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Re: Chevron Richmond Refinery Renewal Project

Mary D. Nichols, Chairman
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols:

We support the outline to proceed as described in your scoping plan. We are encouraged that the plan contains a cap and trade program and realize that several program design elements have yet to be fully addressed and developed. In that regard, we look forward to working with you and your staff in the implementation of the Scoping Plan and the development of solutions to the many remaining policy decisions required.

We were disheartened during the ARB Board public hearing on the AB32 Scoping Plan, where at least three public speakers referenced Chevron's Richmond Refinery in their comments. These speakers urged the Board to not support a cap and trade methodology, with one speaker specifically asserting their inability to place a "cap on the amount of their pollutants" from the refinery (presumably in reference to the June 17, 2008 EIR approval granted by the City of Richmond).

Chevron takes very seriously our responsibility to ensure we address community concerns and fully comply with all local, state and federal permitting rules and regulations. However, the **comments made with regard to the Richmond Refinery are not accurate** and do not reflect the extensive efforts Chevron has made to address all of the environmental concerns raised during the City of Richmond's EIR public comment process.

For your information, the following is a brief description of the Richmond Renewal Project and the operational and environmental benefits that will be realized upon its completion:

- **Chevron Renewal Project**: The Renewal Project will replace existing facilities and equipment with modern facilities and will result in increased operational reliability and energy efficiency by decreasing the amount of energy necessary to operate the refinery. In short, this project will reduce the energy necessary to produce transportation fuels, and does not expand the refinery's capacity.

  Chevron worked with the City of Richmond for over three years on the CEQA environmental review process for the project (resulting in a six-volume Final EIR), and obtained numerous other required permits. Chevron and Richmond also entered into a Richmond Community Benefits Agreement, under which Chevron will provide $60 million to fund various projects benefitting the community.

- **Air Quality**: California and federal law and Bay Area Air Quality Management District rules require thorough analysis of project emissions of criteria pollutants (volatile organic compounds, NOx, PM, SOx and CO) and toxic air pollutants. Separate to criteria pollutants, GHGs were also fully addressed through the CEQA EIR analysis and mitigation measures imposed by the City of Richmond. BACT and emission offsets are required for many pollutants, and a lengthy list of air quality requirements were satisfied (copy attached). The Renewal Project will result in **an overall reduction of criteria air pollutant emissions**. The EIR concluded that the project would not cause any significant air quality impacts.

- **Cumulative Impacts and Environmental Justice Analysis:** The final EIR analyzed cumulative impacts and environmental justice concerns. No significant cumulative air quality impacts, and no significant environmental justice impacts, were identified in the Final EIR.

In conclusion, the City of Richmond's EIR process for the Renewal Project comprehensively addressed all of the concerns raised by the public/community, including all of the local, state and federal agency requirements, and demonstrates that the Project will not cause any significant air quality impacts.

Please feel free to contact Mr. KC Bishop (kcbishop3@chevron.com or (916) 441-3638) if you have any questions or would like additional information on the Renewal Project for the Richmond refinery.

Sincerely,

via e-mail

Stephen D. Burns
Attachments
cc: ARB Boardmembers
Mr. James Goldstene – Executive Officer, ARB

AIR EMISSIONS REGULATORY REQUIREMENTS APPLICABLE TO THE RICHMOND REFINERY

Categories of emission control requirements applicable to Chevron's Richmond Refinery are summarized below. A detailed listing of air quality requirements applicable to the Renewal Project follows.

EMISSION CONTROL REQUIREMENTS FOR EXISTING EQUIPMENT

The California Clean Air Act requires BAAQMD to adopt and implement rules that achieve the Best Available Retrofit Emission Control ("BARCT") from existing equipment. Examples of these are:

- VOC emission standards for tanks
- VOC emission standards for leaks from valves, flanges and compressors
- Standards for flare monitoring and implementation of Flare Management Programs
- NOx emission standards for heaters and boilers

EMISSION CONTROL REQUIREMENTS FOR NEW AND MODIFIED SOURCES

These are requirements that are applied through the mandatory pre-construction permitting process for new and modified equipment:

- Best Available Control Technology ("BACT") for any new or modified source that emits more than ten pounds per day of any criteria pollutant (NOx, SOx, VOC, PM)
- Provide emission offsets at a ratio of 1:1 or greater for any emission increase above specified thresholds.
- Comply with the BAAQMD Air Toxics permitting rule, which requires Toxics BACT ("T-BACT") for any new or modified source with a cancer risk greater than 1 in 1 million, and prohibits issuing permits for any new or modified source with a cancer risk greater than 10 in 1 million.

AIR TOXICS HOT SPOTS PROGRAM

The AB 2588 Air Toxics "Hot Spots" Act required all "high priority" facilities such as refineries to complete an air toxics emissions inventory. Based on the results of that facility-wide air toxics emission inventory, these facilities prepared air toxics health risk assessments. The results of the risk assessment for the Richmond showed that it did not pose a significant risk, defined by the BAAQMD as a cancer risk greater than 10 in 1 million.

FEDERAL EMISSION CONTROL REQUIREMENTS

Applicable federal emission control programs under the Clean Air Act include:

- "New Source Performance Standards" ("NSPS") for new, modified and reconstructed equipment in source categories for which a standard has been adopted by EPA, such as heaters and boilers, tanks, and gas turbines.
- Maximum Achievable Control Technology ("MACT") for control of air toxic emissions from sources for which EPA has adopted a standard. For refineries, these include emissions from process vents, benzene waste, and various other types of processes.

SPECIFIC AIR QUALITY REQUIREMENTS APPLICABLE TO THE RENEWAL PROJECT

BAAQMD

Regulation 1, Section 301: Public Nuisance

Regulation 1, Section 521, 522, 523: CEMS, Parametric Monitoring

Regulation 2, Rule 1, Sections 301 and 302: Authority to Construct and Permit to Operate

Regulation 2, Rule 1, Sections 426: CEQA-Related Information Requirements

Regulation 2, Rule 6: Major Facility Review

Regulation 2, Rule 7: Acid Rain

Regulation 6, Rule 1: Particulate Matter and Visible Emissions – General Requirements

Regulation 7: Odorous Substances

Regulation 8: Organic Compounds

Regulation 8, Rule 10: Process Vessel Depressurization

Regulation 8, Rule 18: Equipment Leaks

Regulation 8, Rule 28: Episodic Releases from Pressure Relief Devices at Petroleum Refineries and Chemical Plants

Regulation 9, Rule 1: Sulfur Dioxide

Regulation 9, Rule 2, Hydrogen Sulfide

Regulation 9, Rule 3: Nitrogen Oxides from Heat Transfer Operations

Regulation 9, Rule 7: Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters

Regulation 9, Rule 9, Nitrogen Oxides from Stationary Gas Turbines

Regulation 9, Rule 10, Nitrogen Oxides and Carbon Monoxide from Boilers, Steam Generators and Process Heaters in Petroleum Refineries

Regulation 10: Standards of Performance for New Stationary Sources

Regulation 11, Rule 10: Hexavalent Chromium Emissions from Cooling Towers

Regulation 11, Rule 12: NESHAP from Benzene Waste Operations

Regulation 12, Rule 11, Flare Monitoring at Petroleum Refineries and Regulation 12, Rule 12, Flares at Petroleum Refineries

CALIFORNIA

Air Toxics Hot Spots Act

FEDERAL

40 CFR Part 60 - Subpart A, NSPS General Provisions

40 CFR Part 60 - Subpart J, NSPS for Petroleum Refineries

40 CFR Part 60 - Subpart Kb, NSPS for Volatile Organic Liquid Storage Vessels

40 CFR Part 60 - Subpart GG, NSPS for Stationary Gas Turbines

40 CFR Part 60 - Subpart VV, NSPS for Leaks of VOC in the Synthetic Organic Chemicals Manufacturing Industry for which Construction, Reconstruction, or Modification Commenced After January 5, 1981, and on or Before November 7, 2006

40 CFR Part 60 - Subpart GGG, NSPS for Equipment Leaks of VOC in Petroleum Refineries

40 CFR Part 61 - Subpart J, NESHAP for Equipment Leaks (Fugitive Emission Sources) of Benzene

40 CFR Part 63 - Subpart H, NESHAP MACT for Equipment Leaks

40 CFR Part 60 - Subpart QQQ, NSPS for Petroleum Refinery Wastewater Systems

40 CFR 60 - Subpart KKKK, NSPS for Stationary Combustion Turbines

40 CFR Part 61 - Subpart FF, NESHAP for Hazardous Air Pollutants from Benzene Waste Operations

40 CFR Part 61 - Subpart V, NESHAP for Equipment Leaks (Fugitive Emission Sources)

40 CFR Part 63 - Subpart Q, NESHAP MACT for Industrial Process Cooling Towers

40 CFR Part 63, - Subpart CC, NESHAP MACT for Petroleum Refineries

40 CFR Part 63 - Subpart UUU, NESHAP MACT for Hazardous Pollutants for Petroleum Refineries: Catalytic Cracking Units, Catalytic Reforming Units, and Sulfur Recovery Units

40 CFR 63 - Subpart DDDDD, NESHAP MACT for Industrial, Commercial, and Institutional Boilers and Process Heaters

40 CFR 64, Compliance Assurance Monitoring

40 CFR 70, Title V, Operating Permits

40 CFR 72-78, Acid Rain