

Proposed Amendments to Enhanced Vapor Recovery Regulations

November 18, 2004

Monitoring and Laboratory Division

Air Resources Board

California Environmental Protection Agency

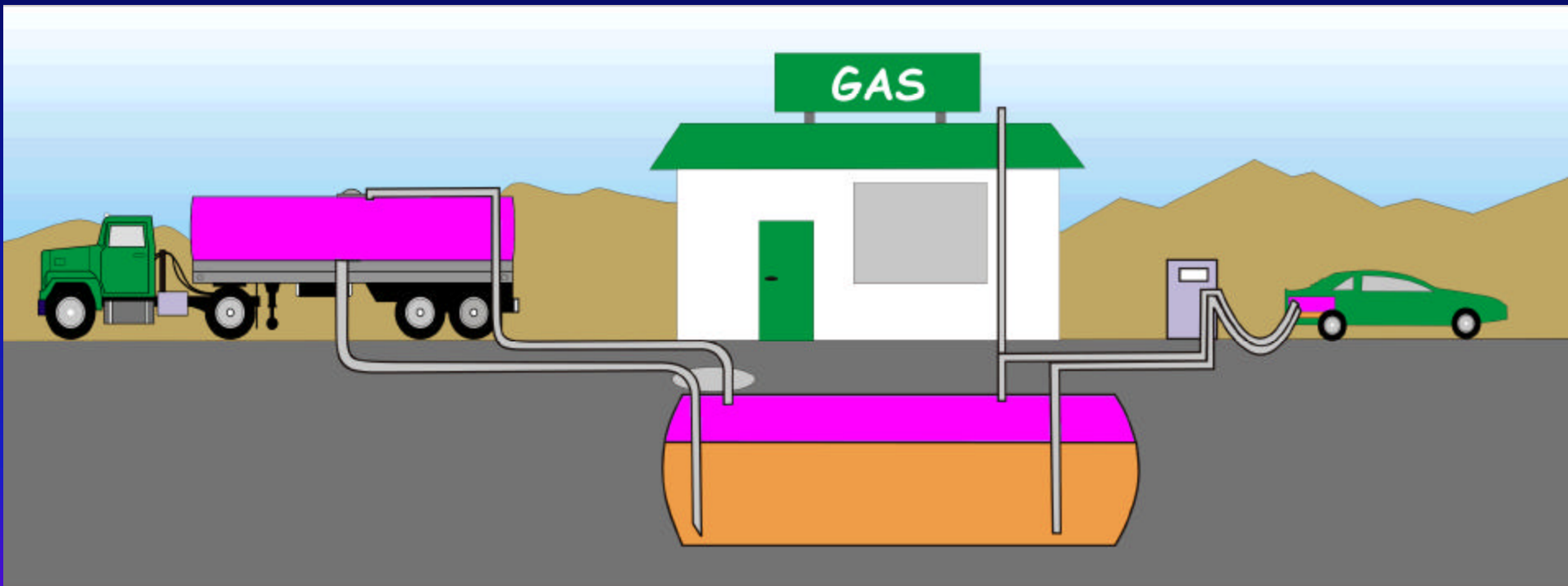


Outline

- Vapor Recovery Program Background
- Enhanced Vapor Recovery (EVR)
- Proposed Regulatory Amendments
- Economic & Environmental Impacts
- Stakeholder Comments and Proposed 15-day Changes

Vapor Recovery Program Background

Phase I and Phase II Systems

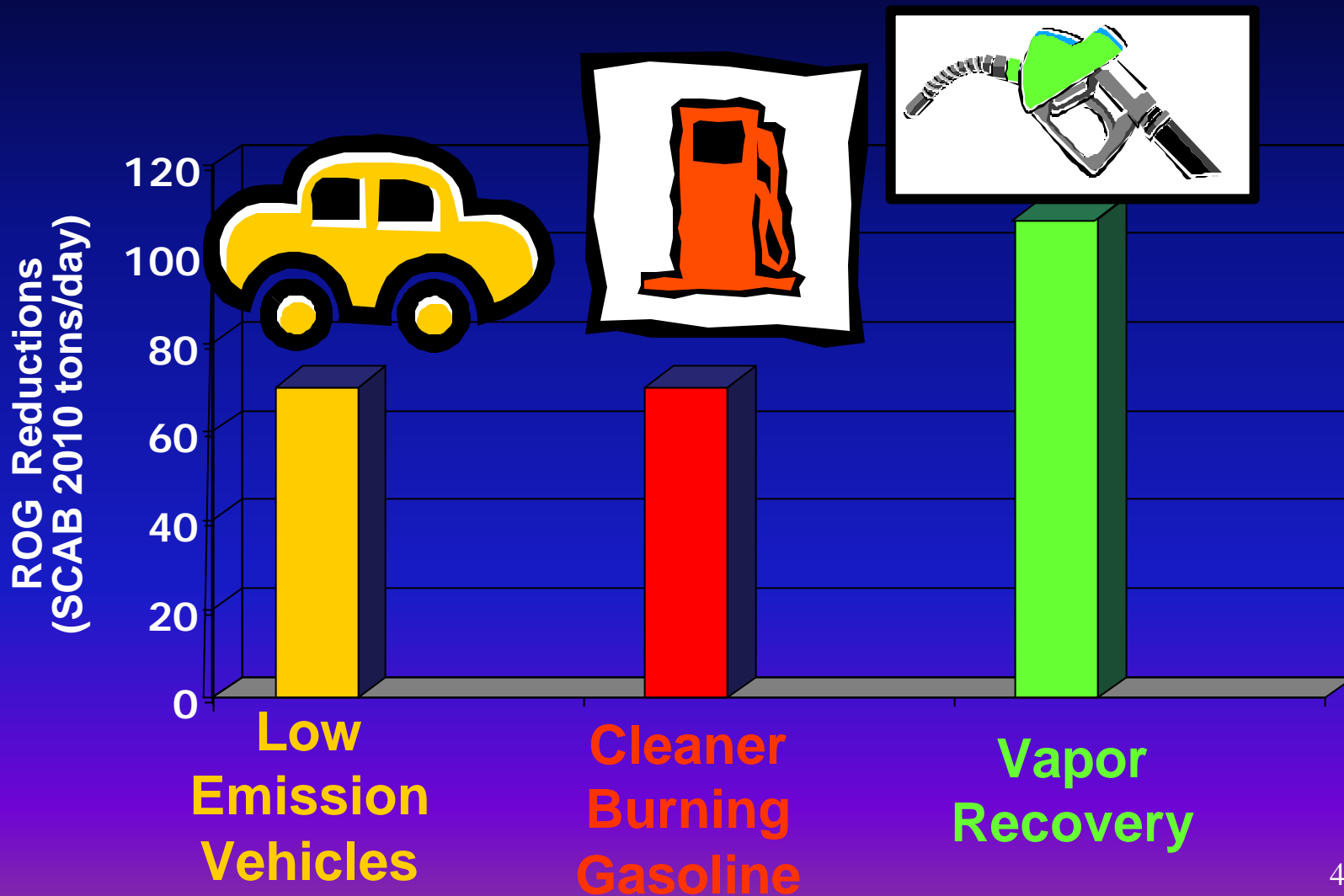


Phase I

Phase II

Vapor Recovery Program Background

VR Provides Large Emission Reductions



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Enhanced Vapor Recovery History

- EVR regulations approved March 2000
- Technology progress review
December 2002
- Regulation amendments
 - “Dripless” nozzle
 - Delays in implementation schedule

Enhanced Vapor Recovery EVR Modules

PHASE I SYSTEM

Module 1: Phase I vapor recovery

PHASE II SYSTEM

Module 2: Phase II standards & specs

Module 3: ORVR compatibility

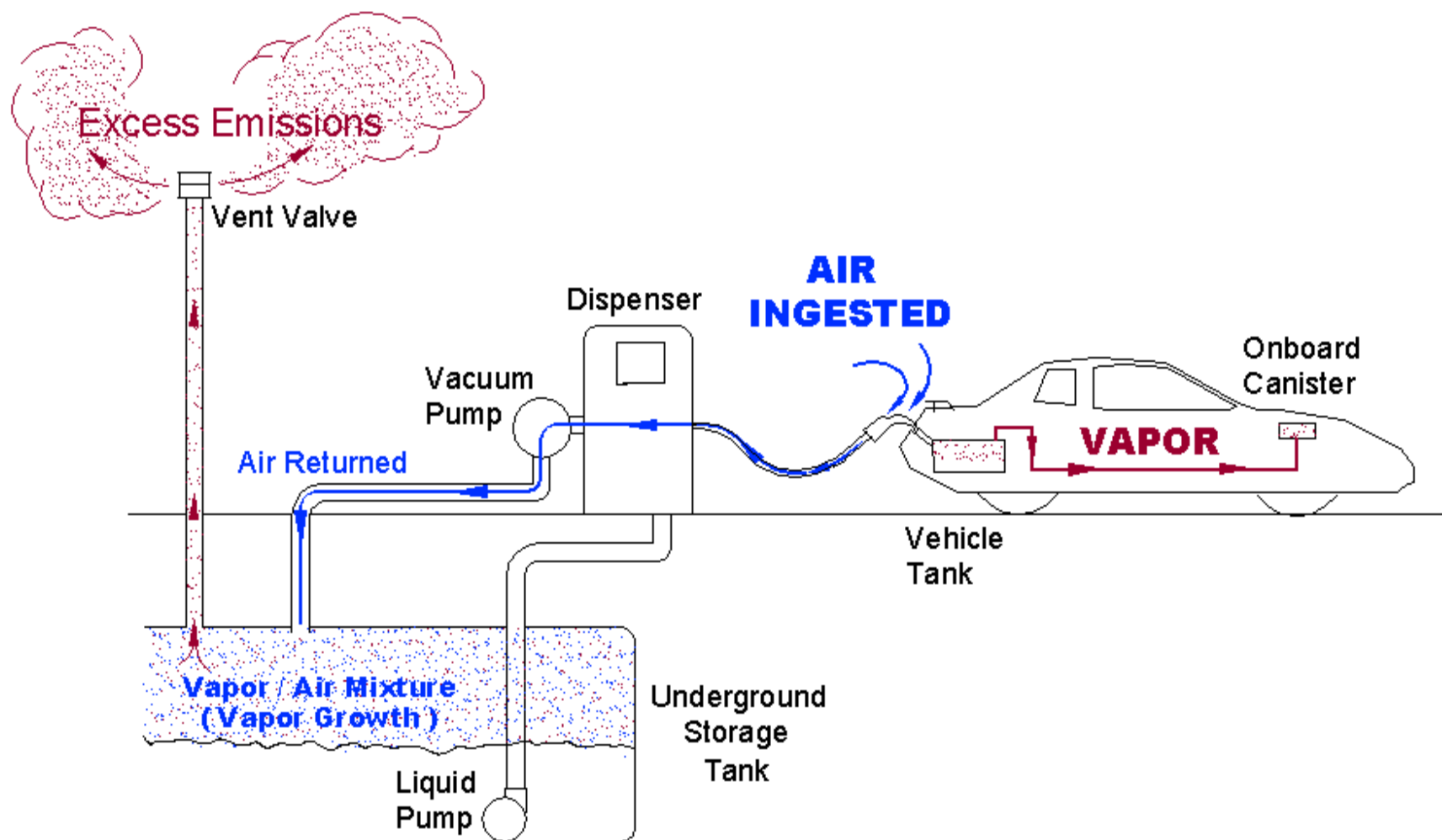
Module 4: Liquid retention and nozzle
spitting

Module 5: Spillage and dripless nozzles

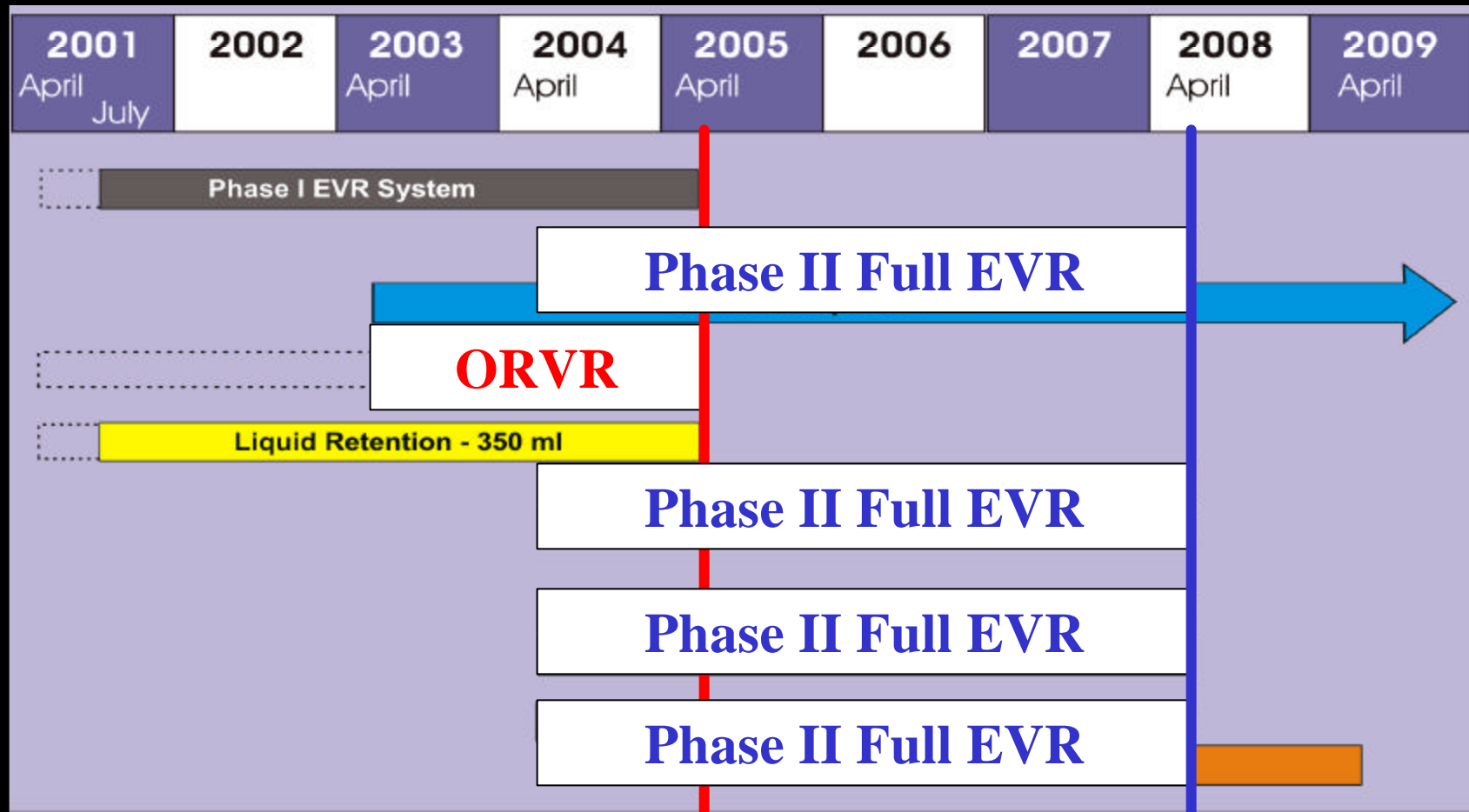
Module 6: In-station diagnostics

Vapor Recovery Program Background

ORVR - Phase II Incompatibility



Enhanced Vapor Recovery EVR Current Regulatory Timeline



- Dotted box: time between start of 4-year clock and operative date
- Start of solid bar: date required for new or modified facilities (operative date)
- ← End of solid bar: date required for existing facilities (installed before start of bar)
- Not required for dispensers installed before April 2003

Enhanced Vapor Recovery Previous Board Direction

- December 2002 Board resolution directed staff to assess adequacy of lead time to install full EVR Phase II systems prior to the ORVR deadline
- Intent was to avoid more than one equipment upgrade
- Not enough time to upgrade 3500 stations with full EVR systems by April 1, 2005

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Proposed Regulatory Amendments Need for Amendment

- Previous Board direction to avoid two equipment upgrades
- Not enough time to modify 3500 stations to be ORVR compatible under current schedule
- No full EVR Phase II system available until January 2005

Proposed Regulatory Amendments Summary

- Extend ORVR compatibility deadlines by up to 11 months
- Amend EVR implementation dates to reflect necessary delays due to full EVR systems not being commercially available
- Revise the ISD effective dates to maintain the original phase-in schedule

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Economic and Environmental Impacts

Economic Impacts

- \$1,500 to \$22,000 savings for station owners if only one equipment upgrade
- Possible cost savings if more ORVR compatible or EVR systems certified soon
- ORVR compatible system equipment manufacturers could lose money due to investment made to meet April 2005 deadline

Economic and Environmental Impacts

Emission Impact

- Emission reductions of 1.9 tons/day would be forgone for one year
- Early emission reductions of up to 8.3 tons/day for 2006, 2007 and 2008 due to early EVR Phase II implementation

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Comments and 15-day Changes Stakeholders

- Air Pollution Control Districts
- State Water Resources Control Board
- Vapor Recovery Equipment Manufacturers
- Petroleum Marketers & Associations
- Service Station Operators & Associations

Comments and 15-day Changes

Stakeholder Comments

- Stakeholders supportive of extension
- Need to phase-in ORVR compatibility requirement to ensure all stations in compliance by deadline.
 - Ensure availability of contractors
 - Space out permitting workload

Comments and 15-day Changes Proposed ORVR Compatibility Phase-In

Station Annual Throughput (gal/yr)	ORVR Compatible System Installation Deadline
> 2 million	September 1, 2005
1 million to 2 million	January 1, 2006
< 1 million	March 1, 2006

Summary and Staff Recommendation

- Consistent with previous Board direction
- Avoids costs associated with two upgrades
- Significant emission reductions associated with early EVR Phase II implementation
- No opposition
- Recommend approval of staff's proposal with suggested 15-day changes