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Senior Manager, Southern California Region

February 21, 2024

Heather Farr
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South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Via e-mail at: hfarr@aqmd.gov

**Re: SCAQMD Proposed Amended Rule 1118, Control of Emissions from Refinery Flares
WSPA Comments on Preliminary Draft Rule Language**

Dear Ms. Farr,

Western States Petroleum Association (WSPA) appreciates the opportunity to participate in South Coast Air Quality Management District (SCAQMD or District) Proposed Amended Rule 1118, Control of Emissions from Refinery Flares (PAR1118). The stated purpose of this rulemaking is to align Rule 1118 with items listed in the Community Emissions Reduction Plan (CERP) for the Wilmington, Carson, West Long Beach Assembly Bill 617 (AB617) community.¹ In 2019, SCAQMD issued that CERP with several emission reduction goals, including a proposal for lower emissions performance targets under Rule 1118.²

WSPA is a non-profit trade association representing companies that explore for, produce, refine, transport, and market petroleum, petroleum products, natural gas, renewable fuels, and other energy supplies in five western states including California. WSPA has been an active participant in air quality planning issues for over 30 years. WSPA member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the SCAQMD and thus will be impacted by PAR1118.

SCAQMD published the Preliminary Draft Rule Language and Preliminary Draft Staff Report on January 19, 2024.^{3,4} WSPA offers the following comments.

¹ SCAQMD PAR 1118 Working Group Meeting #2. Available at: <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1118/par-1118-wgm-2-presentation.pdf?sfvrsn=8>.

² Community Emissions Reduction Plan, Wilmington, Carson, West Long Beach, September 2019. Available at: <https://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/wilmington/cerp/final-cerp-wcwlb.pdf?sfvrsn=8>.

³ SCAQMD PAR 1118 Preliminary Draft Rule Language. Available at: <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1118/par-1118---preliminary-draft-rule-language-20240119.pdf?sfvrsn=12>.

⁴ SCAQMD PAR 1119 Preliminary Draft Staff Report. Available at: <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1118/par-1118---preliminary-draft-staff-report-20240119.pdf?sfvrsn=12>.

1. PAR1118 proposes new performance targets for sulfur dioxide (SO₂) without having provided sufficient technical foundation nor an evaluation of cost-effectiveness. WSPA requests SCAQMD provide stakeholders with these demonstrations before Governing Board consideration of the proposed rule.

PAR1118(f)(1) proposes to update the SO₂ “performance targets” as follows:

SO ₂ Performance Target	Effective Date
0.5	Calendar Year 2024
0.35	Calendar Year 2026
0.25	Calendar Year 2028 and after

In the Wilmington, Carson, West Long Beach CERP, the District included a goal to lower performance targets and/or increase mitigation fees, with a goal to reduce flaring events and/or emissions by 50%, if feasible.⁵ At the time of CERP development and adoption, the District did not present a technical basis for these reduction goals. Rather, the District noted that “...emission reduction goals are subject to future assessments and regulatory analyses.”⁶

To date, SCAQMD has not demonstrated the technical basis for the proposed SO₂ performance target. As shown in Tables 2-5 and 2-6 of the staff report, Southern California refineries are already implementing many/most of the identified control measures for reducing emissions from planned and unplanned flare events.⁷

While it may not prescribe a specific equipment or technology outcome, the performance standard contemplates control measures which, in the aggregate, can be implemented by facilities to meet that standard. The Preliminary Draft Staff Report discusses a number of possible measures to reducing flare emissions,⁸ but the District acknowledges that many/most of these measures have already been implemented or are not cost effective. For the remaining measures, Staff have not provided an estimate of their emissions reduction potential, and whether those measures could, in the aggregate, deliver sufficient emission reductions for facilities to meet the proposed performance targets.

In the staff report,⁹ SCAQMD notes that facilities which are unable to meet the SO₂ performance targets will pay mitigation fees into a mitigation fund.

“All flare emissions, except for those caused by external power curtailment beyond the operator’s control (excluding interruptible service agreements), natural disasters or acts

⁵ Community Emissions Reduction Plan, Wilmington, Carson, West Long Beach, September 2019. Available at: <https://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/wilmington/cerp/final-cerp-wcwl.pdf?sfvrsn=8>.

⁶ Ibid.

⁷ SCAQMD PAR 1118 Preliminary Draft Staff Report. Available at: <https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/1118/par-1118---preliminary-draft-staff-report-20240119.pdf?sfvrsn=12>.

⁸ SCAQMD, PAR 1118 Preliminary Draft Staff Report, Table 2-5.

⁹ SCAQMD, PAR 1118 Preliminary Draft Staff Report, page 3-4.

of war or terrorism, are subject to this mitigation fee if a facility's SO₂ emissions exceed the SO₂ performance target."

While the mitigation fees may provide an alternative to complying with the proposed performance standards, those fees are not likely to reduce emissions from refinery flares. As noted in the staff report:¹⁰

"This mitigation fund...can only be spent with authorization from the South Coast AQMD Governing Board. Historically, mitigation fees have been used for certain emission reduction incentive programs, such as port of Long Beach zero-emission and hybrid terminal equipment deployment and demonstration project, zero-emission, and clean energy demonstration projects, etc. Programs for spending these mitigation fees are developed outside of this rule amendment process." [emphasis added]

Therefore, the fees which would be imposed under PAR1118 for failing to meet the proposed performance standards will not reduce flaring emissions.

Before advancing this rule for Governing Board consideration, WSPA recommends that SCAQMD demonstrate that the proposal is both technically feasible for all covered equipment and cost-effective.

2. PAR1118 provides effective dates for the updated sulfur dioxide (SO₂) performance targets. The timeline provided in the draft rule language is insufficient to implement flare minimization projects. WSPA recommends an extended timeline for the effective date for each performance target.

In our previous comment letter, WSPA noted that performance target timelines must consider the time needed to prepare and obtain SCAQMD approval of a flare minimization plan and fully implement a flare minimization project. To this end, WSPA suggested a minimum of three years between each of the SO₂ performance target dates. With the January 19, 2024 version of the draft rule language, Staff updated the SO₂ performance target schedule to reflect 2 years between each of the target dates. WSPA is appreciative to Staff for the consideration of our earlier comment. WSPA does want to emphasize again that the recommendation for a 3-year window is based on the estimated time needed to complete flare minimization projects. For any capital project to reduce emissions from refinery flares, facilities would need at least three years to engineer and design, apply for, and be granted a permit to construct, and construct the project. WSPA strongly recommends that there be a minimum of three years between each of the SO₂ performance target milestones. Based on this recommendation, a suggested performance target schedule could have the 0.35 tons SO₂ per million barrels target effective in calendar year 2027, and the 0.25 tons SO₂ per million barrels target effective in calendar year 2030.

3. PAR1118 would require facilities to use standard data substitution procedures for periods of invalid monitoring data if alternative substitution data has not been approved by SCAQMD within 12 months. This would result in a potentially inaccurate

¹⁰ Ibid.

emission estimation and the imposition of higher fees for facilities. WSPA recommends that this requirement be removed from the draft rule language.

PAR1118(f)(4)(B) states:

(B) If there are any periods of invalid monitoring data within the calendar year, the owner or operator of the Facility shall:

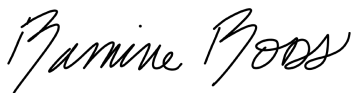
(i) Within 90 days following the end of the calendar year for which the Performance Target was exceeded, submit supporting data to demonstrate annual flare emissions, including any alternative data substitution pursuant to Attachment B: Guidelines for Emissions Calculations (Attachment B), for approval by the Executive Officer;

(ii) If the alternative data substitution submitted pursuant to clause (f)(4)(B)(i) is not approved within 12 months of submittal, the standard data substitution procedures in Attachment B shall apply;

PAR1118 would require facilities to use standard data substitution procedures for periods of invalid monitoring data if the alternative data substitution proposed by facilities has not been approved within 12 months. SCAQMD should be able to process documents required by rule conditions within a timely manner. The condition, as written, would result in facilities providing a potential over estimation of emissions and higher fees in the event SCAQMD has not been able to process the submitted data within the designated time period. Fees should be assessed based on the submitted data. Once the data has been processed by SCAQMD, if a higher fee is required, an adjustment can be made. WSPA requests that Section (f)(4)(B)(ii) be removed from the proposed rule language.

WSPA appreciates the opportunity to provide these comments related to PAR1118. We look forward to continued discussion of this important rulemaking. If you have any questions, please contact me at (310) 808-2146 or via e-mail at ross@wspa.org.

Sincerely,



Cc: Wayne Nastri, Executive Officer
Susan Nakamura, Chief Operating Officer
Sarah Rees, Deputy Executive Officer
Michael Krause, Assistant Deputy Executive Officer
Sarady Ka, Program Supervisor
Zoya Banan, Air Quality Specialist
SCAQMD Stationary Source Committee & Board Assistants