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Via Email at: mgamoning@aqmd.gov

March 15, 2023
Melissa Gamoning
Air Quality Specialist
South Coast Air Quality Management District
21865 Copley Drive
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RE: Comments on February 17, 2023 Preliminary Draft Rule Language for Proposed Amended Rule 1178, Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities

Dear Ms. Gamoning:

Kinder Morgan (KM) appreciates the opportunities to participate in the Work Group Meetings and converse with South Coast Air Quality Management District (SCAQMD) Rule Writing Staff (Staff) regarding Proposed Amended Rule (PAR) 1178, Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities. Kinder Morgan operates bulk refined products storage terminals and pipeline transfer stations located within the South Coast Air Basin that are subject to Rule 1178.

SCAQMD PAR 1178 Rule Writing Staff released the preliminary draft Rule 1178 language and draft Staff report on February 17, 2023. KM respectfully offers the following comments on the draft rule language.

Inspection and Monitoring Requirements

1. **(f)(4)(E)** PAR 1178 (f)(4)(E) lists the subparagraphs of tank conditions for determining compliance. During the Public Workshop held on March 1, 2023, Staff indicated that the conditions in PAR 1178 (d)(1)(D), (d)(2)(C), and (d)(3)(C) had been added to the preliminary draft rule language to minimize the need for inspectors to make a confined space entry into the tank to access the floating roof during Component Inspections. The language in PAR 1178 (f)(4)(E) does not reference the allowance for Visible Vapors from the rim seal system as a means to determine compliance. As a result, during a Tank Farm Inspection, if Visible Vapors are observed from the peripheral or center vents, a confined space tank entry would be required to determine whether the rim seal systems are in compliance with PAR 1178 (d)(1)(C). Given that Tank Farm Inspections are required to be performed at least every seven days, the allowance of Visible Vapors during Tank Farm Inspections must be added to PAR 1178 (f)(4)(E) in order to maintain consideration for safety concerns. KM recommends revising the language by including the red and underlined text as follows.

Demonstration of compliance with subparagraphs (d)(1)(B), (d)(1)(C), clause (d)(4)(A)(ii)-(iii) or (d)(4)(A)(v), shall be made within 24 hours from when Visible Vapors were detected. Concurrent with a Tank Farm Inspection, a Component Inspection may be performed to demonstrate compliance with (d)(1)(D), (d)(2)(C), and (d)(3)(C). If compliance with applicable requirements cannot be demonstrated or is not determined, within 24 hours, the Storage Tank is non-compliant.

Recordkeeping and Reporting Requirements

1. **(h)(1)(A)** PAR 1178 (h)(1)(A) requires facilities to make a notification within 8 hours when a non-compliant condition is identified. KM asserts that this notification is unnecessary. Rule 1178 currently has sufficient requirements to submit a written report within 120 hours of identifying a non-compliant condition in (h)(4), to maintain those records for at least five years in (h)(6), to make the records available upon request in (h)(6). The requirements have been in place since at least the April 7, 2006 amendment and were not determined to be insufficient in the subsequent 17 years. The draft Staff report did not provide any data or statements to conclude that reporting thus far has been inadequate. KM recommends removing the requirement to make a notification within 8 hours.
2. **(h)(2)(A)** PAR 1178 (h)(2)(A) requires facilities to report all Visible Vapors by phone within 8 hours of detection. Similar to PAR 1178 (h)(1)(A), KM asserts that this notification also is unnecessary. The draft Staff report did not provide any data or statements to conclude that existing reporting has been inadequate. With the frequency of OGI tank farm and component inspections, the requirement to report the occurrence of each Visible Vapor without confirmation of an actual non-compliance will create a burdensome level of notification and follow-up communication for facilities and Compliance Staff. Staff have added to existing requirements to ensure sufficient communication of non-compliance occurrences during OGI inspections. PAR 1178 (h)(2)(C) and (D) respectively will require records to be kept onsite when Visible Vapors are detected as well as the compliance determinations of PAR 1178(f)(4)(E) and for the Visible Vapors digital recording duration. Staff are retaining the requirements to submit a report within 120 hours of the non-compliance determination in PAR 1178 (h)(3) and to keep these records for five years and make the records available upon request PAR 1178 (h)(6). Additionally, Staff allow the provision for rim seal systems to have Visible Vapors during a Component Inspection per PAR 1178 (d)(1)(D), (d)(2)(C), and (d)(3)(C). PAR 1178 creates confusion as to which Visible Vapors are would be a deviation and when. KM recommends removing the requirement to make a notification within 8 hours.

Exemptions

1. **(j)(2)** PAR 1178(j)(2) exempts tanks that store Organic Liquid with a True Vapor Pressure equal to or less than 5 mmHg or (0.1 psia) under actual storage conditions, but requires the tanks to undergo OGI inspections per PAR 1178 (f)(4), complete the reporting requirements of (h)(1), and perform the recordkeeping requirements of (h)(6). Due to existing applicability in Rules 463 and 1178, external floating roof, internal floating roof, and fixed roof tanks storing Organic Liquids at or below this vapor pressure limit have not needed to comply with the control requirements in Rule 1178 (d). PAR 1178 (j)(2) references (1) conducting the OGI inspections in accordance with PAR 1178 (f)(4), which also requires demonstrating a Vapor Tight Condition, no Visible Gaps, and no Rim Seal Gap exceedances and (2) making an 8-hour notification when "identifying a Storage Tank that not in compliance with all applicable requirements of the rule..." [KM assumes the (h)(1) reference is intended to be (h)(2) as the requirement is discussing OGI inspections]. The observation of Visible Vapors from these tanks would cause them to be in a state of deviation from conditions to which they are not currently subject. The ramifications are that PAR 1178 no longer exempts these tanks from the majority of Rule 1178 and circumvents the permitting process. KM asserts that this was not the intent of PAR 1178 or Staff, and that performing OGI inspections on Organic Liquids at or below 5 mmHg or (0.1 psia) True Vapor Pressure will only create confusion when attempting to determine compliance with PAR 1178 and tank and facility permit conditions. KM recommends revising the language by removing red and struck-through text as follows.

Storage Tanks that do not have a Potential For VOC Emissions of 6 tons per year or greater used in Oil Production and are storing Organic Liquid with a True Vapor Pressure equal to or less than 5 mm Hg (0.1 psi) absolute under actual storage conditions are exempt from the requirements of this rule, with the exception of the requirements specified in paragraphs ~~(f)(4); (h)(1) and~~ (h)(6), provided the owner or operator demonstrates that the Organic Liquid stored has a True Vapor Pressure of 5 mm Hg (0.1 psi) absolute or less under actual storage conditions semi-annually.

2. **Comment 4-33** from the February 1, 2023 WSPA letter recommended including an exemption from OGI inspections for tanks that are out of service. A tank that has been taken out of service, as described in Comment 4-5, is understood within KM to mean that the tank has been emptied of Organic Liquid product and opened to atmosphere (manways open) for the purposes of tank entry to perform planned maintenance or repair and planned inspections (API 653, 40 CFR 60 Subpart KB, current rule 463 (e)(3)(B), current Rule 1178 (f)(2)(B), etc.). Rule 1149 (c)(1) presents the control requirements based on capacity and the Organic Liquid's Reid vapor pressure in order for a tank to be opened to the atmosphere. The tank is no longer storing Organic Liquids that would generate VOC emissions. Upon refilling with Organic Liquid, the tank would then become subject to the OGI inspection requirement. KM supports adding clarification to PAR 1178 to exempt tanks from OGI inspections that are out of service with opened manways in accordance with Rule 1149.

Sincerely,



William Toepfer
Director of Operations
Kinder Morgan

cc: Michael Morris, Michael Krause, Rodolfo Chacon, SCAQMD
Peter Jensen, Nina McAfee, Cinnamon Smith, Kinder Morgan