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July 25, 2001

Mr. Jonathan D. Nadler  
Planning – CEQA  
South Coast Air Quality Management District  
21865 E. Copley Drive  
Diamond Bar, CA 91765-4182

Re: Draft Environmental Impact Report for the Proposed Ultramar Diamond  
Shamrock – Wilmington Refinery RFG3 Project

Dear Mr. Nadler:

We are writing on behalf of the Southern California Pipe Trades District Council 16, Plumbers and Steamfitters Local Union 250, Alonzo Ransom, Carlos Valdez, and Frank Baiza to submit errata on our previously-submitted comments<sup>1</sup> on the Draft Environmental Impact Report (“DEIR”) for Ultramar Diamond Shamrock’s Wilmington Refinery CARB Phase 3 Proposed Project (“the Project”).

First, the appended comment from Dr. Fox, attached hereto as Exhibit 1, regarding pipeline construction emissions should be added to Attachment 1 of our previously-submitted comments. This comment explains that the DEIR underestimates the emissions from pipeline construction associated with the Project by relying on an incomplete emission inventory.

Second, the DEIR concludes that “[a]ir quality impacts associated with operation of the six RFG Phase 3 projects are considered significant for VOCs since SCAQMD mass emission thresholds are expected to be exceeded. Although operations will exceed the VOC significance threshold, there will be large regional benefits from the use of the reformulated fuels by mobile sources.” (DEIR, p. 5-18.) This conclusion focuses solely on the benefits of the CARB Phase 3 requirements, and ignores the adverse regional air quality impacts of adding ethanol to the CARB

<sup>1</sup> Letter from Katherine S. Poole to Jonathan Nadler (July 20, 2001).  
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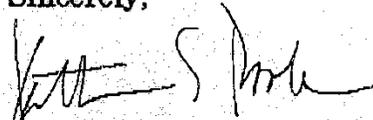
July 25, 2001  
Page 2

Phase 3 gasoline, which each of the six RFG Phase 3 projects propose to do. As explained in the attached testimony of California Energy Commission Chairman William Keese, adding ethanol to CARB Phase 3 gasoline is expected to *increase* emissions of NOx, VOCs, PM10 and toxic substances, and result in *higher* levels of ozone, based on extensive studies by CARB. (Appended hereto as Exhibit 2.) The DEIR should be revised to include these findings in the cumulative impacts analysis.

6-2  
cont'd

Please call us with any comments or questions.

Sincerely,



Katherine S. Poole

KSP:bh  
Attachments

# **Exhibit 1**

## **I.F Pipeline Construction Emissions Were Underestimated**

The exhaust emissions from constructing the pipelines were based on equipment inventories for months 3 and 11 presented in Appendix B, pages B-1 and B-2. Based on a similar inventory prepared for the Pacific Pipeline Project, which includes laying 20-inch pipeline in the same general area as the project, the equipment inventory is incomplete. The equipment inventory for urban spreads in Los Angeles County for the Pacific Pipeline is enclosed. (Pacific Pipeline FEIR, Table B.2-14.) The entire FEIR for this project is available on the internet at <http://www.aspeneg.com/PPSI-FEIR/final/toc.html>.

6-3

This inventory shows that the Ultramar DEIR did not include all of the equipment necessary to construct the pipelines. Equipment that is missing from the Ultramar DEIR includes asphalt rollers, asphalt trucks, bending machines, coating trucks, ditchers, fuel trucks, low bed trucks, lube trucks, pavement saws, pickup trucks, pipe trucks, pumps, service trucks, skid trucks, slurry trucks, water trucks, welding trucks, and x-ray trucks. Although the DEIR does include emissions from dump trucks and flat bed trucks (which are also included in the Pacific FEIR inventory), it omits most of the other trucks that would be required to construct the pipeline as well as most of the equipment that would be required to remove and replace asphalt paving in urban areas. Therefore, construction exhaust and entrained road dust emissions have been underestimated. Further, the DEIR did not include any fugitive VOC emissions from asphalt paving.

6-4

PART B. DESCRIPTION OF PROPOSED PROJECT,  
ALTERNATIVES, AND CUMULATIVE SCENARIO

Table B.2-14 Construction Equipment - Blacktop Roadways

Equipment Type	Engine Type (Model)	Power Rating (HP)	Proposed #	Excavating Activities	Pipe Lay Activities	Backfill Activities	Misc Bores & Fab	Est. Equip. (per Spread)	Total Machine Operations Days
A-Frame Truck	D	170	0	0	0	0	2	2	246
Air Compressor	G/D	30-78	2	1	1	1	0	5	746
Asphalt Paver	D	75	0	0	0	1	0	1	41
Asphalt Roller	D	75	0	0	0	1	0	1	51
Asphalt Truck	D	180	0	0	0	4	0	4	204
Backhoe	D	70	2	0	0	0	0	2	253
Bending Machine	D	140	0	0	1	0	0	1	196
Boring Machine	D	165	0	0	0	0	1	1	144
Coating Truck	D	170	0	0	2	0	0	2	327
Compactor	D	80	0	1	0	1	0	2	306
Ditcher	D	150	0	1	0	0	0	1	229
Dozer	D	165	0	0	0	1	0	1	98
Dump Truck (Note 2)	D	175	1	0	0	10	0	11	1058
Flat Bed Truck	D	170	1	1	0	1	0	3	544
Fuel Truck	D	170	0	0	0	0	3	3	369
Hydraulic Crane	D	165	0	0	0	0	1	1	123
Loader	D	160	0	0	0	2	0	2	239
Low Bed Truck	D	350	0	0	0	0	2	2	308
Lube Truck	D	170	0	0	0	0	3	3	369
Passenger Bus	D	160	0	0	0	0	4	4	246
Pavement Saw	G	28	0	1	0	0	0	1	14
Pickup Truck	G	150	1	1	1	2	3	8	1115
Pipe Truck (Note 3)	D	125	0	0	2	0	0	2	62
Pump	D	15-120	0	0	0	0	5	5	87
Service Truck	D	160	0	0	0	0	3	3	369
Side Boom	D	200	0	0	3	0	0	3	736
Skid Truck	D	160	0	0	1	0	0	1	196
Slurry Truck	D	170	0	0	0	10	0	10	328
Trackhoe	D	165	0	2	0	0	0	2	425
Water Truck	D	195	0	0	0	1	0	1	262
Welding Rig	D	40	0	0	2	0	2	4	916
Welding Truck	G	150	0	0	2	0	2	4	392
X-ray Truck	G	150	0	0	1	0	1	2	164

Note 1: G=Gasoline, D=Diesel, U=Unspecified

Note 2: Number of dump trucks required for areas where excavated material is not suitable for backfill.

Note 3: Pipe deliveries to the right of way will be made from a pipe yard in the LA Basin.

Number of trucks will be determined by construction progress and distance from storage yard.

## **Exhibit 2**

## Full Committee Hearing Testimony:

**Hearing:** To consider national energy policy with respect to fuel specifications and infrastructure constraints and their impacts on energy supply and price, (Part II).

**Location:** Senate Dirksen Office Building, Room 106

**Testimony:** Introduction

Mr. Chairman and members of the Committee, thank you for the opportunity to testify today before the United State's Senate Committee on Energy and Natural Resources regarding these important issues.

During my presentation, I ask that the Committee keep in mind that California faces the most intractable air pollution problems in the nation and energy challenges. Over 90 percent of all Californians live in areas that do not meet state or federal air quality standards established to protect public health. In addition, California faces a very delicate balance between existing refining capacity and growing consumption of petroleum products. This Congress is in a unique position to establish policy relating to motor vehicle fuels that would help to ensure that California, and other areas in the nation not meeting air quality standards, can achieve clean air.

Today, I will focus largely on the recent denial by the U.S. EPA of California's request for a waiver from the federal oxygenate mandate and the significant negative consequences this action will have on California's gasoline refining and marketing industries and air quality.

### **Background**

Before I start, I want to provide some background.

- California consumes about 15 billion gallons of gasoline per year or about a truck and trailer load every 20 seconds. This is about 11 percent of the total amount of gasoline consumed in the United States. By 2003, demand is expected to increase to 15.8 billion gallons.
- California has its own reformulated gasoline (RFG) program. This program provides about 50 percent more reduction in vehicle emissions of oxides of nitrogen, about 10 percent more reduction in toxics emission and about the same VOC emission reduction as the federal RFG program.
- To obtain these benefits, Californians pay, on average, a little more than 5 cents per gallon for their gasoline compared to federal reformulated gasoline. For this price, ozone-forming emissions from motor vehicles are reduced by about 15 percent and risks from toxics emitted by vehicles are reduced by 40 percent. No other program can provide these types of emission reductions in the near term.

- Since the implementation of the California reformulated gasoline program in 1996, the population in the South Coast has increased by over 10 percent while the number of days exceeding the federal air quality standard for ozone has been reduced by nearly 50 percent. While there have been other emission reduction programs during this time, the California reformulated gasoline program was one of the most significant.
- Refiners have been able to supply California Reformulated Gasoline (CaRFG) at the volumes needed and at an acceptable cost because of the flexibility built into the California program.
- Just as important, California's fuel program has allowed vehicle manufacturers to design pollution control technologies that meet California's aggressive vehicle emission requirements. This would not be possible without the quality of gasoline supplied in California. Vehicle manufacturers have repeatedly testified to this at numerous meetings in California.

#### **Oxygen Requirements in Gasoline**

Because of federal law, about 70 percent of the gasoline sold in California is required to contain an oxygenate. By 2003, this requirement will expand to 80 percent of the State's gasoline. As is the case for most federal RFG, most California RFG produced for use in areas subject to the federal oxygenate requirements use methyl tertiary-butyl ether (MTBE) as the oxygenate. In areas of California where gasoline is only subject to California RFG requirements, refiners are free to market gasoline without MTBE with no loss in air quality benefits. In the San Francisco Bay Area, a non-federal RFG area, more than 50 percent of the gasoline marketed is oxygenate free.

As is the case for most federal RFG, California RFG is produced today using MTBE to supply the oxygen required by the federal oxygen mandate for RFG. However, MTBE use has resulted in ground water contamination. MTBE, with its unpleasant taste and odor characteristics, can render ground water unsuitable for drinking. In California, a number of drinking water wells, most notably in the Lake Tahoe and Santa Monica areas, have been closed because of MTBE contamination; similar conditions exist in the Northeast.

In response to these concerns, Governor Davis took action to eliminate the use of MTBE in California gasoline. Governor Davis also requested a waiver from the federal oxygen requirement to facilitate this phase-out and to gain additional air quality benefits from our California RFG program. Without a waiver, MTBE cannot be phased out until the necessary refinery modifications; blending infrastructure and supplies of ethanol are in place.

#### **Environmental Consequences of Denying the Waiver**

It is with extreme disappointment that we learned that the U.S. EPA decided to deny California's request for a waiver from the federal oxygen requirement. The emissions benefits of a waiver have been fully

demonstrated in materials submitted to the U.S. EPA. Furthermore, additional supporting materials were provided in numerous meetings and phone conferences over the more than two years that U. S. EPA has considered California's waiver request.

The information provided by the California Air Resources Board (CARB) provides ample evidence that granting a waiver will reduce both oxides of nitrogen and toxics emissions, and that the impact of increases in carbon monoxide (CO) on ozone will be more than compensated for by reductions in volatile organic compounds (VOC). Granting the waiver will clearly assist California in reducing ozone levels and attaining the federal ambient air quality standard. Furthermore, CARB's analysis shows that a waiver would result in lower emissions of toxic air pollutants from gasoline combustion and evaporation and a decrease in the nitrate portion of fine particulate pollution (PM10). Finally, CARB's analysis shows that even with a waiver, the wintertime oxygen requirement in the Los Angeles area would be maintained, thereby preventing CO increases and ensuring reductions needed to attain and maintain that standard.

Numerous independent investigators have undertaken studies to assess the need for oxygenates in gasoline. These investigations include a University of California study; the U.S. EPA Blue Ribbon Panel on the use of oxygenates in gasoline, and a National Academy of Science study. Overall, these groups found that the use of oxygenates bears little benefit in improving ozone levels. They also found that the use of oxygenates is not needed to preserve the benefits of California's RFG Program. A NESCAUM study concluded the same for the northeastern states. Thomas Skinner, Director of the Illinois Environmental Protection Agency, was quoted in the Chicago Tribune as saying, "From a strictly environmental standpoint, ethanol is a wash." In CARB's submittals to U.S. EPA on this topic, the agency made a very strong technical case for California RFG without the oxygenate requirement.

In summary, CARB disagrees with U.S. EPA's conclusion that the effect of a waiver on VOC emissions is uncertain, and that California has not made a satisfactory demonstration that the waiver would result in an overall reduction in the emissions of ozone forming pollutants from the California vehicle fleet. California state law requires that the adoption of the California Phase 3 reformulated gasoline regulations not result in an increase in emissions. The only uncertainty is how large the benefit for California will be; not whether there will be a benefit. Unless reversed, U.S. EPA's denial of California's request will result in higher levels of ozone and PM10 and greater exposure to toxic air pollutants. And, unfortunately, it will deny refiners the opportunity to immediately replace MTBE with an oxygen-free gasoline, creating even a greater risk for California's water supply to be contaminated with MTBE.

#### **Economic Consequences of Denying the Waiver**

Now I will discuss some of the economic consequences of denying California an oxygenate waiver.

California consumers will pay at least an additional \$450 million per year for gasoline, in addition to the air and water quality improvement opportunities lost because of the denial of the waiver. These opportunities will be lost because refiners lose flexibility in their production of RFG and must use ethanol in every gallon of gasoline sold throughout most areas of California.

Increased probability of supply disruptions and resulting price spikes will equate to even greater cost impacts for California consumers due to the loss of flexibility to refiners associated with the denial of the waiver. Our distribution system will require refiners to use ethanol in virtually every gallon of gasoline sold throughout the State. If California refiners are unable to obtain adequate supplies of ethanol or experience problems with specialized

approach would decrease some of the distribution issues that arise, the three different types of gasoline in use under this scenario would still not be completely interchangeable across all the markets.

A national fuel standard would create a gasoline that could be sold in any market of the country. Various regions of the United States have experienced dramatic price spikes during periods of time when supplies of fuel were temporarily constrained. One of the reasons that prices increased so quickly is because fuel supplies from adjacent markets could not be used to cover the shortfall. Instead, adequate supplies had to be obtained from more distant locations. A national fuel standard would ensure that this situation was not repeated. If California RFG specifications were adopted throughout the nation, air quality benefits would be maintained and actually increased.

Both approaches would come at a cost to refiners and consumers. It is also likely that refinery capacity would decline because some refiners will be unwilling to make the necessary investments or unable to obtain the financing to modify their facilities. Decreased refinery capacity, coupled with increasing fuel demand would require additional imports of finished gasoline and blending components. Foreign sources of these types of refined products are currently not readily available and can be expensive.

Finally, if other regions of the country eliminate the use of MTBE or an ethanol mandate is legislated for all gasoline in the nation, supplies of ethanol could be inadequate. California alone will require up to 50 percent of current U.S. ethanol capacity. These additional demands for other uses will cause ethanol prices to be even higher, increase the probability that supplies of ethanol will be inadequate and cause fuel prices to rise.

#### **Conclusion**

In conclusion, now is the time to establish a transportation fuel policy that will preserve and enhance the environmental and public health advancements we have made while protecting consumers from unreasonable price volatility and fuel shortages. Providing California a waiver from the Federal oxygenate requirement would provide the flexibility to meet our mutual environmental and public health mandates without sacrificing consumers to shortages in supply and outrageous costs. Establishing a national fuel specification could expand these benefits to all consumers regardless of where they live. I appreciate the opportunity to appear before you today.

Would you like a copy of the full hearing record for this hearing?



**COMMENT LETTER NO. 6**  
**LETTER FROM ADAMS, BROADWELL, JOSEPH & CAROZO**

Katherine S. Poole  
July 25, 2001

**Response 6-1**

The construction emissions for the proposed project, including the pipeline construction, have been revised in the Final EIR. See Responses 5-50, 5-56 and 5-59 regarding pipeline construction emissions. The emission inventory referenced in this comment relies on the data from the Pacific Pipeline Project, which included laying a 20-inch pipeline from the Santa Barbara County to the Wilmington area. The construction of this pipeline was much more complicated than the pipeline proposed by Ultramar as its route included hills, crossing streams, cut and fill in currently undeveloped areas, trenching through heavily developed areas, and so forth. The Ultramar pipeline is confined to industrial areas that have already been graded. So a comparison of the two pipeline construction schedules is inappropriate.

**Response 6-2**

The emission benefits associated with implementation of the CARB Phase 3 fuel requirements are identified in the EIR (see Table 5-3) and assume the use of ethanol in the CARB Phase 3 fuels. Therefore, the CARB Phase 3 requirements, including the use of ethanol, are expected to provide emission benefits. CARB data indicates that emissions reductions greater than those reported in Table 5-3 would be expected for NO<sub>x</sub> and VOCs emissions if the U.S. EPA waives the federal oxygenate requirement (CARB, 1999). The U.S. EPA has denied the request by California to waive the federal oxygenate requirement and the State of California has sued the U.S. EPA over this denial. It is currently required by federal law to use a minimum of two percent oxygenate in gasoline and the analysis in the EIR includes this requirement. The EIR did not report the emission benefits associated with the CARB Phase 3 fuels without ethanol since this fuel would not comply with federal laws.

Mr. Willaim Keese appears to have been comparing CARB Phase 3 fuels with and without oxygenate which is consistent with the CARB data, i.e., additional emission benefits would be expected with the elimination of ethanol from fuels (CARB, 1999). Mr. Keese was not comparing CARB Phase 2 fuels to CARB Phase 3 fuels. The Draft EIR compares the emission benefits between the use of CARB Phase 2 and CARB Phase 3 fuels.

**Response 6-3**

The construction emissions for the proposed project, including the pipeline construction, have been revised in the Final EIR. See Responses 5-50, 5-56 and 5-59 regarding pipeline construction emissions. The emission inventory referenced in this comment relies on the data from the Pacific Pipeline Project, which included laying a 20-inch pipeline from the Santa Barbara County to the Wilmington area. The construction of this pipeline was much more complicated than the pipeline

proposed by Ultramar as its route included hills, crossing streams, cut and fill in currently undeveloped areas, trenching through heavily developed areas, and so forth. The Ultramar pipeline is confined to industrial areas that have already been graded. So a comparison of the two pipeline construction schedules is inappropriate. An accurate estimate of the equipment schedule associated with the Ultramar proposed project is provided in Appendix B on page B-3 of the Final EIR

#### **Response 6-4**

See Response 6-3 regarding the inventory of construction equipment. The construction equipment inventory includes air compressors, backhoes, bulldozers, compactors, cranes, dump trucks, flat bed trucks, front end loaders, hydrolifts, motor grader, pavers, pick up trucks, pile drivers, trenchers, water trucks and welders. This equipment is expected to be sufficient to construct the pipeline. See Responses 5-59 through 5-63 regarding PM10 emission calculations. Note that emissions from asphalt paving are not expected as the pipeline route is expected to be located in areas that have a dirt surface and will not require paving. Construction across major streets is expected may require boring of the pipeline, which eliminates the need to trench across the streets, and eliminates the traffic impacts associated with closing a major street for construction activities.

DABWORD:1936RTC3