

1 **BEFORE THE HEARING BOARD OF THE**  
2 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

3 In the Matter of  
4 CHEVRON PRODUCTS COMPANY,  
5 [Facility I.D. No. 800030]  
6  
7 Section 42350 of the California Health and Safety  
8 Code

**Case No. 831-401**

**(PROPOSED)**  
**ORDER GRANTING AN EMERGENCY**  
**VARIANCE**

Hearing Date: April 18, 2024

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10 **FINDINGS AND DECISION OF THE HEARING BOARD**

11 This petition for an emergency variance was heard on the consent calendar on April 18,  
12 2024. The matter was placed on the Consent Calendar pursuant to the Joint Stipulation to Place  
13 Matter on Consent Calendar. The following members of the Hearing Board were present: Cynthia  
14 Verdugo-Peralta, Chair; Robert Pearman, Vice Chair; Jerry P. Abraham, MD, MPH, CMQ; Micah  
15 Ali, and Mohan Balagopalan. Petitioner Chevron Products Company (hereinafter “Petitioner” or  
16 “Chevron”) was represented by Christopher H. Norton, of the law firm of Latham & Watkins.  
17 Respondent, Executive Officer, was represented by Karin Manwaring, Senior Deputy District  
18 Counsel. Counsel for Petitioner and respondent did not appear during the Consent Calendar  
19 hearing. The public was given the opportunity to testify. The Declaration of Andre West was  
20 received as evidence and the Proposed Findings and Decision of the Hearing Board was received  
21 as an exhibit, and the case submitted. The Hearing Board finds and decides as follows:  
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**FINDINGS OF FACT**

***Good Cause for Emergency Variance***

Following are the facts and conclusions supporting the showing of good cause for why the petition was not filed in sufficient time to issue the required public notice:

**a. The petitioner for a variance is, or will be, in violation of Section 41701 or of any rule regulation or order of the District.**

1. The caustic flow meter on the Caustic Scrubber has malfunctioned and is currently nonoperational, so Petitioner is currently in violation of the provision of Permit Condition No. C8.16 requiring flow metering to be performed at all times, as well as the provisions of Administrative Condition No. 2 requiring the operator to maintain all equipment and ensure the proper operation of the equipment.

2. As Petitioner needs to temporarily pause operation of the Caustic Scrubber to repair the malfunctioning flow meter, and as Facility Permit Condition No. C8.16 and Administrative Conditions No. 2 and No. 4 require Caustic Scrubber operation, Petitioner will be in violation of District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with permit conditions.

3. The C-2180 Caustic Scrubber can be operated normally, albeit without the flow meter operating, until Petitioner takes the Caustic Scrubber offline to perform the flow meter repair. During this period prior to the flow meter repair, Petitioner will modulate caustic solution flow by comparing the pump speed to the column level in the Caustic Scrubber. As such, no excess emissions are anticipated during this period.

**b. The circumstances leading to the violation could not reasonably have been avoided by petitioner, or anticipated in sufficient time to provide for public notice of the variance hearing.**

1. Petitioner has maintained the scrubber and flow meter in accordance with industry standards. The need for emergency repair and variance coverage was both unexpected and unforeseeable, and not the product of either operator error or neglect., Maintenance was performed

1 on the C-2180 Caustic Scrubber on March 11, 2024, and the equipment appeared to be performing  
2 properly as of that time.

3         2.         On March 27, 2024, the Caustic Scrubber experienced an unanticipated failure of  
4 the flow meter that measures the flow of caustic solution into the scrubber. Petitioner became  
5 aware of being out of compliance with applicable District rules and permit conditions when the C-  
6 2180 Caustic Scrubber alarm was triggered. The alarm indicated that the flow meter was not able  
7 to continuously monitor caustic solution flow as specified in Permit Condition C8.16. Petitioner  
8 reported a breakdown to the District hotline at 1-800-CUT-SMOG within one hour of notification  
9 of the issue.

10         3.         Initially, Petitioner believed that the breakdown was the result of a plugged tubing  
11 line to the flow meter and could be promptly repaired within the timeframes permitted by District  
12 Rules 430 and 218, as applicable. After initial repairs failed to resolve the matter, Petitioner  
13 concluded on the evening of March 28, 2024 that the root cause of the equipment breakdown was a  
14 plugged or broken root valve to the flow meter. Petitioner notified the District of its intent to file  
15 for an emergency variance promptly after it became clear that Chevron would be unable to  
16 complete required repairs within the required timeframe.

17         4.         Because the loss of the caustic flow meter was an unanticipated equipment  
18 breakdown and repairs were unable to be completed within the time period allowed under District  
19 rules, the petition could not be filed in time for the hearing to be announced to the public.

20         **c.         Petitioner exercised diligence in petitioning for the emergency variance and**  
21 **scheduling the emergency variance hearing; “diligence in petitioning for the variance” shall**  
22 **mean that Petitioner filed a variance petition as soon as feasible after the time Petitioner**  
23 **knew or should have known that a variance would, more likely than not, be needed.**

24         1.         As discussed above, after initial repairs failed to resolve the matter, Petitioner  
25 concluded on the evening of March 28, 2024 that the root cause of the equipment breakdown was a  
26 plugged or broken root valve to the flow meter. Petitioner notified the District of its intent to file  
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1 for an emergency variance promptly after it became clear that Chevron would be unable to  
2 complete required repairs within the required timeframe.

3 2. Petitioner promptly filed its petition for emergency variance on March 29, 2024.  
4 Petitioner worked with the Clerk of the Board to promptly schedule a hearing on the variance.

5 **d. A denial of the emergency variance will result in either: (a) An increase in the**  
6 **emissions of air pollutants, an adverse impact to air quality, and/or an adverse impact on**  
7 **public health or welfare; or (b) An unreasonable and unavoidable adverse impact to**  
8 **Petitioner.**

9 1. Denial of the variance would cause significant harm to Petitioner in that denial  
10 could force Petitioner to shut down and then restart certain Chevron El Segundo Refinery  
11 (“Refinery”) process units while the repairs are performed. The shutdown of the Refinery would  
12 result in a financial penalty to Petitioner of approximately \$750,000 per day in lost production and  
13 sales. In addition, the shut down and restart of the Refinery units would result in flaring and air  
14 emissions that would otherwise not occur if the variance is granted. As such, denial of the  
15 variance would result in an increase in air emissions and financial impacts to Petitioner that would  
16 be unreasonable and unavoidable.

17 ***Health and Safety Code Section 42352***

18 Following are the facts and conclusions supporting the findings set forth in Health and  
19 Safety Code Section 42352 necessary to grant the variance. The Executive Officer did not oppose  
20 the granting of the variance.

21 **a. The petitioner for a variance is, or will be, in violation of Section 41701 or of**  
22 **any rule regulation or order of the District.**

23 1. The caustic flow meter on the Caustic Scrubber has malfunctioned and is currently  
24 nonoperational, so Petitioner is currently in violation of the provision of Permit Condition No.  
25 C8.16 requiring flow metering to be performed at all times, as well as the provisions of  
26 Administrative Condition No. 2 requiring the operator to maintain all equipment and ensure the  
27 proper operation of the equipment.

1           2.       As Petitioner needs to temporarily pause operation of the Caustic Scrubber to repair  
2 the malfunctioning flow meter, and as Facility Permit Condition No. C8.16 and Administrative  
3 Conditions No. 2 and No. 4 require Caustic Scrubber operation, Petitioner will be in violation of  
4 District Rules 203(b), 2004(f)(1) and 3002(c)(1), which require compliance with permit  
5 conditions.

6           **b(1). Non-compliance with District Rule(s) is due to conditions beyond the**  
7 **reasonable control of the petitioner.**

8           1.       On March 27, 2024, the Caustic Scrubber experienced a caustic flow meter  
9 malfunction. The root cause of the equipment breakdown was a plugged or broken root valve to  
10 the flow meter of the Caustic Scrubber.

11          2.       Permit Condition No. C8.16 requires that the Caustic Scrubber maintain a minimum  
12 of 200 gpm of circulation while the unit is in standby mode. There will be no circulation of caustic  
13 solution while repairs are being performed. As such, Petitioner cannot operate the C-2180 Caustic  
14 Scrubber in compliance with all applicable rules and permit conditions while the repair is being  
15 performed.

16          3.       Additionally, Permit Condition No. C8.16 requires that Petitioner operate a flow  
17 meter at all times to verify flow of the caustic solution. However, the flow meter is currently  
18 nonoperational. As such, Petitioner will not be able to operate the C-2180 Caustic Scrubber in  
19 compliance with all applicable rules and permit conditions while the repair is being performed.

20          4.       Compliance is beyond Petitioner's reasonable control as the caustic flow meter in  
21 the C-2180 Caustic Scrubber unexpectedly malfunctioned, despite appearing to be operating  
22 normally during a maintenance event two weeks prior, and needs to be repaired or replaced.  
23 Petitioner has maintained the subject equipment in accordance with industry standards. The  
24 incident is both unexpected and was unforeseeable. There is no way to complete the Caustic  
25 Scrubber flow meter repair without the scrubber being offline.

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1           **b(2). Requiring compliance would result in either (1) an arbitrary or unreasonable**  
2 **taking of property, or (2) the practical closing and elimination of a lawful business.**

3           1. Denial of the variance would cause significant harm to Petitioner in that Petitioner  
4 may be forced to shut down and then restart certain Refinery process units while the repairs are  
5 performed. The shutdown of the Refinery would result in a financial penalty to Petitioner of  
6 approximately \$750,000 per day in lost production and sales. In addition, the shut down and  
7 restart of the Refinery units would result in flaring and air emissions that would otherwise not  
8 occur if the variance is granted.

9           **c. The closing or taking would be without a corresponding benefit in reducing air**  
10 **contaminants.**

11           1. The closing or taking would be without a corresponding benefit in reducing air  
12 contaminants because without the variance, Petitioner would be required to shut down and restart  
13 the Refinery units, resulting in flaring and air emissions. Alternatively, if the variance is granted,  
14 Petitioner does not anticipate any excess emissions.

15           2. The C-2180 Caustic Scrubber can be operated normally, albeit without the flow  
16 meter operating, until Petitioner takes the Caustic Scrubber offline to perform the flow meter  
17 repair. During this period prior to the flow meter repair, Petitioner will modulate caustic solution  
18 flow by comparing the pump speed to the column level in the Caustic Scrubber. As such, no  
19 excess emissions are anticipated during this period.

20           3. During the approximately seven-day period when Petitioner takes the Caustic  
21 Scrubber offline to perform the flow meter repair, Petitioner will at the same time shut down the  
22 equipment venting to the Caustic Scrubber (the 6HS2 Unit). As such, there will be no excess  
23 emissions during this period.

24           **d. The applicant for the variance has given consideration to curtailing operations**  
25 **of the source in lieu of obtaining a variance.**

26           1. Petitioner has considered the option of curtailing or terminating operations in lieu of  
27 obtaining a variance. Petitioner will be terminating operation of the Caustic Scrubber and the  
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1 equipment venting to it. However, Petitioner cannot immediately curtail or terminate operations  
2 because doing so would be expected to lead to excess emissions and potentially the need for  
3 flaring due to the shutdown and startup of Refinery units. In comparison, Petitioner does not  
4 anticipate excess emissions if the variance were granted and the Caustic Scrubber and equipment  
5 venting to it is brought offline in an orderly manner.

6 **e. During the period the variance is in effect, the applicant will reduce excess**  
7 **emissions to the maximum extent feasible.**

8 1. As mentioned above, during the period that the variance is in effect, there will be no  
9 excess emissions. Nonetheless, Petitioner agrees to reduce excess emissions to the maximum  
10 extent feasible by complying with the conditions of the Order.

11 **f. During the period the variance is in effect, the applicant will monitor or**  
12 **otherwise quantify emission levels from the source, if requested to do so by the district, and**  
13 **report these emission levels to the district pursuant to a schedule established by the district.**

14 1. Petitioner will monitor emissions during the variance period. The Refinery is  
15 equipped with Continuous Emissions Monitoring Systems (CEMS) to continuously monitor,  
16 record and report to the District air emissions from the Refinery. The emissions monitoring data  
17 will be provided to the District upon request.

18 2. During the duration of the flow meter repair, Petitioner will monitor flow,  
19 temperature inlet pressure and valve outputs for the C-2180 Caustic Scrubber to ensure that there is  
20 no flow going through the column while the work is performed.

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**CONCLUSION AND ORDER**

THEREFORE, good cause appearing, the Hearing Board orders as follows:

A. Petitioner is granted an emergency variance from District Rules 203(b), 2004(f)(1) and 3002(c)(1) {from Condition No. C8.16 and Administrative Conditions No. 2 and No. 4 (Section E) of Title V Facility P/O No. 800030} for the period commencing April 18, 2024 and continuing through final compliance, but no later than May 18, 2024.

B. The variance granted herein is subject to the following conditions:

1. The petitioner shall maintain an estimated caustic solution flow rate of 200 GPM or greater through Caustic Scrubber C-2180 by making any needed speed adjustments to the caustic circulation pump during the variance period until C-2180 is taken offline to perform the flow meter repair.

2. The petitioner shall shut down the 6H2S Unit (Process 12: System 26, 27) prior to taking C-2180 offline to perform the flow meter repair.

3. The petitioner shall monitor and document flow, inlet pressure, and valve outputs to ensure that there is no flow going through the C-2180 column while the repair work is performed during the variance period.

4. The petitioner shall conduct and document daily visual inspections of C-2180 during the variance period.

5. The petitioner shall immediately notify the South Coast AQMD of any odor complaints received during the variance period by calling 1-800-CUT-SMOG and emailing Inspector Jentry Kear at [jkear@aqmd.gov](mailto:jkear@aqmd.gov).

6. In the event that there is an upset requiring flow to the emergency caustic scrubber, Petitioner shall notify the District within 60 minutes via 1-800-CUT-SMOG (Attn. Inspector Jentry Kear).

7. If, in standby mode, the Caustic Scrubber pump rate drops below 700 rpm, then Petitioner will notify the District Inspector within 60 minutes via 1-800-CUT-SMOG (Attn.

1 Inspector Jentry Kear). If, in emergency mode, the Caustic Scrubber pump rate drops below 1100  
2 rpm, then Petitioner will notify the District Inspector within 60 minutes via 1-800-CUT-SMOG  
3 (Attn. Inspector Jentry Kear).

4 8. The petitioner shall notify South Coast AQMD, by calling 1-800-CUT-SMOG  
5 (Attn. Inspector Jentry Kear), within two (2) hours prior to the time the scheduled work/plant  
6 shutdown is to be performed.

7 9. The petitioner shall achieve final compliance, defined to be when the flow meter is  
8 fully repaired, and the Caustic Scrubber C-2180 and 6H2S Unit are both put back into full service,  
9 no later than April 30, 2024.

10 10. The petitioner shall notify Air Quality Inspector Jentry Kear ([jkear@aqmd.gov](mailto:jkear@aqmd.gov)) via  
11 electronic mail and by calling 1-800-CUT-SMOG (Attn: Inspector Jentry Kear) within two (2)  
12 hours after achieving final compliance.

13 11. Petitioner shall pay all applicable fees, including excess emissions fees if  
14 applicable, to the Clerk of the Hearing Board within fifteen days upon notification in writing that  
15 the fees are due or the variance shall be invalidated pursuant to Rule 303 – Hearing Board Fees,  
16 subsection (k).

17 12. The petitioner shall notify the Clerk of the Hearing Board  
18 ([ClerkofBoard@aqmd.gov](mailto:ClerkofBoard@aqmd.gov)) and the District (attention Karin Manwaring at  
19 [kmanwaring@aqmd.gov](mailto:kmanwaring@aqmd.gov)) by email when final compliance is achieved.

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FOR THE BOARD: \_\_\_\_\_

DATED SIGNED: \_\_\_\_\_