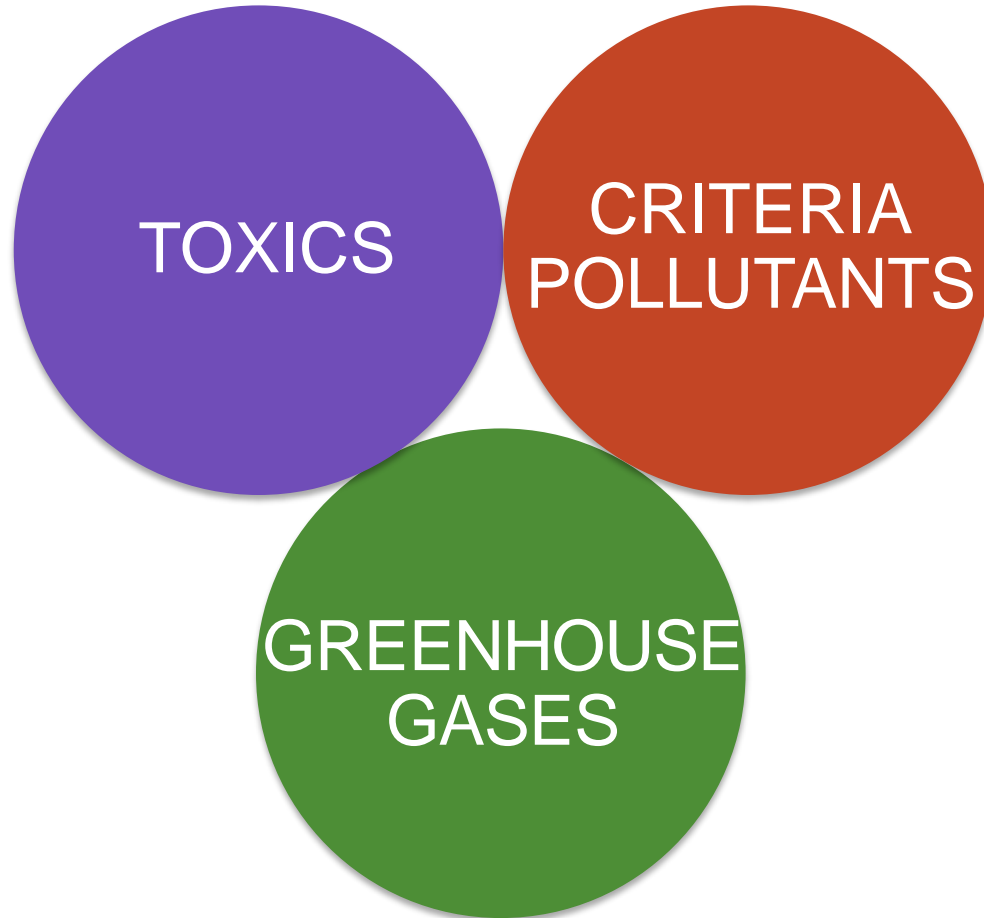
- Community Air Risk Evaluation (CARE) program maps impacted communities
- Cumulative impact areas support and focus localized mitigation activities
- Exceedance areas support and focus regional mitigation activities



Regional Modeling of Toxic Air Contaminants



Local Districts' Role in Climate Change



Motivations for Climate Change Action in California





Legal Overview

Brian Bunger
General Counsel



Air Quality Problems



Criteria Pollutants

- Federal and California: ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, particulate matter, lead
- California only: sulfates, hydrogen sulfide, vinyl chloride

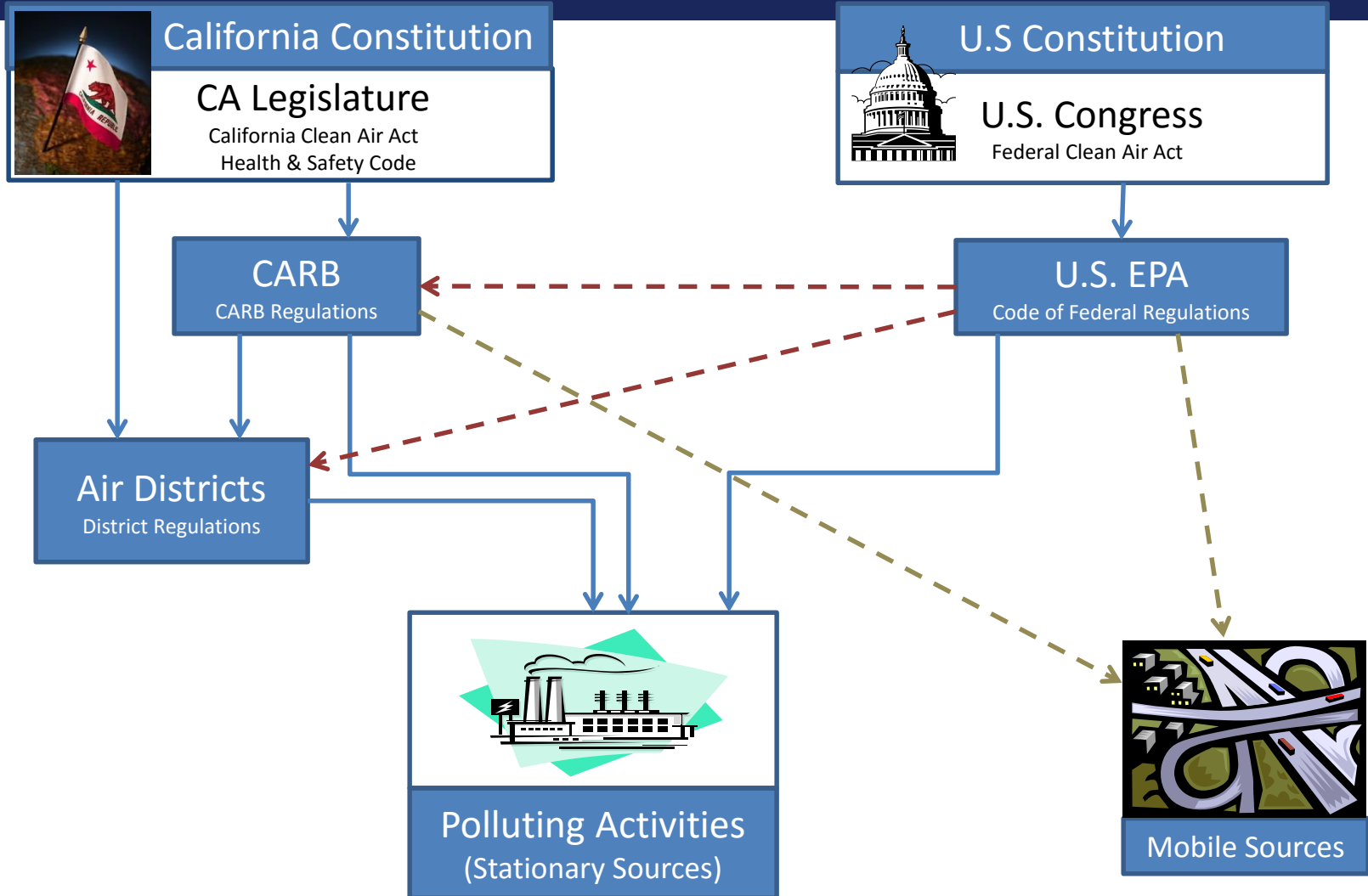
Air Toxics

- Federal: hazardous air pollutants (HAPs)
- California: toxic air contaminants (TACs)

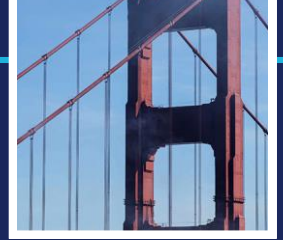
Greenhouse Gases (GHGs)



Regulatory Framework



District Authority



Primary responsibility: control of air pollution from sources other than motor vehicles

Powers to:

- Adopt and enforce regulations
- Require stationary source permits
- Adopt fees
- Adopt air toxic control measures
- Regulate nuisances
- Prohibit dark smoke
- Adopt state nonattainment plans
- Adopt regulations necessary to execute duties



Criteria Pollutant Control – Planning



Federal – federal attainment plans, e.g., 2001 Ozone Plan

- Must demonstrate attainment by a specified date
- Plan Components
 - Inventory
 - Man-made (“anthropogenic”): stationary sources, area sources, motor vehicles
 - Natural (background/non-anthropogenic)
 - Modeling
 - Control strategy
 - “Commitments” for all source types
- Penalties for failing to have plan
- Joint adoption with MTC



Criteria Pollutant Control – Planning



California – state attainment plans, e.g., 2010 Clean Air Plan

- Must demonstrate 5% reduction in nonattainment pollutant emissions per year averaged over three years OR that District will implement “every feasible measure”
- Plan components: stationary sources, transportation control measures, area/indirect
- To be updated triennially

Differences from federal

- Plan elements limited to those w/in District authority
- Continuous improvement rather than target dates
- Ranking of measures
- No citizen suit provisions



Criteria Pollutant Control – Regulations



Federal New Source Performance Standards

- Detailed industry-specific regulations establishing emissions limits for specific items of equipment
- Federal regulations directly applicable to sources

District-Implemented Regulations Required by Federal and California Clean Air Acts

- New Source Review Permit Program Requirements
- Specific Regulatory Actions Committed to by District in Attainment Plans

Additional District Regulatory Provisions



District Regulations



Substantive requirements

- BARCT
- Feasible measure
- Federal requirements if submitted into California state implementation plan

Procedural requirements

- Noticed hearing
- Analysis of overlapping requirements
- Socioeconomic impact analysis
- Incremental cost analysis
- Board must find that rule meets requirements of necessity, authority, clarity, consistency, nonduplication, and reference



Criteria Pollutant Control – Permits

Pre-Construction Permits



Pre-construction Permits for Major Sources

- New Source Review – for non-attainment pollutants
 - Lowest Achievable Emissions Rate (“LAER”)
 - Emission Offsets – “No Net Increase” Requirement
- “Prevention of Significant Deterioration” – for attainment pollutants
 - Best Available Control Technology (“BACT”)
 - Analysis of potential to cause violation of air quality standards

Pre-construction Permits for Non-major Sources

- Minor New Source Review
- Incorporates all other applicable regulatory requirements



Criteria Pollutant Control – Permits Operating Permits & Equipment Registrations



Operating Permit Requirements

- District “Permit to Operate”
 - Incorporates conditions from Authority to Construct
 - Applies to all sources, including existing sources
- “Title V” Operating Permit
 - Consolidates major facility permit requirements in a single document for transparency and ease of review
 - Can also require additional conditions to improve enforceability, e.g. enhanced monitoring

Equipment Registration Requirements for Certain Sources That Do Not Require Permits

- small boilers
- restaurant charbroilers



Air Toxics Control



Regulations

- Federal – source category toxics standards
 - Example – Refinery MACT
 - Example – Aluminum area source (Zzzzzz)
- California –
 - ARB air toxic control measures
 - Air district toxics measures
 - California Toxics Hot Spots Program

Permits

- Federal – Title V incorporates federal toxics requirements
- District – New Source Review of Toxic Air Contaminants



Greenhouse Gases



Federal – Permit requirements for large emitters:

- Requirements “tailored” to facilities over 100,000 MT/yr
- “Prevention of Significant Deterioration” pre-construction permits
- “Title V” Operating Permits

California – Various regulatory initiatives, including:

- ARB’s AB 32 implementation efforts (cap-and-trade, etc.)
- Utilities’ renewable energy portfolio standards (“RPS”)
- Motor vehicle tailpipe standards (“Pavley Bill”)

District – Permit fees based on GHG emissions



BREAK





First Key Question:

What is the efficacy of imposing numeric caps on Greenhouse Gas emissions from Bay Area refineries?





Overview of Petroleum Refining

Jim Karas

Director of Engineering



Agenda



Refinery Overview

Refinery Crude Oil Overview

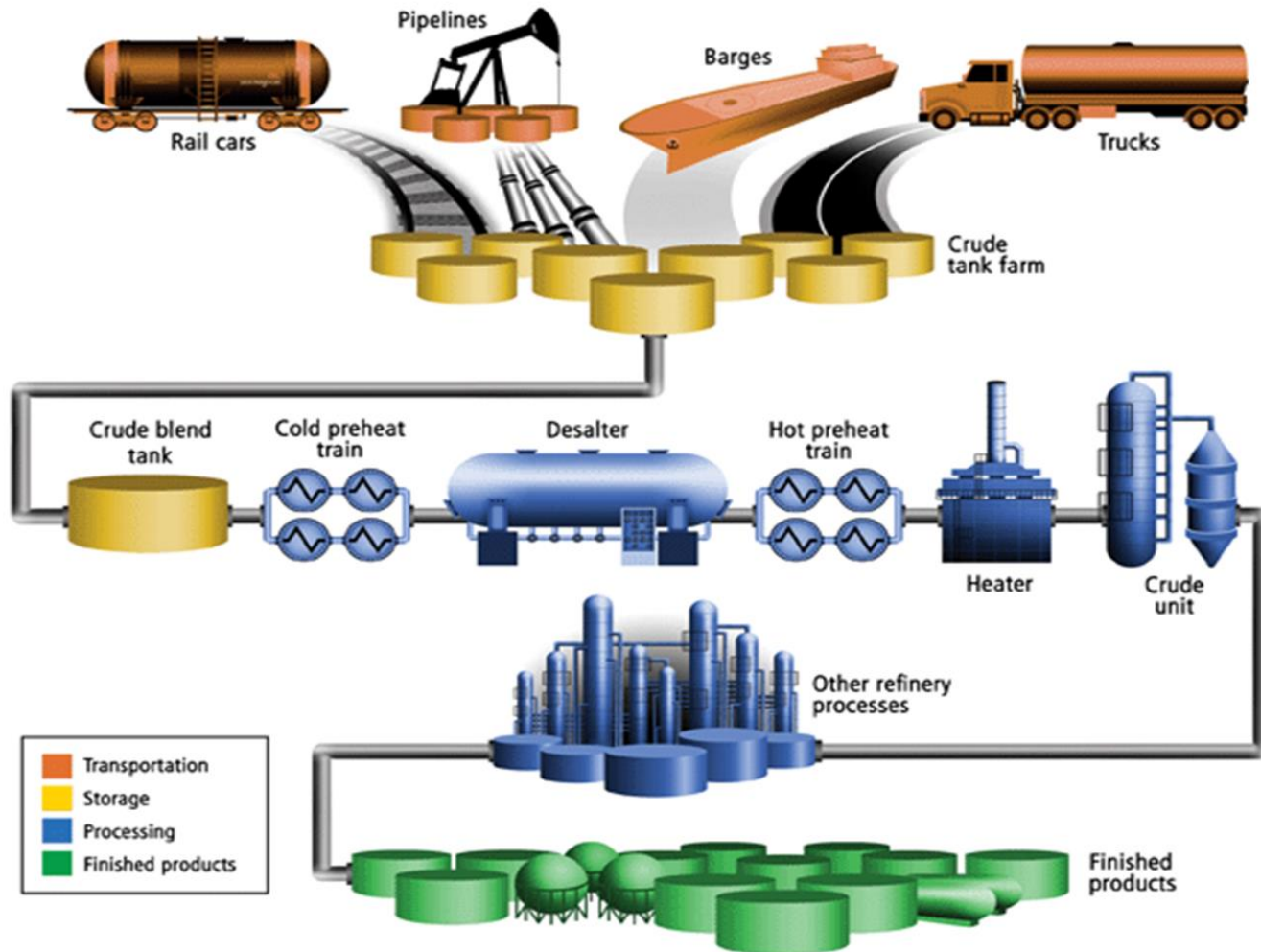
Refinery Products

Refinery Emissions

Additional Resources



Refinery Overview



Crude Unit



Light Gases



Light Naphtha

Oil Refining
A Closer Look

About Education Credits Navigate

Light naphtha, also known as straight run gasoline, comes from the distillation tower. It is comprised of a mixture of organic molecules consisting primarily of straight-chained and cyclic paraffins with five to nine carbon atoms per molecule. Light naphtha is composed primarily of pentane and hexane, with some cyclohexane and cyclopentane and minor other components, such as benzene.

Distillation Column Temperature Zones:
-90°
150°
275°
400°
500°
700°
800°+

Product Streams:
- Light Gases
- Light Naphtha
- Heavy Naphtha
- Kerosene
- Diesel
- Gas Oil
- Residue

Process Units:
- Hydrotreating
- Isomerization

Back Forward

Click on the circles and treatment boxes to learn more

Science NetLinks AAAS energy API



Heavy Naphtha

Oil Refining
A Closer Look

About Education Credits Navigate

Light Gases
Light Naphtha
Heavy Naphtha
Kerosene
Diesel
Gas Oil
Residue

<90°
150°
275°
400°
500°
700°
800°+

Hydrotreating

Reformer

Click on the circles and treatment boxes to learn more

Back Forward

Science NetLinks AAAS energy API

The diagram illustrates the distillation process in an oil refinery. A vertical distillation column is shown with temperature zones on the left: <90°, 150°, 275°, 400°, 500°, 700°, and 800°+. On the right, product streams are collected at different levels: Light Gases (top), Light Naphtha, Heavy Naphtha, Kerosene, Diesel, Gas Oil, and Residue (bottom). The Heavy Naphtha stream is highlighted and flows into a Hydrotreating unit, which then feeds into a Reformer unit. The interface includes navigation links (About, Education, Credits, Navigate) at the top right, a 'Click on the circles and treatment boxes to learn more' instruction at the bottom, and a 'Back Forward' control at the bottom left. Logos for Science NetLinks, AAAS, and energy API are also present.



Kerosene

Oil Refining
A Closer Look

Navigation: [About](#) [Education](#) [Credits](#) [Navigate](#)

Temperature zones on the distillation tower:
< 90°
150°
275°
400°
500°
700°
800°+

Product outlets:
Light Gases
Light Naphtha
Heavy Naphtha
Kerosene
Diesel
Gas Oil
Residue

Process: **Hydrotreating**

Text: Kerosene comes from the distillation tower. Kerosene, also known as paraffin oil, consists primarily of a mixture of hydrocarbon molecules with 10 to 16 carbon atoms per molecule. Kerosene is composed primarily of paraffin (chains) and isoparaffin (branched chains) molecules, with lesser amounts of naphthene and aromatic molecules.

Interactive buttons: [Back](#) [Forward](#)

Text: Click on the circles and treatment boxes to learn more

Logos: Science NetLinks, AAAS, energy API



Diesel

Oil Refining
A Closer Look

About Education Credits Navigate

Distillation Column

Temperature markers: <math>< 90^\circ</math>, 150°, 275°, 400°, 500°, 700°, 800°+

Product streams: Light Gases, Light Naphtha, Heavy Naphtha, Kerosene, Diesel, Gas Oil, Residue

Treatment processes: Hydrotreating, Catalytic Cracker, Hydro Cracker

Diesel comes from the distillation tower. It consists of hydrocarbon molecules with 10 to 20 carbon atoms. Diesel consists primarily of paraffin (straight chains), isoparaffin (branched chains), and cycloparaffin (saturated rings – also known as naphthenes) molecules with lesser amounts of aromatic molecules.

Click on the circles and treatment boxes to learn more

Back Forward

Science NetLinks AAAS energy API



Gas Oil

Oil Refining
A Closer Look

on
mn

Back Forward

Click on the circles and treatment boxes to learn more

Science NetLinks AAAS energy API

The diagram illustrates the oil refining process. On the left, a distillation tower is shown with temperature markers on its side: <math>< 90^\circ</math>, 150°, 275°, 400°, 500°, 700°, and $800^\circ+$. On the right side of the tower, several streams exit at different levels, each marked with a red circle: Light Gases (top), Light Naphtha, Heavy Naphtha, Kerosene, Diesel, Gas Oil, and Residue (bottom). The Gas Oil stream is highlighted in red and leads to a treatment unit labeled 'Hydrotreating'. From the Hydrotreating unit, the stream goes to a 'Catalytic Cracker' and a 'Hydro Cracker'. The Catalytic Cracker has multiple output streams, and the Hydro Cracker also has multiple output streams. The background is dark with a grid pattern.

Gas Oil comes from the distillation tower. It consists of a complex mix of large hydrocarbon molecules with 20 to 70 carbon atoms. Gas Oil consists of paraffin (straight chains), isoparaffin (branched chains), and cycloparaffin (saturated rings – also known as naphthenes) molecules as well as complex aromatic molecules.

After hydrotreating, gas oil can be used directly as fuel oil in ships, factories, and power generating plants, made into lubricants, or blended into diesel. But today it is usually processed in the cracking units to turn the large molecules in gas oil into smaller, more useful molecules that can be used for gasoline, diesel, and jet fuel.



Residue

Oil Refining
A Closer Look

About Education Credits Navigate

Residue comes from the distillation tower. It consists of a complex mix of very large hydrocarbon molecules with more than 30 carbon atoms, and typically more than 60 carbon atoms. Residue generally consists of a large percentage of asphaltenes, which are now believed to be tiny nanofragments of kerogen that were altered during catagenesis and were suspended as tiny particles in crude oil as it moved into the reservoir rocks. Residue also contains large complex paraffin and aromatic molecules as well as resins.

Distillation Tower Temperature Zones and Products:

- < 90°: Light Gases
- 150°: Light Naphtha
- 275°: Heavy Naphtha
- 400°: Kerosene
- 500°: Diesel
- 700°: Gas Oil
- 800°+: Residue

Treatment Units: Coker, Deasphalting

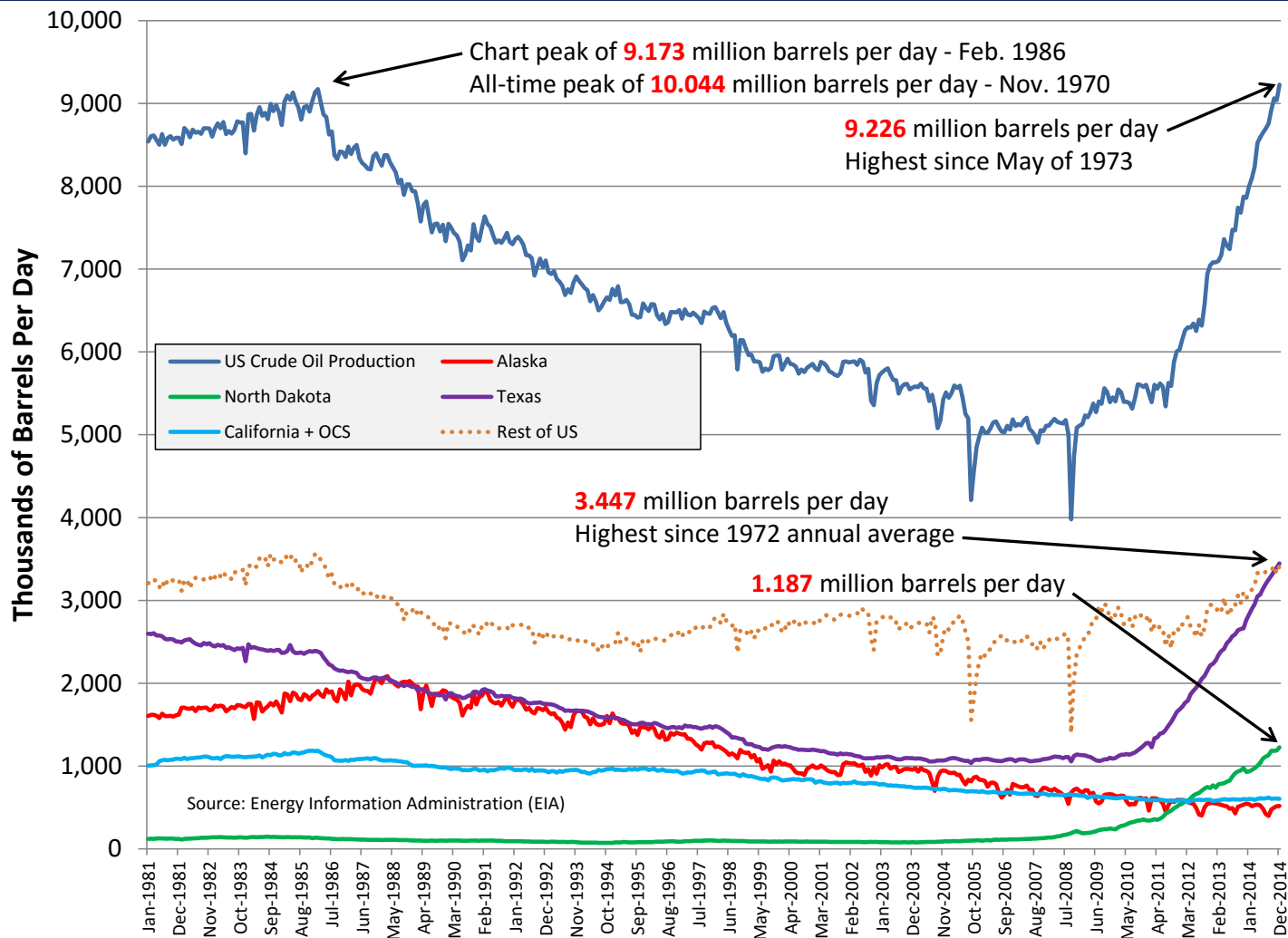
Click on the circles and treatment boxes to learn more

Back Forward

Science NetLinks AAAS energy API



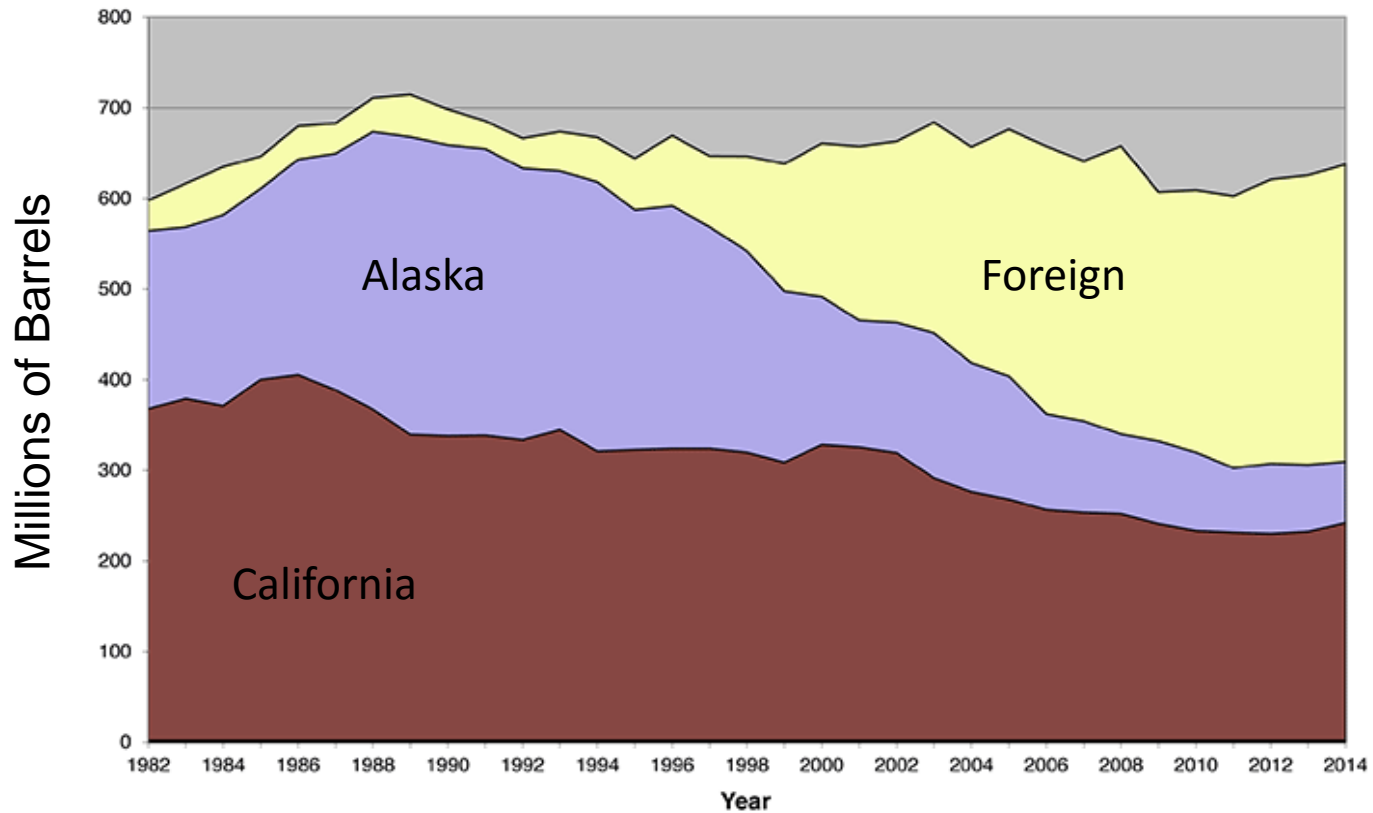
U.S. Crude Oil Production 1981–2014



California Crude Oil Supply Sources



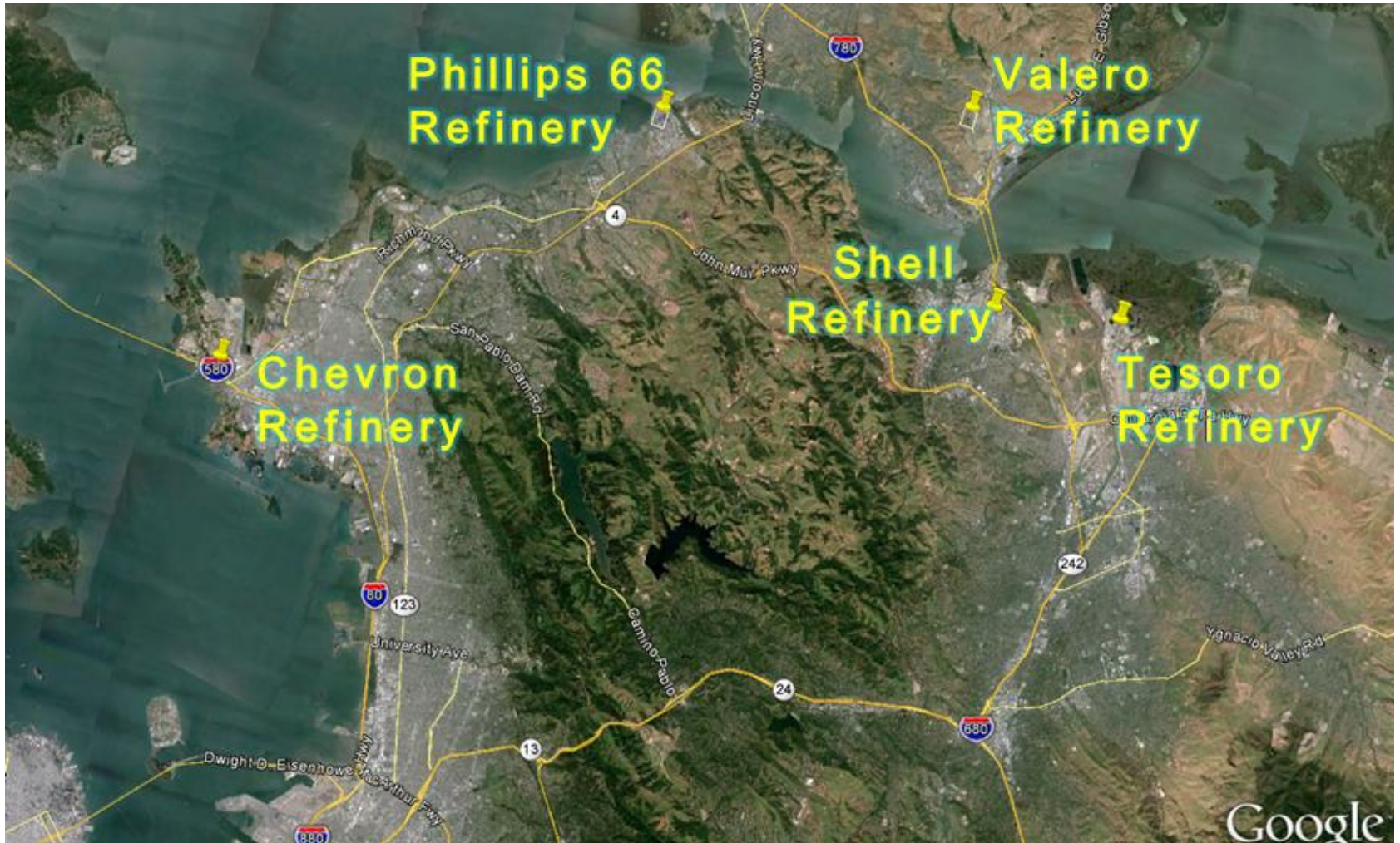
Crude Oil Supply Sources to California Refineries



Source: California Energy Commission



Bay Area Refinery Locations



Crude Oil Processing Capacity



Refinery	Crude Oil Capacity (barrels per day)
Chevron	245,000
Phillips 66	120,000
Shell	157,000
Tesoro	166,000
Valero	132,000
Total	820,000

Source: California Energy Commission



Major Bay Area Refinery Products



Product	Amount (barrels per day)	Exports (barrels per day)	Exports Percentage
Gasoline	420,000	22,000	5%
Diesel	177,000	53,000	30%
Jet Fuel	90,000	2,300	3%
Total	687,000	74,000	11%

Source: California Energy Commission



Refinery Emissions Sources



Refinery Emissions by Source Category

Emission Source Category	NO _x	VOC	SO ₂	CO	PM	Toxics	GHGs
Stationary Combustion (furnaces, boilers, gas turbines, flares, engines, thermal oxidizers)	●	●	●	●	●	●	●
Storage Tanks		●				●	●
Process Vents (FCCU, SRUs, Cokers, Hydrogen Plant)	●	●	●	●	●	●	●
Fugitive Equipment Leaks		●				●	●
Cooling Towers		●			●	●	●
Wastewater Treatment		●				●	●
Loading Operations		●				●	●
Marine	●	●	●	●	●	●	●
Rail	●	●	●	●	●	●	●
Fugitive Dust (coke piles, catalyst silos)					●	●	●



Current Refinery Projects



Chevron Modernization Project

- Heavier, Sour Crude

Shell Greenhouse Gas Project

- Lighter Crude

Phillips 66 Propane and Butane Recovery

Tesoro Wharf Replacement

Valero Crude By Rail



Refinery Information Resources



Science NetLinks' Oil Refining Animation (Flash):
sciencenetlinks.com/interactives/energy/interactive

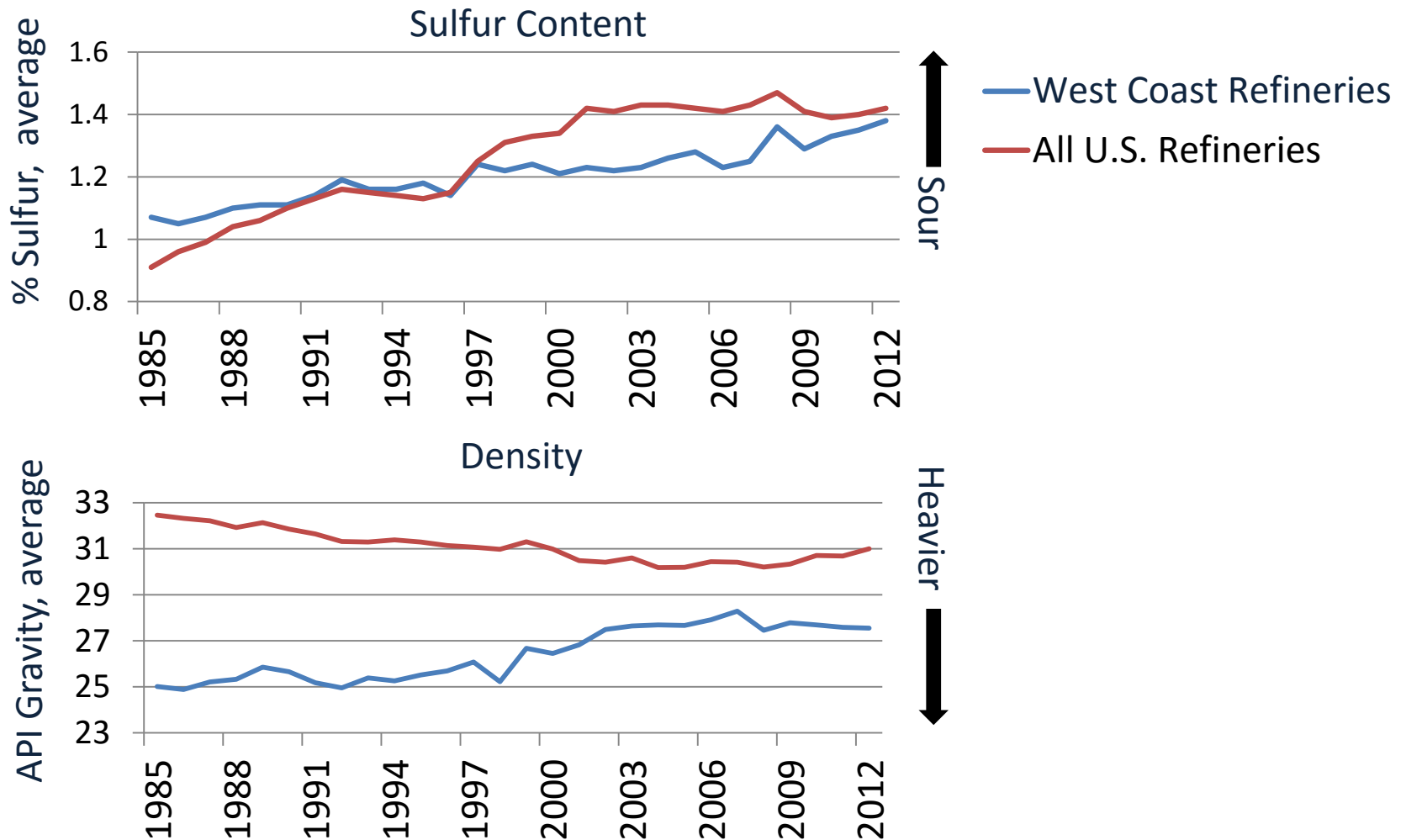
EPA "Addressing Air Emissions from the Petroleum Refinery Sector":
<http://www3.epa.gov/apti/video/10182011Webinar/101811webinar.pdf>

CARB Oil & Natural Gas Production, Processing, and Storage: <http://www.arb.ca.gov/cc/oil-gas/oil-gas.htm>

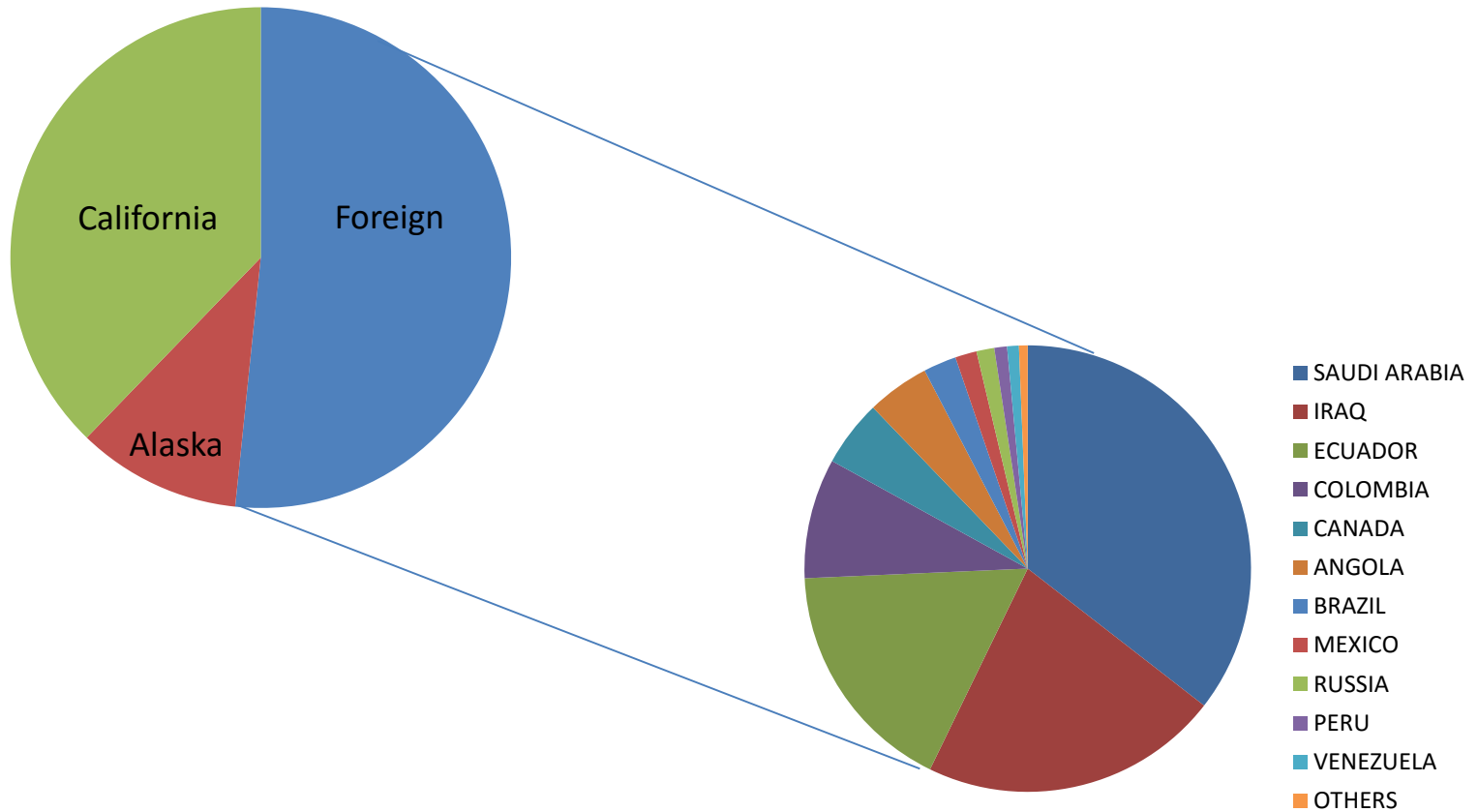
Colorado School of Mines Petroleum Refining Course Materials:
 <http://inside.mines.edu/~jjechura/Refining/>



Trends in Crude Oil Quality



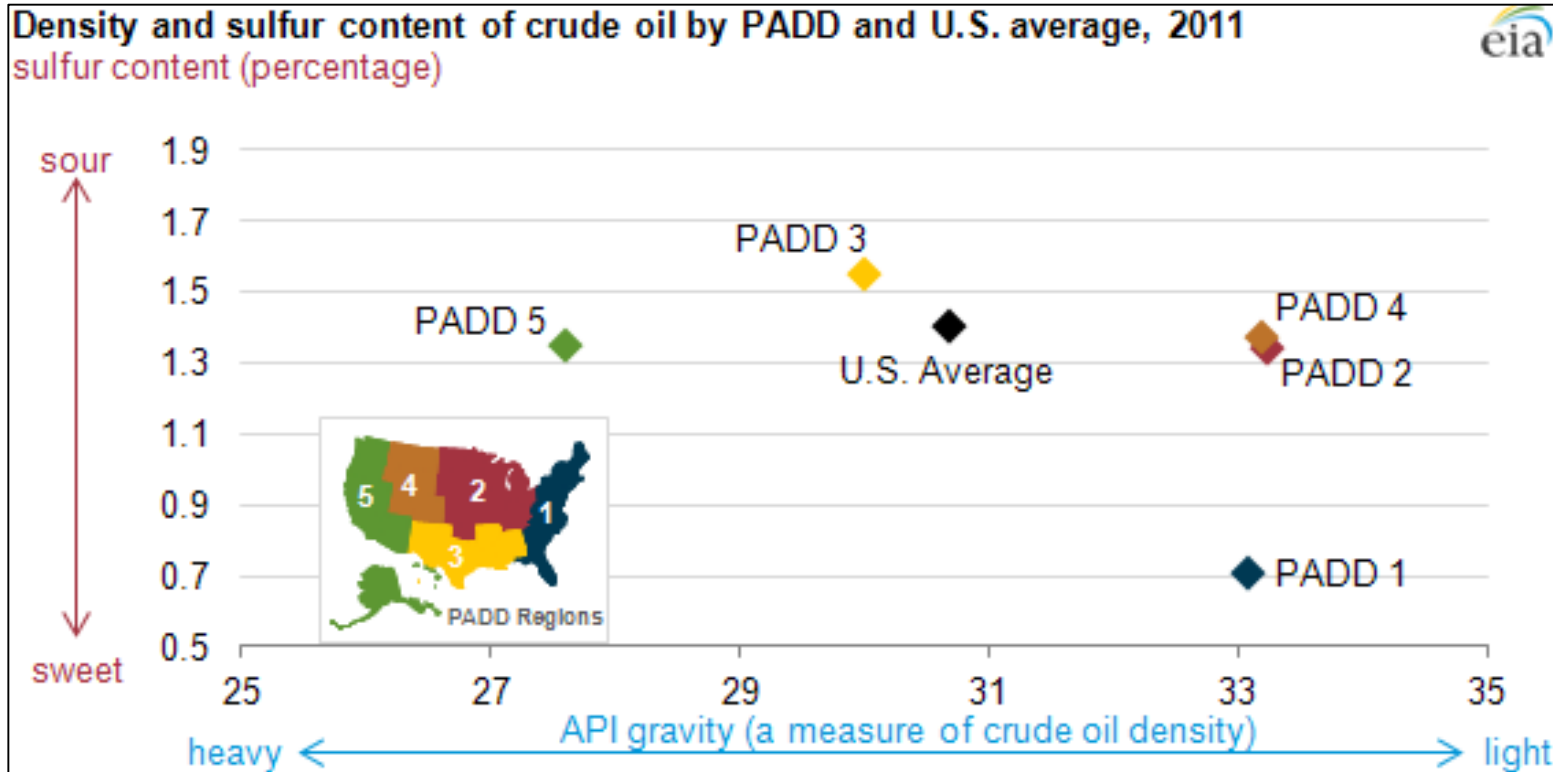
Crude Oil Supply Sources (2014)



Source: California Energy Commission



West Coast Refinery Crude Oil Compared to Rest of Nation



PAD District 5 (West Coast): Alaska, Arizona, California, Hawaii, Nevada, Oregon, Washington.

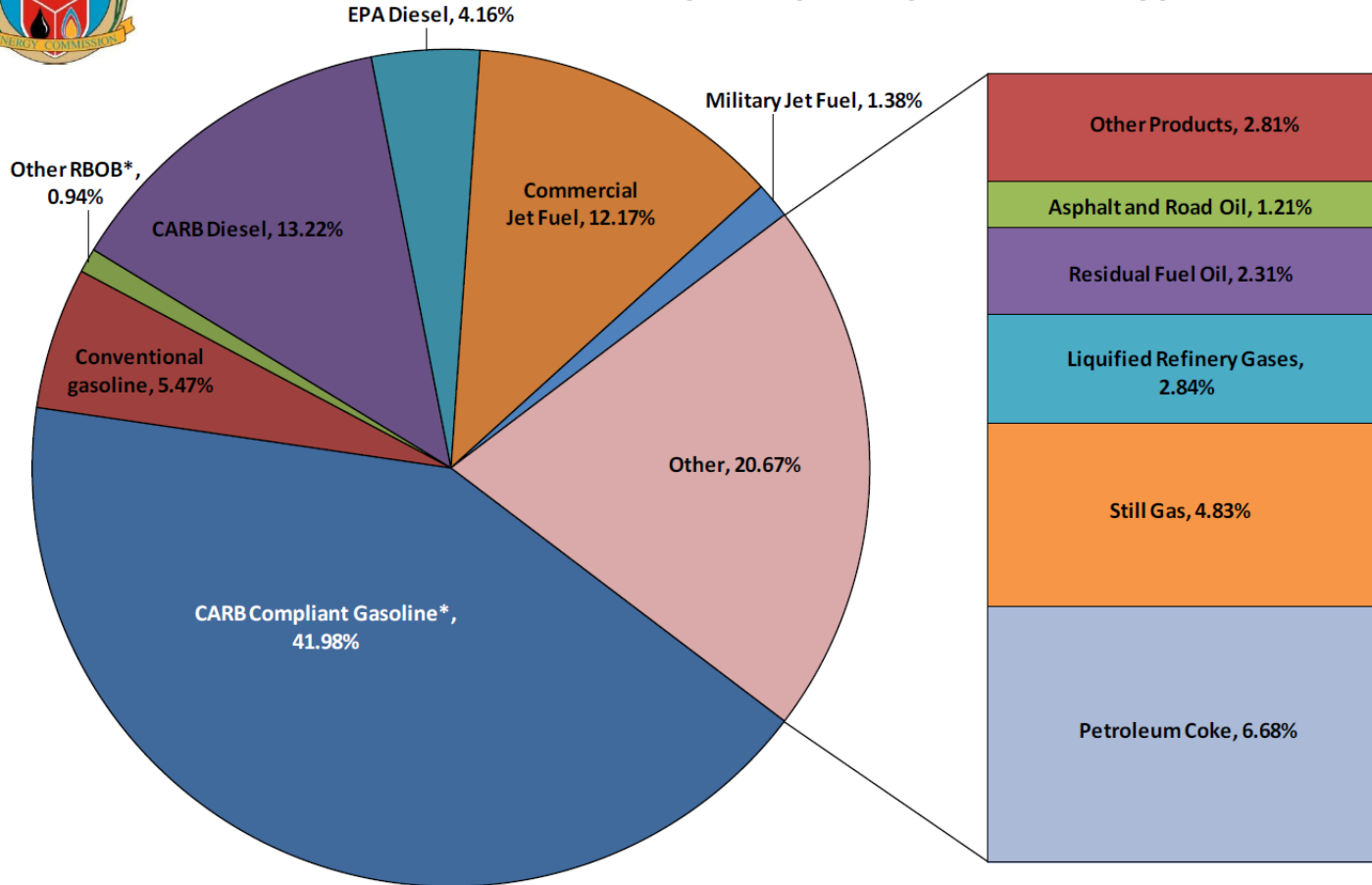
- California currently has 64% of PAD District 5's refining capacity



California Refinery Output by Product Type



2011 California Refinery Output by Product Type



*Note: Does not include ethanol.

Source: California Energy Commission.





Air District Climate Protection Program

Henry Hilken

Director, Planning & Climate Protection



Goals and Focus



What:

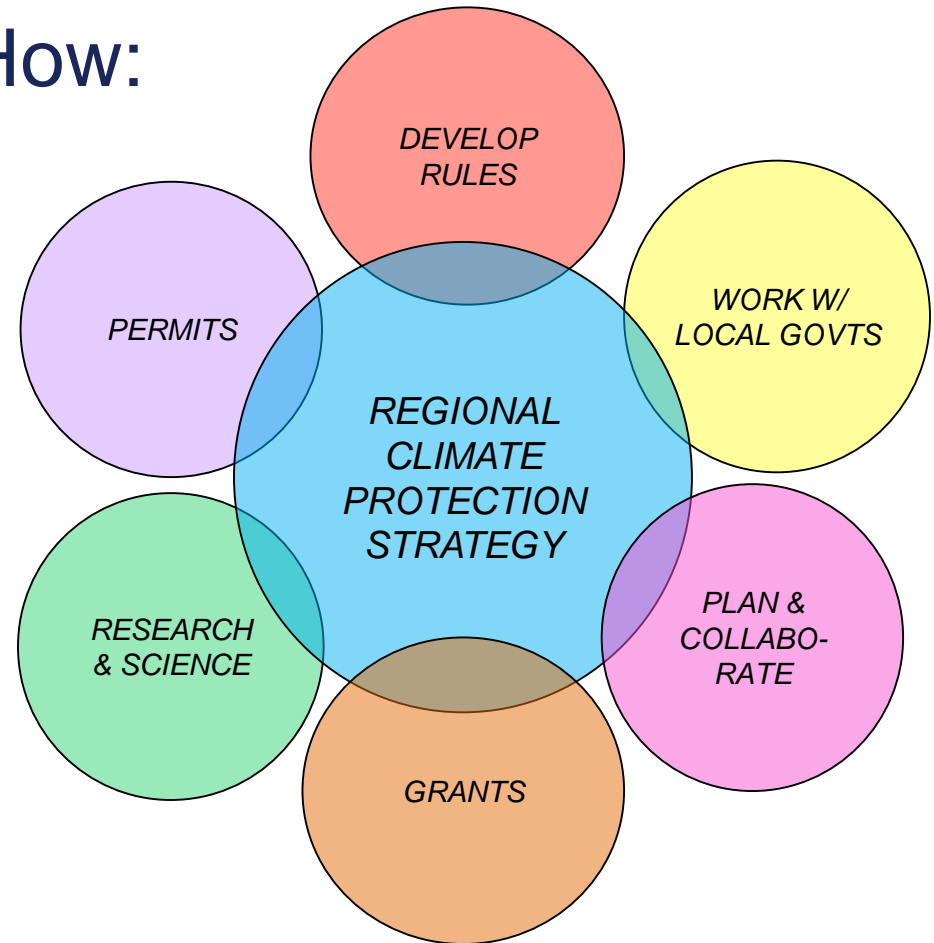
Efficiency

Electrification

*Decarbonize
energy*

*Reduce non-
energy GHGs*

How:



Highlights of Climate Protection Initiatives



Climate Protection Program established 2005

First Air District to:

- develop regional GHG inventory
- adopt GHG fee on stationary sources
- adopt GHG thresholds of significance for CEQA
- conduct regional multi-pollutant planning

Over \$300 million invested in grant programs to reduce GHGs and air pollutants

Extensive technical and financial support for local government climate protection work

Regional Summits and conferences



Support of Local Governments



Grants for local climate action plan development and implementation

Train local staff on conducting GHG inventories

Guidance on developing climate action plans

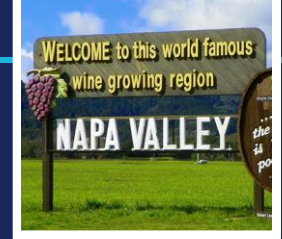
Provide data and best practices

Consultation, review and feedback on climate action plan development

Outreach on Cap & Trade funding for local projects



Highlights of Outcomes & Results



Bay Area leadership in local climate planning;
58 local climate action plans adopted;
80% of Bay Area population

Grants & Incentives

- Climate Protection Grant Program (2008)
 - \$3 million, 53 grants to local gov'ts & non-profits
 - Launched game-changing initiatives, e.g., community choice aggregation and property assessed clean energy
- Conoco Phillips GHG Mitigation Program (2009)
 - \$4 million, municipal energy efficiency & renewables

GHG co-benefits of air pollution regulations

- E.g., methane reductions via VOC rules

GHG in Air District permits/New Source Review



Collaboration With ARB and Other Air Districts



Technical and policy issues related to strategic planning

- ARB Scoping Plan update
- BAAQMD Regional Climate Protection Strategy
- Short Lived Climate Pollutant Strategy
- Technical work groups, e.g., Adaptive Management

Collaborate on statewide rule development

- Natural gas distribution
- Oil & gas wells

Enforce ARB GHG rules, e.g., landfills, refrigerants

California Air Pollution Control Officers Assn. (CAPCOA)

- Air districts coordinate regional climate programs, e.g., CAPCOA GHG Reduction Exchange



ARB's Cap & Trade Program



Market-based regulation to drive long-term investment in cleaner fuels & more efficient energy use

Covers 85% of CA GHG emissions

- Electricity generators & industrial facilities emitting $\geq 25,000$ MTCO₂e annually (2013)
- Fuel distributors - transportation, natural gas & other (2015)

Declining cap on 2012 GHG emission levels

- 2% in 2013 & 2014, 3% annually through 2020

All 5 Bay Area refineries must report

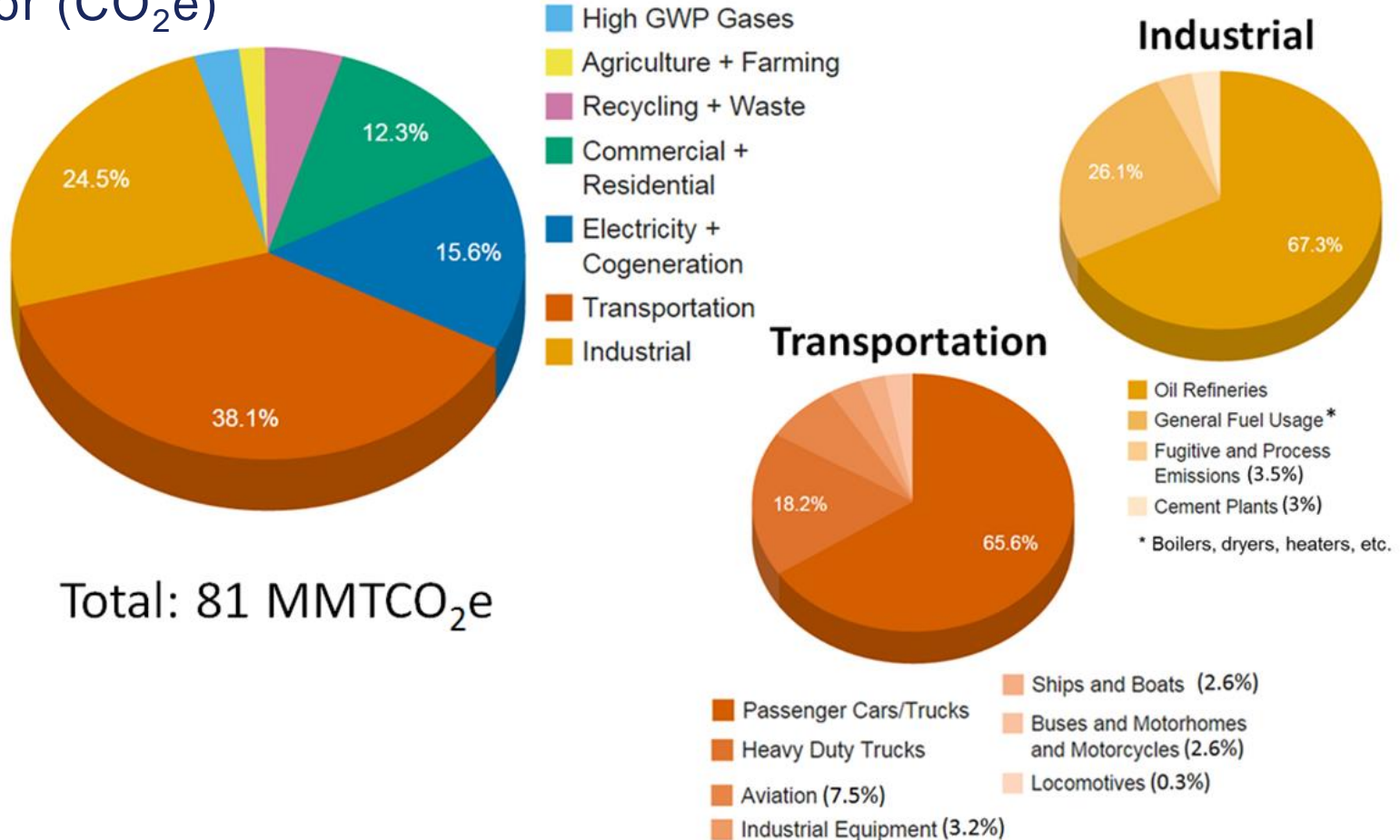
- 16.1 million MTCO₂e covered by C&T (2014)



Bay Area GHG Emissions



2015 Bay Area GHG Emissions By Sector (CO₂e)



Consumption-Based GHG Emissions Inventory



Consumption-based emissions inventory (CBEI) estimates GHG emissions embedded in goods & services consumed by people residing within a given area

Accounts for emissions from goods & services produced outside the Bay Area

Includes full life-cycle analysis of emissions for each product/service:

- Production / Use / Disposal or recycling

Complements existing production-based GHG emissions inventory

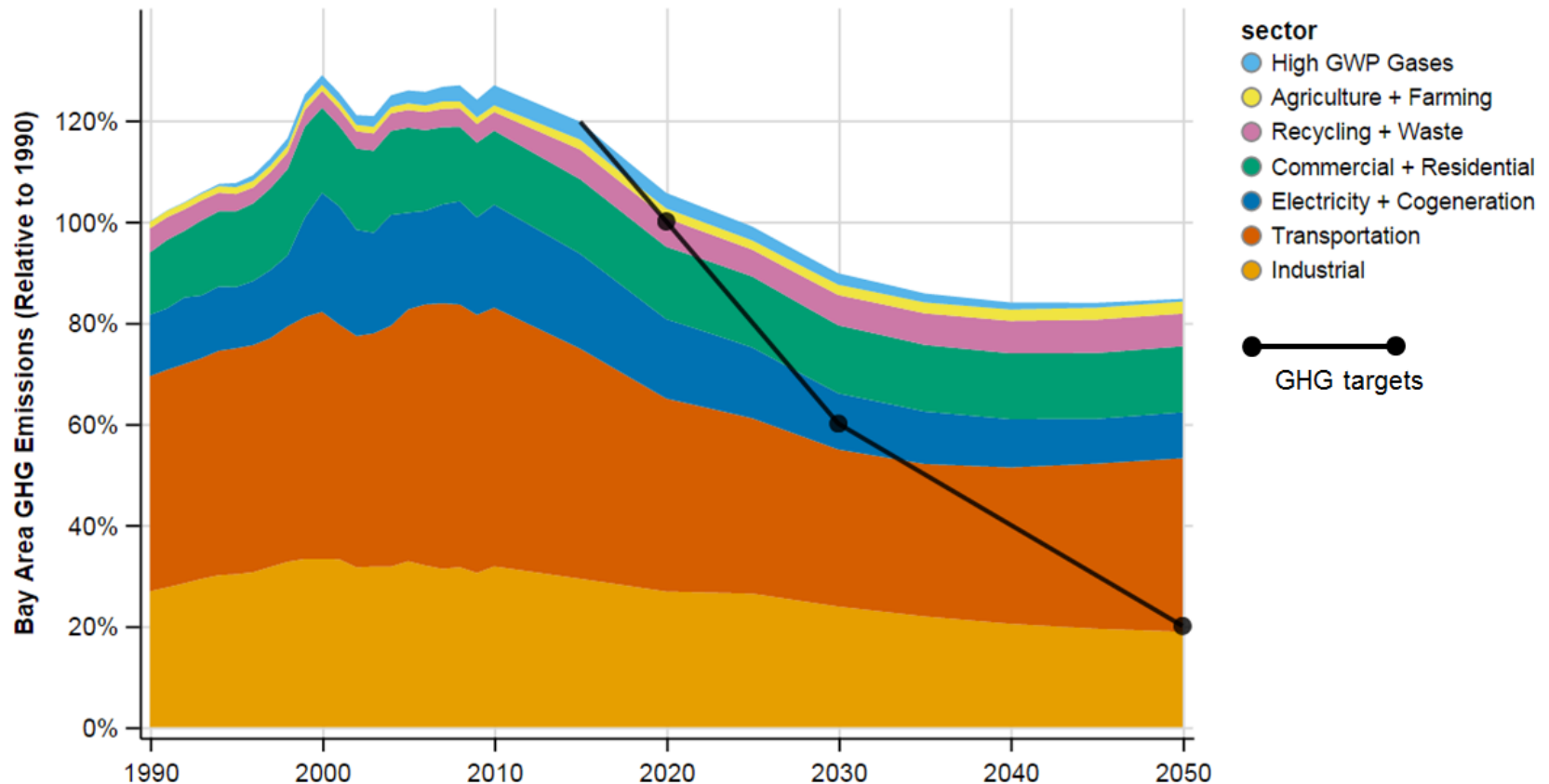
CBEI will inform Regional Climate Protection Strategy, assist local climate planning, support public education campaigns



Bay Area GHG Forecasts



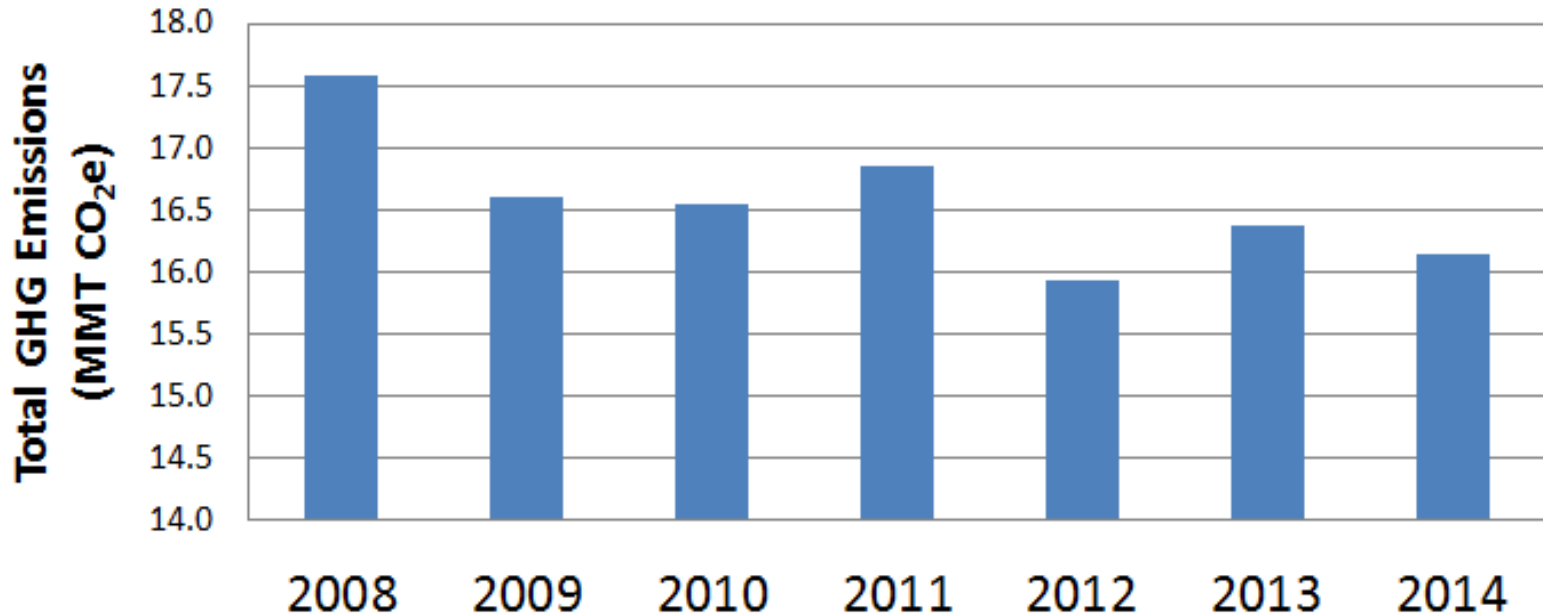
GHG Emissions & Projections (Relative to 1990) With Committed & Expected Policies



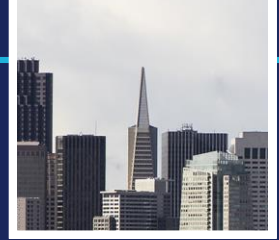
Bay Area Refinery GHG Emission Trends



Bay Area Refinery GHG Emissions
(Source: ARB)



Climate Protection Resolution



Growing concerns among the public and the Board of Directors regarding climate led to the Air District Board adopting climate protection resolution in November 2013 (Resolution 2013-11):

- Reduce Bay Area GHG emissions 80% below 1990 levels by 2050
- Develop a Regional Climate Protection Strategy to be included in the Clean Air Plan Update
- Develop a work program to guide and document the Air District climate protection work in the near-term
 - 10-point climate work program adopted April 2014



10-Point Climate Action Work Program



Work Program Area	Recent Achievements
Regional Climate Protection Strategy	Conducted “gap analyses,” developing control measures, planning for public workshops
GHG Rule Development	GHG rule-development proposed for methane sources, refineries, permitting, generators, wood smoke
Inventory & Forecasting	Refining methane inventory; black carbon and consumption-based inventories coming soon; forecast scenarios being developed
GHG Emissions Monitoring	GHG monitoring equipment installed at four locations
Support for Local Governments	Regular updates on Cap & Trade funding for local CAP implementation; launched VMT data project with MTC; launched solar schools initiative with KyotoUSA
Bay Area’s Energy Future	Advisory Council Report delivered to Board April 2015



Climate Staffing & Resources



New Climate Protection Section established
March 2015

Climate Protection Manager and 7 staff

- Planners, Engineers, Specialist, Policy Advisor

Climate Protection Program resources in
FYE 2016 budget = \$1.6 million

Additional Climate Protection staff and resources
in other divisions



Regional Climate Protection Strategy



Climate is key element of 2016 multipollutant Clean Air Plan update

Outline a strategy to make progress towards long-term GHG reduction goals, focusing on Air District strengths, resources & authority

Bay Area GHG inventory & forecast

Economic sector-based analysis of GHGs, consistent with ARB 2014 Scoping Plan sectors

GHG emission reduction measures

Support Plan Bay Area and regional resiliency work



Initial Proposed Climate Rulemaking



Regulations	Timeline
Limit GHGs in Permits (New Source Review)	Q2 2016
Cap & Trade Backstop for Refineries	TBD
Further Reduce Emissions from Back-up Diesel Generators	Q2 2016
Further Reduce Methane from Capped Wells	Q4 2016
Further Reduce Fugitive Methane from Oil & Gas Production (w/ ARB)	TBD
Further Reduce Methane Leaks from Natural Gas Transmission & Distribution (w/CPUC, ARB)	TBD
Further Reduce Black Carbon from Wood Burning	Q4 2015
Further Reduce Methane from Landfills	Q3 2016
Regulations Under Evaluation	Timeline
Cap & Trade Backstop for Other Sources	TBD
Reduce Emissions from Composting Operations	Q4 2016
Reduce Emissions from Wastewater Treatment Facilities	TBD
Reduce Energy Use in Residential & Commercial Buildings	TBD
Limit Fossil Fuel Combustion from Furnaces, Water Heaters	TBD



The Pathway to 2050



Grants

- Reduce black carbon

Develop Rules

- Cap & trade backstop
- Limit methane
- Limit black carbon

Permits

- Limit GHG via New Source Review

Research & Science

- Improve methane, BC inventory
- Methane monitoring
- Consumption-based inventory

Work w/ local gov'ts

- Improve building efficiency
- PACE, other financing
- Implement, track local CAPs
- Urban heat island mitigation

Plan & Collaborate

- Support strong Plan Bay Area
- Expand VMT reduction programs
- Support ARB programs





Council Discussion on:

- **Key Question**
- **Resources for Next Meeting**



Air District Council Second Meeting Resources



- **California Air Resources Board speaker**
- **Review of AB32 mechanisms**
- **Description of possible GHG refinery caps**
- **Effect of “first movers” on control technology**

