



California Fuels and Convenience Alliance
3835 North Freeway Blvd., Suite 240
Sacramento, CA 95834

April 22, 2019

The Honorable Mary Nichols
California Air Resources Board

Re: California Fuels and Convenience Alliance Comments Regarding Proposed Amendments to the Regulation for the Certification of Vapor Recovery Systems for Cargo Tanks

The California Fuels and Convenience Alliance (CFCA) represents about 300 members, including nearly 90% of all the independent petroleum marketers in the state and half of the state's 12,000 service stations. Our members are small, family- and minority-owned businesses that provide services to nearly every family in California. Additionally, CFCA members fuel local governments, law enforcement, city and county fire departments, ambulances/emergency vehicles, school district bus fleets, construction firms, marinas, public and private transit companies, hospital emergency generators, trucking fleets, independent fuel retailers (small chains and mom-and-pop gas stations) and California agriculture, among many others. CFCA appreciates the opportunity to submit comments on this issue.

Fee Increase and IT System

The Program is proposing a fee structure that will lead to a 1,000% fee increase. Staff has indicated that a lack of funding has led to decreased enforcement activities and lower compliance rates. The California Air Resources Board (ARB) has a duty to continuously work with industry partners, such as CFCA, to seek out and address these problems prior to reaching this level of funding need or desired compliance levels. We understand that this fee will transparently reflect the operating costs of the program going forward, however, it will cause problems for businesses that could have been avoided. A business may plan for unforeseen expenses but few, if any, expect a single cost to increase by over 1,000%. This will be a shock to the budgets for all regulated parties in this program.

The proposed IT project is projected to cost up to \$750,000 and will include features that may never come to fruition. One element of the project is a public facing webpage that has been touted as a major selling point at the numerous workshops and work group meetings. Staff says this webpage will allow cargo tanks that have not yet received their certification stickers to enter fuel terminals. **Staff has not received any guarantee from the terminal operators that this method of verification will be feasible or accepted in their daily operations by these private companies.** This means the IT project may never operate as staff intended, while industry is on the hook for hundreds of thousands of dollars.

CFCA appreciates the proposed ability to securely process payments online, compared to the current practice of mailing physical checks that are shuffled from department to department in

order to pay the certification fees. **We thank ARB staff for including an amendment guaranteeing an open, public process for any future fee increases based on the proposed formula. We believe this language should be standard in all ARB rulemakings to ensure transparency.**

Voluntary Compliance Program

CFCA welcomes the opportunity to work with program staff to increase compliance rates, find failing components, and address problems prior to the official certification testing by developing a program to test cargo tanks outside of the annual certification and compliance stings. This voluntary program brings the regulated community into the compliance discussion as a partner and will allow both ARB and industry employees to work together to tally which components are failing regularly and hopefully work with manufacturers to ensure long-lasting parts that will protect residents from any possible air quality irregularities.

Future Program Guidance

CFCA will continue to work with ARB staff in the voluntary compliance program, as well as any future adjustments to the fee. As the program was intended to be revenue neutral, we hope to see a future meeting to address the fee level once the cost of the IT system is recouped.

A large part of the compliance program will be identifying components that are failing at a high rate, something that has been stymied by poor communication between industry and ARB staff. As this data becomes available, we hope ARB will assist in addressing these issues with equipment manufacturers if we receive further evidence that certain components are failing at a high rate.

Thank you for your time and consideration in this matter. Please contact Sam Bayless at bayless@cfca.energy with any questions or feedback.

Sincerely,

Samuel Bayless
Regulatory Issues Specialist
California Fuels and Convenience Alliance