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8 **BEFORE THE HEARING BOARD OF THE**
9 **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

11 **In the Matter of**

12 TORRANCE REFINING COMPANY LLC
13 [Facility ID No. 181667],

14 Petitioner,

15 v.

16 SOUTH COAST AIR QUALITY
17 MANAGEMENT DISTRICT.

18 Respondent.
19

Case No. 6060-22

**[PROPOSED] FINDINGS AND
DECISION AND ORDER GRANTING A
SHORT VARIANCE AND
ALTERNATIVE OPERATING
CONDITION**

Hearing Date: May 12, 2026
Time: 9:30 a.m.
Place: SCAQMD
21865 Copley Drive
Diamond Bar, CA 91765

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21 The petitions for a Short Variance and Alternative Operating Condition (“Petitions”) were
22 heard on the Hearing Board’s Consent Calendar on May 12, 2026, pursuant to notice and in
23 accordance with the provision of California Health and Safety Code Section 40823 and District
24 Rule 510. The following members of the Hearing Board were present: Micah Ali, Chair; Robert
25 Pearman, Esq., Vice-Chair; Cynthia Verdugo-Peralta; Mohan Balagopalan; and Dr. Jerry P.
26 Abraham, MD, MPH, CMQ. Petitioner Torrance Refining Company (“TORC”), represented by
27 Michael S. McDonough of Pillsbury Winthrop Shaw Pittman, did not appear. Respondent South
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1 Coast Air Quality Management District (“District”), represented by Kathryn Roberts, Principal
2 Deputy District Counsel, did not appear. The matter was submitted for consideration on the
3 Consent Calendar. The public was given an opportunity to testify. The Declaration of Valerie Tse
4 was received as evidence, the (Proposed) Findings and Decision and Order of the Hearing Board
5 was received as an exhibit, and the matter was submitted on consent. The Hearing Board finds and
6 decides:

7 1. Petitioner, located at 3700 West 190th Street, Torrance, California 90504, is in the
8 business of petroleum refining at the Torrance Refinery (“Refinery”). Key processes at the
9 Refinery include cracking of heavy petroleum hydrocarbons in the Refinery’s FCCU, processing
10 and treatment of crude oil feed in the Crude Unit, on-site production of hydrogen utilized in
11 refining, storage and loading of gasoline and other finished petroleum products, and operation of
12 numerous air pollution control systems.

13 2. The equipment that is the subject of these Petitions is Hydrogen Plant No. 2 (Process
14 6, System 2), also known as Unit 24, which supplies hydrogen for use in hydrotreating and other
15 refining operations. Such hydrogen supply is critical to removing sulfur from crude feedstocks as
16 they are refined into low-sulfur transportation fuels. Unit 24 operates through combining heated
17 Refinery gases with steam across a catalyst to help produce a hydrogen stream effluent.

18 3. TORC owns and operates the Refinery, but the on-site Unit 24 Hydrogen Plant is
19 currently separately owned and operated by Air Products West Coast Hydrogen LLC (“AP”).
20 TORC transferred operational control of Unit 24 to AP on or about May 17, 2022. However, Unit
21 24 remains under TORC’s Title Facility Permit. TORC has coordinated with AP on all matters
22 associated with this Variance Petition and the accompanying Alternative Operating Condition
23 (“AOC”) Petition.

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25 **SUMMARY**

26 TORC has filed the Petitions to seek relief to allow a short extension of the present April
27 30, 2026, deadline to allow AP to perform and report the results of the annual VOC compliance

1 testing required by District Rule 1189 on the Unit 24 Hydrogen Plant (Process 6, System 2 in the
2 permit). The extension is necessary because, as TORC understands from AP, due to previous 24C-
3 5 demister pad damage and unexpected degradation, Unit 24 currently is being operated at a
4 hydrogen production rate that is below the required annual operating average rate for Rule 1189
5 annual compliance testing. AP advised TORC on April 13, 2026, that, to restore sufficient
6 hydrogen production to allow the Rule 1189 annual compliance testing to take place,
7 diagnostic/root cause analysis work will need to be done and repairs to the demisters (the expected
8 source of the run rate problem) will be needed, necessitating a unit shutdown. Because the root
9 cause analysis and repair work cannot begin until mid-May (required for coordination with
10 concurrent hydrotreater catalyst changeout) and may last until late June or early July, this will make
11 it impossible for AP to conduct the Rule 1189 annual compliance testing of Unit 24 on or before
12 April 30, 2026.

13 Even though this extension for Rule 1189 source testing will not cause any excess
14 emissions, it will cause Petitioner to violate District Rule 1189 and Condition S13.5 of its Title V
15 Permit No. 181667 (“Permit”), which requires annual source testing of hydrogen plant process
16 vents “under normal operating conditions” and with hydrogen production . . . [no]less than the
17 annual operating hourly average,” and District Rules 203(b), 2004(f)(1) and 3002(c)(1), which
18 require compliance with all permit conditions. Petitioner intends to achieve compliance by
19 completing the Unit 24 catalyst replacement as safely and quickly as possible and then immediately
20 scheduling and conducting the Rule 1189 annual compliance testing once Unit 24 hydrogen
21 production is restored.

22 23 **FINDINGS OF FACT**

24 Following are the facts and conclusions supporting the findings set forth in Health and
25 Safety Code Section 42352 necessary to grant the variance as well as the findings set forth in
26 District Rule 518.2 for Alternative Operating Conditions. The Executive Officer did not oppose the
27 granting of the variance.

1 **a. The petitioner for a variance and alternative operating condition is, or will be,**
2 **in violation of Section 41701 or of any rule, regulation or order of the District or any federally**
3 **enforceable permit terms and conditions that are based on Section 41701 or of any applicable**
4 **rule or regulation of the District.**

5 1. District Rule 1189(e)(1) requires operators of hydrogen plants to conduct annual
6 compliance testing to demonstrate compliance with VOC limits in Rule 1189(c)(3), and this testing
7 is required to be completed and test reports submitted to the District “within 12 calendar months
8 from previous testing and reporting.” Pursuant to Rule 1189 Attachment A, “[t]esting must be
9 conducted under normal operating conditions” and “hydrogen production [during the compliance
10 test] must not be less than the annual operating hourly average.

11 2. Because AP will need to shut down Unit 24 to perform the above-referenced
12 diagnostic and repair work in order to restore the Unit to its annual operating hourly average rate,
13 AP was not able to restore Unit 24 hydrogen production to the level needed to complete the annual
14 VOC source test required to be completed by April 30, 2026, under District Rule 1189. Thus,
15 Petitioner is and will continue to be in violation of District Rule 1189(e)(1).

16 3. Petitioner also will be in violation of District Rules 203(b), 2004(f)(1) and
17 3002(c)(1), which require compliance with the conditions of Petitioner’s Permit, as a 1- to 2-month
18 delay of the Rule 1189 source test will cause Petitioner to be out of compliance with Permit
19 Condition S13.5, which requires compliance with Rule 1189.

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

22 1. Due to conditions beyond Petitioner’s reasonable control, previous 24C-5 demister
23 pad damage and unexpected degradation of Unit 24 has limited AP to operating Unit 24 at a
24 hydrogen production rate that is below the required annual operating average rate for Rule 1189
25 annual compliance testing. AP’s current inability to maintain Unit 24’s average hourly hydrogen
26 production levels necessary to conduct the Rule 1189 source testing has prevented Petitioner from
27 ensuring completion of the Rule 1189 source test by the April 30, 2026, deadline. Petitioner has
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1 testified based on information provided by AP that only a diagnosis and repair of Unit 24 will
2 restore the annual average hourly rate of hydrogen production and allow Petitioner to conduct the
3 Rule 1189 source testing. Because AP will require 1-2 months to complete the diagnostic and
4 repair work, conduct the annual source testing and submit results to the District, and because this
5 will push the source test to later than the current April 30, 2026, deadline, it is beyond Petitioner's
6 reasonable control to comply with the District rules and Permit condition listed above.

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

9 1. Denial of the Petitions would cause significant harm to Petitioner and to California
10 citizens who rely on transportation fuels supplied by the Refinery. If the Rule 1189 compliance test
11 cannot be conducted by April 30, 2026, and a variance is not granted to allow an extension of that
12 date, the Refinery's only option to maintain strict compliance would be to permanently shut down
13 Unit 24. This would result in the Refinery operating at minimum rates due to lack of necessary
14 hydrogen and steam supply for refining operations. Under this scenario, operating the Refinery at
15 minimum rates would result in a reduction in supply of gasoline, diesel, jet fuel and other petroleum
16 products to the market, and have corresponding adverse impacts to California citizens who rely on
17 those transportation fuels.

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

20 1. Because the Unit 24 Hydrogen Plant is neither a pollution control device nor
21 adversely impacts emissions from other units at the Refinery, there will be no excess emissions
22 during the variance and AOC period resulting from granting an extension for Petitioner to conduct
23 the annual Rule 1189 VOC source test. Indeed, this source test is necessary to confirm that Unit 24
24 is meeting the VOC emissions limits in Rule 1189. Thus, denying the Petitions would not produce
25 any benefit in reducing air contaminants.

26 **d. The applicant for the variance and alternative operating condition has given**
27 **consideration to curtailing operations of the source in lieu of obtaining a variance.**

1 1. Petitioner considered curtailment and has testified that some curtailment will already
2 be involved in the temporary shutdown of Unit 24 for 1-2 months. However, this curtailment does
3 not allow Petitioner to avoid the need for a variance because it does not allow the Rule 1189 source
4 test to be conducted before April 30, 2026.

5 **e. During the period the variance and alternative operating conditions are in**
6 **effect, the applicant will reduce excess emissions to the maximum extent feasible.**

7 1. Because the Unit 24 Hydrogen Plant is neither a pollution control device nor
8 adversely impacts emissions from other units at the Refinery, there will be no excess emissions
9 during the variance and AOC period.

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

14 1. Petitioner will continue to monitor emissions as required by its Permit during the
15 variance and AOC period. Records of these inspections shall be made available to the District upon
16 request.

17 **g. The alternative operating condition will not result in noncompliance with the**
18 **requirement of any NSPS or NESHAP or other standard promulgated by the U.S. EPA under**
19 **sections 111 or 112 of the Clean Air Act, or any District Rule that substitutes for such**
20 **requirement promulgated by the U.S. EPA under Title IV or VI of the Clean Air Act, or any**
21 **requirement contained in a permit issued by the U.S. EPA or the requirement to apply for or**
22 **obtain an operating permit under Rule 3002 -Requirements for an authority to construct.**

23 1. Petitioner will not be in violation of any NSPS or NESHAP or other standard
24 promulgated under Section 111 or 112 or Title IV or VI of the Clean Air Act for the equipment. In
25 relevant part, the refinery is subject to (a) 40 CFR 60 Subpart A, which requires that Petitioner
26 maintain and operate the facility, including associated air pollution control equipment, in a manner
27 consistent with good air pollution control practice for minimizing emissions, and (b) 40 CFR 60
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1 Subpart J, which sets emissions limits on certain refinery equipment. The AOC will provide an
2 extension of the current April 30, 2026, deadline to perform the annual Rule 1189 VOC compliance
3 source test on the Unit 24 Hydrogen Plant. The testing will cause no excess emissions, is necessary
4 to demonstrate Unit 24's air pollution control compliance, and granting a short extension to allow
5 restoration of minimum hydrogen production is consistent with good air pollution control practice.
6 In addition, diagnosis and repair of the Unit 24 issues should restore the annual average hourly rate
7 of hydrogen production for years to come, and is further consistent with good air pollution control
8 practice. Accordingly, TORC will remain in compliance with 40 CFR 60 Subparts A and J
9 throughout the AOC period.

10 **h. Any emissions [calculated pursuant to subparagraph (h)(3)(B) of Rule 518.2]**
11 **resulting from the alternative operating condition will not, in conjunction with emissions**
12 **[calculated pursuant to subparagraph (h)(3)(B) of Rule 518.2] resulting from all other**
13 **alternative operating conditions established by the Hearing Board and in effect at the time,**
14 **exceed the amount of alternative operating condition credits held in the Alternative Operating**
15 **Condition Credit Bank.**

16 1. The AOC bank has not been established and there are no credits in the bank.
17 Petitioner does not anticipate any excess emissions during the period of the AOC.

18 **i. Operation under the alternative operating conditions will not result in the**
19 **source discharging such quantities of air contaminants or other material which cause injury,**
20 **detriment, nuisance, or annoyance to any considerable number of persons or to the public, or**
21 **which endanger the comfort, repose, health, or safety of any such persons or to the public, or**
22 **which cause, or have a natural tendency to cause, injury or damage to business or property.**

23 1. Petitioner does not anticipate that the granting of a 1- to 2-month extension proposed
24 under the AOC to conduct the Rule 1189 annual source testing will cause any injury, detriment,
25 nuisance, or annoyance to any persons or the public. Petitioner expects no excess emissions during
26 the AOC period, and its work is intended to allow the Refinery additional time to conduct the Rule
27 1189 source test and demonstrate compliance with the Rule 1189 VOC emissions limits. No
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1 opacity or odorous substances are anticipated to be released in any quantity sufficient to be
2 detectable to the public.

3 **j. The excess emissions resulting from operations pursuant to the alternative**
4 **operating condition would not, by themselves, cause an exceedance of a National Ambient Air**
5 **Quality Standard.**

6 1. Petitioner expects no excess emissions during the AOC period and therefore does not
7 expect to cause an exceedance of any NAAQS during the variance/AOC period.

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10 **CONCLUSION AND ORDER**

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

12 A. Petitioner is granted a short variance and alternative operating condition (AOC) from
13 District Rules 203(b), 1189(e)(1), 2004(f)(1) and 3002(c)(1), and Condition S13.5 of its Title V
14 Permit No. 181667 (“Permit”), for the period commencing May 1, 2026 and continuing through the
15 earlier of July 29, 2026, or the date on which Petitioner reports final compliance pursuant to
16 condition 7 below.

17 B. The variance is subject to the following conditions:

18 1. Petitioner shall notify the South Coast AQMD compliance personnel by
19 calling 1-800-CUT-SMOG (Attn: Inspector Deryck Roberts) forty-eight (48) hours prior to
20 day of scheduled Rule 1189 source test.

21 2. During the variance period, every Wednesday by 5 pm, petitioner shall
22 electronically mail to Inspector Deryck Roberts (droberts@aqmd.gov) the hourly average of
23 the hydrogen production rate of the past week up to the conclusion time of the source test.

24 3. Petitioner shall notify the South Coast AQMD compliance personnel by
25 calling 1-800-CUT-SMOG (Attn: Inspector Deryck Roberts) at least two (2) hours prior to
26 the shutdown and startup of Unit 24.

27 4. Petitioner shall conduct a make-up source test consistent with the
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1 requirements of Rule 1189 within thirty (30) days of reaching targeted production rate, but
2 no later than July 29, 2026. The source test shall be conducted at a hydrogen production rate
3 that is not less than the annual operating hourly average for the period from April 30, 2025,
4 to April 30, 2026. Notwithstanding the testing pursuant to this condition, Petitioner shall not
5 change its existing annual source testing schedule.

6 5. Petitioner shall notify the South Coast AQMD compliance personnel by
7 calling 1-800-CUT-SMOG (Attn: Inspector Deryck Roberts) at least two (2) hours prior to
8 the start of the Rule 1189 source test but continuing to keep the inspector updated if the
9 initial anticipated test start time changes.

10 6. Petitioner shall notify the Air Quality Inspector Deryck Roberts
11 (droberts@aqmd.gov) via electronic mail, and by calling 1-800-CUT-SMOG (Attn:
12 Inspector Deryck Roberts) to report a Variance Notification within two (2) hours of
13 achieving final compliance and completion of the AOC period

14 7. Petitioner shall notify the Clerk of the Board in writing within five (5) days
15 of achieving final compliance as referenced in condition 6.

16 8. In the event U.S. EPA objects to this AOC within the forty-five (45) day
17 review period or in response to a timely citizen petition, this AOC shall be ineffective to
18 protect Petitioner from U.S. EPA or citizen enforcement under the federal Clean Air Act for
19 any federally enforceable requirement.

20 9. Petitioner shall pay all applicable fees to the Clerk of the Hearing Board or
21 the variance shall be invalidated pursuant to Rule 303(k), except for excess emissions fees if
22 applicable, which shall be paid within fifteen (15) days of notification in writing that the
23 fees are due, unless otherwise ordered by the Hearing Board.

24 C. The AOC is subject to the following conditions:

25 1. Petitioner shall notify the South Coast AQMD compliance personnel by
26 calling 1-800-CUT-SMOG (Attn: Inspector Deryck Roberts) forty-eight (48) hours prior to
27 day of scheduled Rule 1189 source test.

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24 review period or in response to a timely citizen petition, this AOC shall be ineffective to
25 protect Petitioner from U.S. EPA or citizen enforcement under the federal Clean Air Act for
26 any federally enforceable requirement.

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FOR THE BOARD: _____

DATE SIGNED: _____