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March 14, 2023

*VIA E-MAIL: [srees@aqmd.gov](mailto:srees@aqmd.gov)*

Sarah Rees, Ph.D.  
Deputy Executive Officer  
Planning, Rule Development & Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Comments on South Coast Air Quality Management District Staff's 1178 Proposed Amended Rule Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities Rule Language Presented to the Public on Wednesday, March 1, 2023**

Dear Dr. Rees;

Torrance Refining Company LLC ("TORC") appreciates the opportunity to participate in the South Coast Air Quality Management District's ("District") rulemaking related to Proposed Amended Rule 1178, Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities ("PAR 1178"). TORC supports bifurcating the rule to address the U.S. EPA's 2016 Control Techniques Guidelines ("2016 CTG") for the Oil and Natural Gas Industry first and then continuing to work on the remainder of the proposed amendments. However, as discussed below, TORC has significant concerns with the PAR 1178 revised rule language ("Revised March 2023 Language") and the Public Workshop presentation presented by District staff on March 1, 2023.

As we understand, separate comments are being submitted by the Western States Petroleum Association ("WSPA"), which TORC supports and incorporates by reference as well as any prior comments submitted by WSPA.

**Applicability**

In the Revised March 2023 Language, the District staff has proposed removing the minimum true vapor pressure ("TVP") applicability of storage tanks without providing adequate justification other than wanting to include these low emitting tanks into the Optical Gas Imaging ("OGI") camera inspections. Storage tanks with a TVP of less than 0.1 psia are not subject to the emission control requirements of Rule 1178 since there are minimal emissions due to the low TVP. The District staff has yet to perform a Best Available Retrofit Control Technology ("BARCT") cost-effectiveness assessment for including these additional tanks into the OGI inspection program. As such, the District should not remove this 0.1 psia TVP applicability from PAR 1178 as it will not result in any beneficial emission reductions and be cost-prohibitive.

## **Definitions**

In the Revised March 2023 Language, District staff has defined “Component Inspection” of Storage Tank roofs and individual components to include Roof Openings and Rim Seal Systems. However, in section (d)(1)(D) of the Revised March 2023 Language, Rim Seal Systems are not required to be free of visible vapors during a Component Inspection. Since they are not required to be inspected with an OGI camera, the District should remove Rim Seal Systems from the definition and state that it is not included in the definition.

## **Inspection and Monitoring Requirements**

In the Revised March 2023 Language, Section (f)(4)(C) requires Tank Farm Inspections at least every seven (7) calendar days. In PAR 1178, District Staff proposes to include storage tanks formerly excluded from Rule 1178 (i.e., tanks storing organic liquids with TVPs less than 0.1 psia as previously noted). As previously mentioned, since these tanks have minimal emissions, they are not subject to any emission control requirements. Including these previously exempted tanks, would approximately double the number of tanks to be inspected weekly thereby substantially increasing the cost to the facility without any correlating benefit to reducing emissions.

In addition, Revised March 2023 Language Section (f)(4)(C) requires demonstration of compliance to be made within twenty-four (24) hours of identifying Visible Vapors. However, depending on the tank service, the operation, and certain safety considerations (i.e., stilling a tank and/or confined space entry), it may not be possible to get onto the tank roof to confirm an unplanned compliance determination within 24 hours. As a result, TORC recommends that PAR 1178 be revised to allow a facility at least three (3) calendar days to determine compliance.

## **Reporting and Recordkeeping Requirements**

In the Revised March 2023 Language Section (h)(1)(A), District staff proposes that the facility contact the District via 1-800-CUT-SMOG within eight (8) hours of identifying a Storage Tank compliance issue. Under this section, the date of non-compliance must be fully documented and included in the report submitted within one hundred twenty (120) hours of the determination. Additionally, the repair period of seventy (72) hours begins when the non-compliant determination is made. TORC believes that this notification is unnecessary, puts additional burden on the facility, and is inconsistent with other District rules such as Rule 1173, which does not require the immediate verbal reporting of leaks. Accordingly, TORC requests that this notification requirement be removed from PAR 1178.

## **Exemptions**

In the Revised March 2023 Language Section (j)(2), District staff proposes to exempt Storage Tanks with organic liquids less than 0.1 psia from the requirements of PAR 1178 with the added exception of OGI monitoring. However, as stated previously, the District has not provided any emissions justification or BARCT incremental cost analysis to justify the burden and expense of a facility having to conduct such OGI inspections. Therefore, TORC believes the OGI requirement

should be removed from this exemption, and the PAR 1178 applicability be limited solely to tanks storing organic liquid greater than 0.1 psia TVP.

Further, to qualify for the Revised March 2023 Language Section (j)(2) exemption, a facility must semi-annually test the organic liquid in a tank to confirm that the TVP is less than 0.1 psia. However, the semi-annually test requirement conflicts with the District's draft PAR 1178 Staff Report, which requires the TVP testing be conducted at least annually. TORC supports the draft Staff Report annual test requirement as most of these types of organic materials such as Jet Fuel and Diesel have TVPs much less than 0.1 psia. The tanks are designated to store these fuels and cannot have other products comingled with them. Accordingly, the need to confirm the TVP more than once annually for rule applicability is unnecessary.

### **BARCT Cost-Effectiveness Analysis**

In addition to the other cost-effectiveness concerns brought up by the WSPA during the PAR 1178 rulemaking, TORC has additional concerns regarding the District staff's BARCT cost-effectiveness analyses, or lack thereof. In establishing BARCT, as previously performed for Rule 1109.1, and as required under California law, the District must do all of the following:

1. Identify one or more potential control options which achieves the emission reduction objectives for the regulation.
2. Review the information developed to assess the cost-effectiveness of the potential control option.
3. Calculate the incremental cost-effectiveness for the potential control options. This means that the District shall calculate the difference in the dollar costs divided by the difference in the emission reduction potentials between each progressively more stringent potential control option as compared to the next less expensive control option.
4. Consider the effectiveness of the proposed control option, the cost-effectiveness of each potential control option, and the incremental cost-effectiveness between the potential control options.

On March 1, 2023, the District staff presented a summary of its cost-effectiveness and incremental cost-effectiveness analyses in the Revised March 2023 Language and Public Workshop Slide 27. In Slide 27, the District staff further provided a summary of the cost-effectiveness for each control option. However, there is not a cost-effectiveness analysis for "more stringent gap requirements" or "98% Emission Control for fixed roof tanks" options. The District staff's draft Staff Report also fails to present a cost-effectiveness analysis for these control options. Under California law, and consistent with prior adopted rules, the District must include these analyses in its BARCT assessment. Moreover, when the 98% control for fixed roof tanks option is already being met, the District should not be able to take credit for the emission reductions on Slide 26.

Additionally, Slide 26 lists the proposed BARCT controls in order of reductions obtained. However, the incremental cost-effectiveness analyses only consisted of evaluating the proposed control for a specific type of tank (e.g., 98% emission control for fixed roof with TVP > 0.1 psia)

and then incrementally applied it to all fixed roof tanks. The cost-effectiveness analysis should have been done for each of the control options. The District must determine the incremental cost-effectiveness for each progressively more stringent control option, whereas incremental cost analysis should not be done for control options outside of the rule objectives, meaning that the rule is to establish controls on tanks storing organic liquids greater than 0.1 psia. Presenting incremental controls outside of that objective (i.e., tanks with organic liquids less than 0.1 psia TVP), except for OGI monitoring, is inappropriate for the PAR 1178 rulemaking and does not achieve any emission reductions.

The District staff's Draft Staff report stated that the reduced emissions using an OGI camera was based solely on a fixed roof tank storing crude oil with a malfunctioning pressure vacuum vent. As the District staff are aware, there are other types of tanks and materials stored where the emissions from a leak would be much less. However, since the emissions reduced as shown in the draft Staff Report and Slide 26 are only based on a fixed roof tank, OGI inspections may not be cost-effective for other tanks since the emissions reduced could have zero tons reduced. Therefore, before adopting PAR 1178, the District must determine the cost-effectiveness of requiring each type of tank to have an OGI inspection.

As part of PAR 1178, the District staff proposes to include all tanks at the facility regardless of the organic liquid vapor pressure and without. However, to determine the realistic cost of PAR 1178, the District staff's cost effectiveness analyses should have more categories of OGI inspections with increasingly higher reductions such as:

1. All tanks less than 0.1 psia TVP;
2. Internal floating roof tanks greater than 0.1 psia TVP;
3. Domed external floating roof tanks greater than 0.1 psia TVP;
4. External floating roof tanks greater than 0.1 psia TVP; and
5. Fixed roof tanks greater than 0.1 psia TVP.

Based on Slides 26 and 27, and as discussed above, the District is obligated to perform the BARCT incremental cost-effective analysis in order of least stringent to most stringent provided that the individual control option is cost effective. Accordingly, the PAR 1178 control options in the District staff's BARCT incremental cost-effective analysis should be ordered as shown below:

1. Weekly OGI inspections for all tanks less than 0.1 psia TVP;
2. Weekly OGI inspections for Internal floating roof tanks greater than 0.1 psia TVP;
3. Weekly OGI inspections for Domed external floating roof tanks greater than 0.1 psia TVP;
4. Weekly OGI inspections for External floating roof tanks greater than 0.1 psia TVP;
5. More Stringent gap requirements;
6. Secondary Seals for internal floating roof tanks greater than 0.1 psia TVP;
7. Doming for tanks storing material greater than 3 psia TVP; and
8. Weekly OGI inspections for Fixed roof tanks greater than 0.1 psia TVP.

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Proposed Amended Rule 1178 Rulemaking

In closing, TORC believes that there are still too many issues and concerns regarding the Revised March 2023 Language and urges the District to meet with industry to work through these issues before any new revisions are made to PAR 1178. As described above, TORC has significant concerns related to the cost and application of the proposed OGI monitoring and certain reporting and notification requirements currently proposed in PAR 1178. TORC appreciates that the District staff is considering bifurcating the PAR 1178 rulemaking process so that all the critical issues discussed above can be addressed in a thoughtful, dispassionate, and informed manner.

Thank you for the opportunity to submit comments on the March 2023 Revised Language and Public Workshop presentation presented by District staff on March 1, 2023 as part of the PAR 1178 rulemaking. TORC stands ready to work diligently with District staff and other stakeholders to address the complex issues associated with PAR 1178.

Please note that in submitting this letter, TORC reserves the right to supplement its comments as it deems necessary, especially if additional or different information is made available to the public regarding the PAR 1178 rulemaking process.

If you have any questions regarding TORC's comments, please call or email me or John Sakers. Our office phone numbers are 310-212-4500 (Sara) and (310) 212-4292 (John).

Sincerely,



Sara Wilson  
Refinery Manager

cc: **District Staff - via e-mail and overnight delivery**

Wayne Nastri	Executive Officer
Michael Krause	Assistant Deputy Executive Officer
Michael Moore	Planning and Rules Manager

cc: **District Refinery Committee Members - via e-mail and overnight delivery**

Hon. Larry McCallon	Governing Board Member and Refinery Committee Chair
Hon. Vanessa Delgado	Governing Board Chair
Hon. Michael A. Cacciotti	Governing Board Vice-Chair
Hon. Andrew Do	Governing Board Member
Hon. Veronica Padilla-Campos	Governing Board Member

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cc: **District Governing Board Members - via overnight delivery**  
Hon. Curt Hagman                      Governing Board Member  
Hon. Gideon Kracov                    Governing Board Member  
Hon. V. Manuel Perez                 Governing Board Member  
Hon. Carlos Rodriguez                Governing Board Member  
Hon. Holly Mitchell                    Governing Board Member  
Hon. Nithya Raman                    Governing Board Member