

February 28, 2014

**SUBJECT: IMPORTANT INFORMATION FOR OWNERS OF ABOVEGROUND
GASOLINE STORAGE TANKS (AST)**

Dear Owner/ Operator,

The California Air Resources Board (CARB) staff has recently written a Regulatory Advisory for owners of ASTs. CARB staff is proposing amendments to their Board with limited exemptions for ASTs from Enhanced Vapor Recovery (EVR) Phase I requirements. To qualify for the proposed amendments tanks must be an existing/permitted installation, have a throughput of less than 18,000 gallons/year, and must **not** be located near a sensitive receptor.

Please read the enclosed Regulatory Advisory and follow its simple **9 STEP PROCESS** to determine whether your AST may qualify for an exemption from Phase I requirements.

The Board will make a final determination at their scheduled November meeting. Until then the Sacramento Metropolitan Air Quality Management District (SMAQMD) will honor the parameters described within the enclosed Advisory. If the CARB fails to amend the AST requirements, at that time you will be subject to the current requirements.

If you have any questions regarding your AST, you may call the SMAQMD Compliance Assistance Hotline at 916.874.4884.

Enclosure

Regulatory Advisory

February 28, 2014



Flexibility Provided to Owners and Operators of Aboveground Gasoline Storage Tanks (AST) Subject to 2008 AST Vapor Recovery Regulation

In November 2014, the California Air Resources Board (ARB or Board) will consider amendments to Enhanced Vapor Recovery (EVR) requirements for aboveground storage tanks (ASTs) storing gasoline, with the goal of improving cost effectiveness of the regulation while preserving its air quality benefits. This advisory describes circumstances in which AST owners and operators may be able to avoid unnecessary expenses when it is not cost-effective to upgrade vapor recovery equipment on existing ASTs. **Owners/operators are encouraged to contact their local air district to determine applicable requirements for their AST, as current district rules may require the use of SLC, Phase I, and/or Phase II systems on ASTs.**

Background:

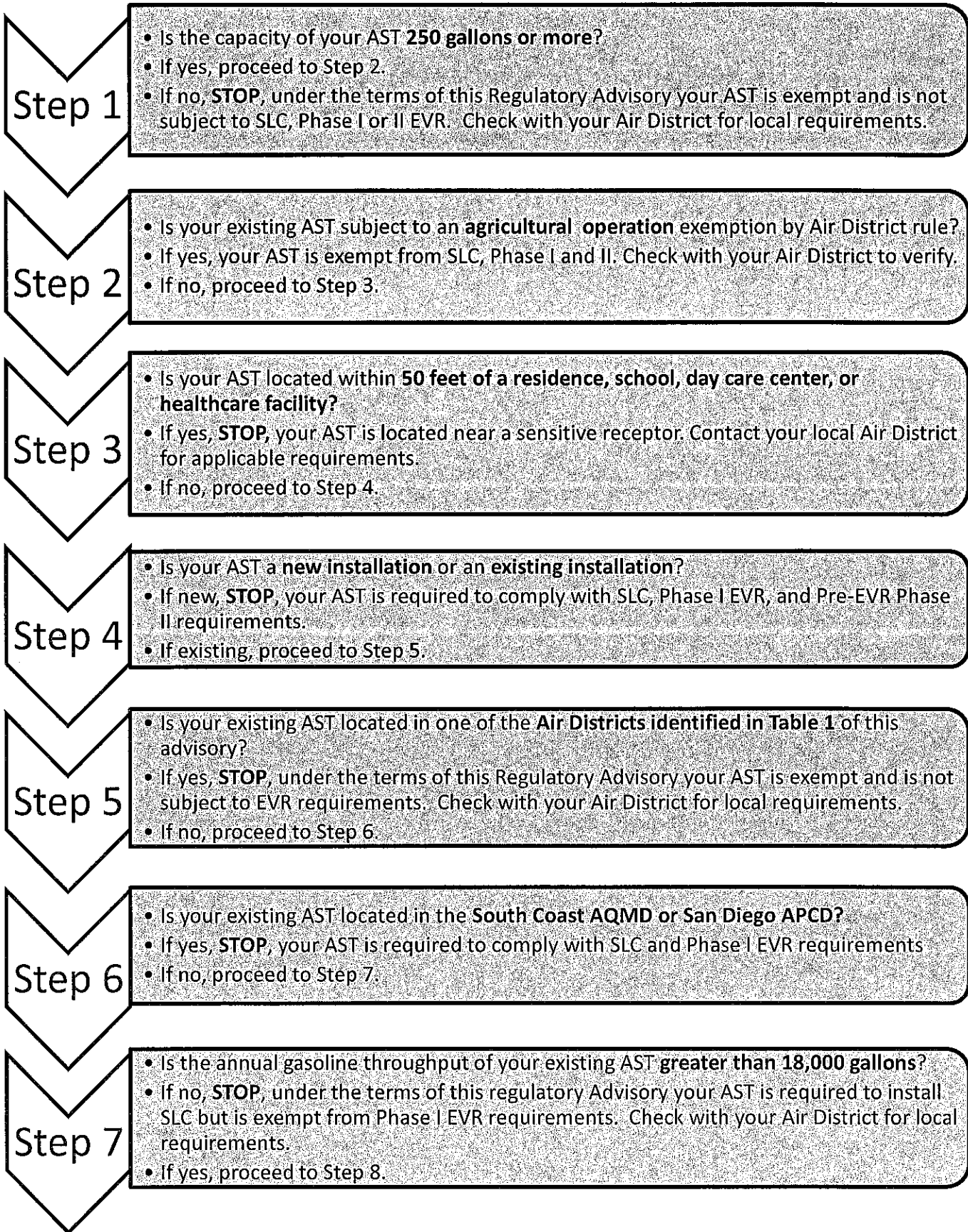
In 2008, the Board adopted statewide Enhanced Vapor Recovery (EVR) standards¹ to reduce air pollution from AST. Pursuant to provisions in Health and Safety Code section 41956.1 owners and operators of AST are required to install EVR equipment to reduce the emission of gasoline vapors caused by daily changes in ambient temperature and exposure to sunlight (Standing Loss Control, or SLC) as well as vapors that are emitted during the transfer of gasoline from the cargo tanker to the AST (Phase I) and then from the AST to the motor vehicle (Phase II). Under the statewide regulation, *new* AST have been required to have SLC equipment since April 1, 2009 and Phase I equipment since July 1, 2010. For *existing* AST located in state ozone non-attainment areas, SLC has been required since April 1, 2013 and Phase I equipment is required by July 1, 2014. Installation deadlines for Phase II equipment have not yet been established due to a lack of certified equipment.

Based on recent analysis, ARB has determined that in some situations the costs associated with implementation of Phase I equipment are higher than originally anticipated, particularly for AST with low gasoline throughput which are in many cases located in rural areas. To allow for more cost-effective implementation of AST EVR requirements, ARB staff will ask the Board at a public hearing scheduled for November 2014 to consider regulatory amendments that would exempt certain ASTs from compliance with SLC and Phase I requirements. In the interim, to ensure that owners/operators do not unnecessarily expend funds to upgrade ASTs that could ultimately be exempt under the amendments that ARB staff will be proposing, ARB will request the air districts to not enforce the July 1, 2014 compliance deadline for those AST owners/operators who may not be required to comply under the **9 STEP PROCESS** laid out in this Regulatory Advisory.

Anticipated Regulatory Changes:

Please be advised that while ARB staff anticipates proposing amendments similar to this Regulatory Advisory at the Board's regularly scheduled November 2014 meeting, the changes will not be finalized until adopted by the Board. As such, the final scope and applicability of the amendments may change as ARB staff assesses the emission, risk, and economic impacts and conducts public workshops at various locations throughout the State. In the event that the final adopted amendments differ from those identified above, AST owners/operators will be provided additional time to come into compliance with the regulation. The compliance timeline will be specified in the adopted amendments.

¹ Title 17, California Code of Regulations, Section 94016



(9 STEP PROCESS Continued on Next Page)

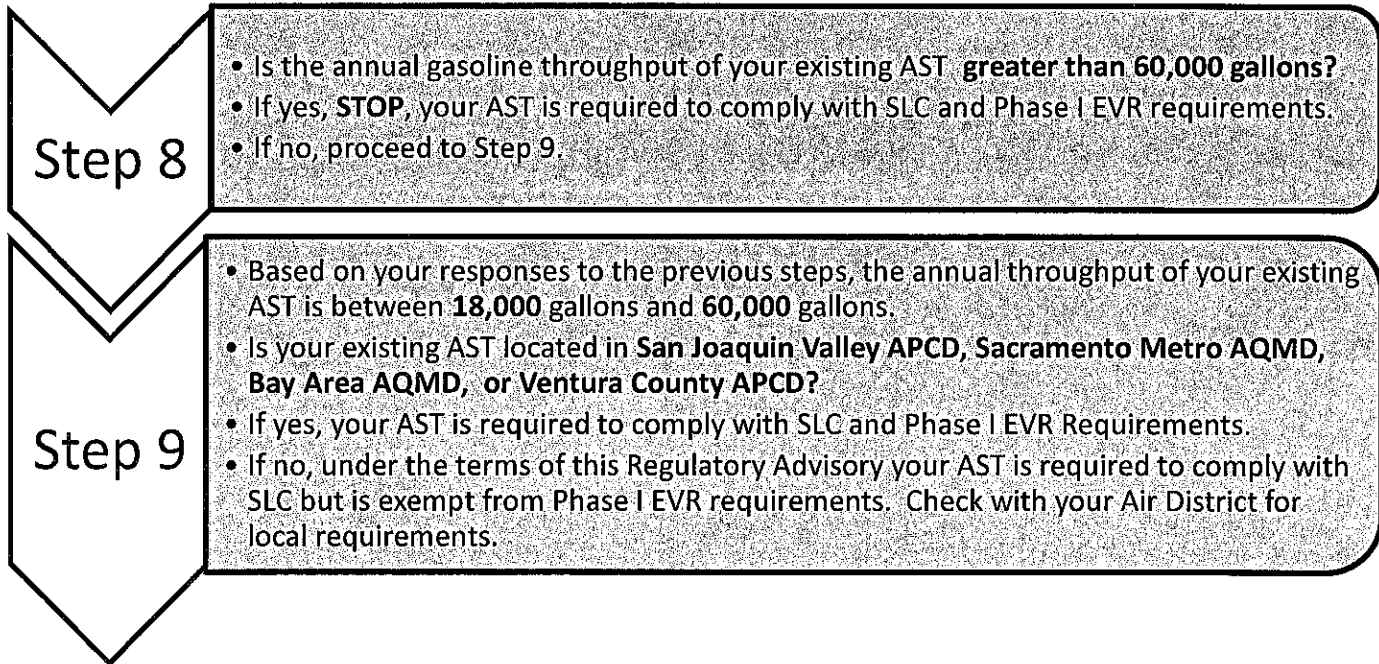


Table 1: Air Districts Which Are Exempted from EVR Requirements for AST:

Air District ²		
Amador County APCD	Colusa County APCD	Glenn County APCD
Great Basin Unified APCD	Lake County AQMD	Lassen County APCD
Mendocino County AQMD	Modoc County APCD	Monterey Bay Unified APCD
North Coast Unified AQMD	Northern Sierra AQMD	Northern Sonoma County APCD
Shasta County APCD	Siskiyou County APCD	
Tehama County APCD	Tuolumne County APCD	

Contact Information:

For further information about AST vapor recovery requirements, sensitive receptors, exemptions for agricultural operations, and how to calculate annual throughput, please contact your local Air District. Air District contact information is available at <http://www.arb.ca.gov/vapor/EVR%20District%20Contacts%202012.pdf>.

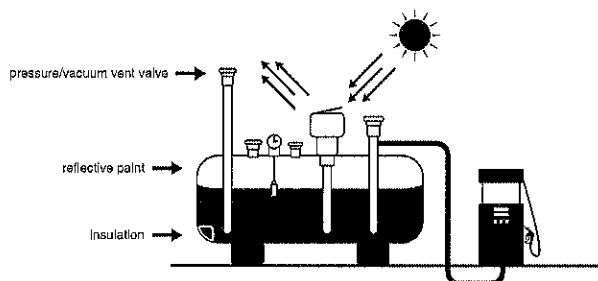
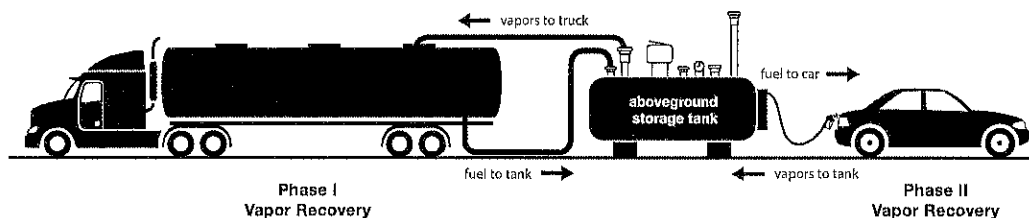
For further information about ARB's Enhanced Vapor Recovery program for aboveground gasoline storage tanks, please visit <http://www.arb.ca.gov/vapor/vapor.htm> or call 916-327-0900.

² A map of California's air districts is available at <http://www.arb.ca.gov/capcoa/dismap.htm>

REGULATORY ADVISORY

Aboveground Storage Tanks**What is Aboveground Storage Tank (AST) Enhanced Vapor Recovery (EVR)?**

The California Air Resources Board has adopted a program to control vapor emissions from ASTs that store gasoline and are located in ozone non-attainment areas. AST owners/operators are required to install equipment to reduce gasoline vapors emitted from vent valves on ASTs as a result of changes in outdoor temperatures and exposure to sunlight (a control measure known as Standing Loss Control or SLC), as well as vapors emitted during the transfer of gasoline from the cargo tanker to the AST (Phase I) and from the AST to the motor vehicle (Phase II).

Standing Loss Control**Phase I and Phase II Vapor Recovery****Why was the AST EVR Regulatory Advisory issued?**

Current vapor recovery rules require that all ASTs in areas that are not in attainment with state ozone standards must meet SLC requirements by July 1, 2013, and all existing ASTs must install new vapor control equipment (a Phase I EVR system) by July 1, 2014. ARB staff has determined that, for certain smaller ASTs, a Phase I EVR system may not be necessary or cost effective. In November 2014, ARB staff will present the Board with proposed amendments to the current AST EVR rules with the goal of improving cost-effectiveness of the regulation while retaining necessary emission reductions. The advisory is an interim measure intended to prevent AST owners/operators from unnecessarily installing Phase I EVR systems when it may not be required under a final November 2014 AST EVR rule amendment.

Who will be affected by the AST EVR Regulatory Advisory?

The Regulatory Advisory has been tailored to maximize emission reductions where they are most needed, and to provide relief in areas of the state where the need for additional emission reductions is not as critical. The Regulatory Advisory provides relief for ASTs located in areas of California that are in attainment with federal, but not state, ozone standards. It also provides relief for certain ASTs that dispense only a limited amount of gasoline each year and are in rural areas or areas that suffer from only marginal ozone non-attainment. AST operators can refer to the 9-step process in the Regulatory Advisory to determine whether relief is provided for their AST.

What impact will the AST EVR Regulatory Advisory have on regional air quality?

Overall, more than 99% of the emissions reductions that are projected to be achieved in non-attainment areas under current EVR requirements will be retained under the Regulatory Advisory. ARB is working with districts to identify cost-effective offsets that could be used to make up the remaining ~1% of projected emissions reductions that would be lost under the Regulatory Advisory (approximately 0.01 tons per day statewide). The current AST EVR program is projected to reduce emissions by about 2 tons per day statewide. SLC accounts for 89% of those projected reductions and Phase I EVR accounts for 5.5%. The Regulatory Advisory proposes no change to SLC requirements in non-attainment areas, and it will retain about 94% of the projected emission reductions from Phase I EVR.

What impact will the AST EVR Regulatory Advisory have on near-source risk?

AST facilities are generally located in remote areas, away from population centers. This helps to minimize the near-source exposure risk they pose to public health. In addition, the Regulatory Advisory includes a provision that there will be no relaxation of requirements for ASTs located near more populated places such as schools, health care facilities and residences.

What are the benefits of the AST EVR Regulatory Advisory?

The Regulatory Advisory will result in a significant savings for thousands of AST owners who will not be required to install Phase I EVR systems. Preliminary ARB staff estimates show the savings to be an average of approximately \$750 per year for each affected tank. These savings would apply to just more than half of all of California's ASTs.

What are the next steps in the AST EVR regulatory process?

ARB staff will work with local air districts and interested parties to refine emissions and cost estimates, and to develop final proposed rule amendments to be presented to the Board in November 2014. Public workshops will be scheduled, and there will be other opportunities for interested parties to provide input throughout the process.

What happens if the final rule amendment differs from the terms of the AST EVR Regulatory Advisory?

AST owners/operators will be required to comply with the final rule amendment. In the event an amended regulation differs from terms laid out in the Regulatory Advisory, the final rule would specify additional time for affected ASTs to come into compliance.

For More Information

For further information about ARB's Enhanced Vapor Recovery program for aboveground gasoline storage tanks, visit www.arb.ca.gov/vapor/vapor.htm or call 916-327-0900.

To obtain this document in an alternative format or language please contact the ARB's Helpline at (800) 242-4450 or at helpline@arb.ca.gov.
TTY/TDD/ Speech to Speech users may dial 711 for the California Relay Service.