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Air District and CARB fine Valero Refining Co. \$82 million for air quality violations

Historic penalties to benefit the Benicia area and overburdened communities around the Bay Area

SAN FRANCISCO – The Bay Area Air Quality Management District and California Air Resources Board are announcing today a nearly \$82 million penalty in a joint case to address significant air pollution violations by Valero Refining Co. at its Benicia refinery. This penalty is the largest ever assessed in the Air District’s history.

Over \$64 million of these funds will be returned to the local community to finance projects aimed at reducing air pollution exposure, mitigating air pollution impacts and improving public health in areas surrounding the refinery. These projects will be selected through a public process with input from residents, community organizations, elected officials and advocates representing the impacted area. The remainder of the penalty will be used to fund beneficial clean air projects in overburdened communities throughout the Bay Area, as well as to offset the costs of investigating and prosecuting the case. In total, nearly \$80 million of this historic penalty will be returned to Bay Area communities.

"Today's historic penalty against Valero Refining Co. for its egregious emissions violations underscores the Air District's unwavering commitment to holding polluters accountable and safeguarding the health of those living in refinery communities," said Dr. Philip Fine, executive officer of the Air District. "Investing these funds back into the community will empower local residents to drive air quality projects that benefit the surrounding neighborhoods, advancing our mission of cleaner air for all."

"CARB is pleased to have supported the Air District in investigating and settling this important case that helps remediate the harms Valero's operations caused to surrounding communities," said CARB Executive Officer Dr. Steven Cliff. "The Air District's new community fund provides critical funding for projects that improve air quality and public health for impacted local communities. CARB is proud to direct the majority of its share of the penalties from this settlement to the community fund to expand the reach of its projects."

"This penalty sends a strong message; adherence to air quality standards is both necessary and expected, and failure to do so can lead to significant fines," said Steve Young, Benicia Mayor and a member of the Air District Board of Directors. "Benicia residents need to know that air quality violations are taken seriously. The use of these funds will help us address local air quality issues

going forward. I am grateful for the work of the Air District, CARB and the California Department of Justice in helping bring this long-standing issue to conclusion.”

The penalty stems from a 2019 inspection that found unreported emissions from the facility’s hydrogen system containing harmful organic compounds in violation of Air District regulations. These organic compounds contributed to the Bay Area’s regional smog and particulate pollution problems, and they contained benzene, toluene, ethylbenzene and xylene, or BTEX, compounds, which cause cancer, reproductive harm and other toxic health effects. Air District inspectors discovered that refinery management had known since at least 2003 that emissions from the hydrogen system contained these harmful and toxic air contaminants but did not report them or take any steps to prevent them. The refinery emitted an estimated 8,400 tons of these organic compounds in total over this period in violation of Air District regulations – an average of more than 2.7 tons for each day on which a violation occurred, over 360 times the legal limit.

Subsequent investigations uncovered a host of other problems involving the hydrogen system, including emissions in violation of applicable limits, failure to install required emissions abatement equipment, failure to inspect equipment for leaks and failure to report required information, among other violations. The Air District sought abatement orders from its independent Hearing Board to require Valero to abate ongoing violations. In conjunction with CARB, the Air District has now assessed this monetary penalty to resolve all the violations.

In addition to the penalty, Valero will be required to undertake several measures to prevent future violations. Valero will be required to reconfigure the facility’s main hydrogen vent and vents in its hydrogen production plants to prevent emissions from being released directly into the atmosphere. Valero will also be required to implement a training program to ensure that its staff are fully aware of all relevant Air District regulations.

In May 2024, the Bay Area Air Quality Management District Board of Directors adopted a groundbreaking policy that directs a significant portion of penalty funds to the communities most impacted by air quality violations. Under this policy, most of these penalty funds will be reinvested in local projects specifically designed to reduce pollution and enhance public health.

To help improve regional air quality and advance the Air District’s environmental justice and equity goals, penalty funds will be allocated in accordance with this new policy. The policy will ensure that significant amounts of large penalties benefit the community where the violation occurred while also setting aside funds to address the needs of communities overburdened with air pollution that may not have industrial sources that could be subject to large penalties.

This penalty is the third major fine the Air District has assessed against Bay Area refineries this year. In February, the Air District announced a \$20 million penalty against the Chevron refinery in Richmond, and earlier this month the Air District announced a \$5 million penalty against the Marathon refinery in Martinez. “These significant penalties should put the refineries and other industrial operations on notice,” said Alexander Crockett, the Air District’s general counsel. “If you violate our regulations and pollute our air, we will hold you accountable to the maximum extent provided for by law.”

The joint prosecution with CARB is also indicative of a new level of cooperation among enforcement agencies for air quality violations. The Air District will look to partner with other agencies where appropriate to ensure that maximum enforcement resources are brought to bear for significant violations.

CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change. From requirements for clean cars and fuels to adopting innovative solutions to reduce greenhouse gas emissions, California has pioneered a range of effective approaches that have set the standard for effective air and climate programs for the nation, and the world.

The [Bay Area Air Quality Management District](#) is the regional agency responsible for protecting air quality in the nine-county Bay Area. Connect with the Air District via [X/Twitter](#), [Facebook](#), [Instagram](#) and [YouTube](#).

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