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6	Attorneys for Petitioners
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8	BEFORE THE ADMINISTRATOR
9	UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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11	IN THE MATTER OF PROPOSED TITLE V BAAQMD Application No. 16461
2	PERMIT ISSUED TO CHEVRON PRODUCTS COMPANY FOR ITS
3	PETROLEUM REFINERY LOCATED IN RICHMOND, CALIFORNIA
4	ISSUED BY THE BAY AREA AIR
5	QUALITY MANAGEMENT DISTRICT
6	Plumbers and Steamfitters Union Local 342, Heat and Frost Insulators/Asbestos Workers Local 16, the International Brotherhood of Electrical
7	Workers Local 302, the Boilermakers Union Local
8	549 and the Laborers Union Local 324, Petitioners
9	PETITION REQUESTING THE ADMINISTRATOR TO OBJECT TO THE
20	PROPOSED ISSUANCE OF THE PROPOSED TITLE V OPERATING PERMIT FOR
21	CHEVRON'S RICHMOND REFINERY
22	INTRODUCTION
23	The Clean Air Act's Title V program exists to provide a "comprehensive State air quality
24	permitting system" and to create a permit that "assures compliance by the source with all applicable
25	requirements." 40 C.F.R. 70.1(a); 40 C.F.R. 70.1(b). Chevron's proposed Title V permit defies this
6	purpose both by its plain terms and by its omissions. The Permit fails to include all applicable
27	requirements and distorts many of the requirements it does include. By accepting Chevron's
8.	incomplete and inaccurate application without performing its own compliance investigation, the
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permitting agency turned a blind eye to other applicable requirements, such as preconstruction review, thereby issuing an inadequate Title V permit to the company.

Under the Clean Air Act § 505(b)(2), 42 U.S.C. § 7661(d) (b)(2), Petitioners hereby request that the Administrator object to the Bay Area Air Quality Management District's ("BAAQMD" or "District") issuance of a proposed Title V Major Facility Review Permit ("Proposed Permit") to Chevron Products Company ("Chevron") for its refinery in Richmond, California. The EPA received the proposed Title V permit from the BAAQMD on August 13, 2003. EPA's 45-day review period of the permit ended on September 26, 2003, making this petition timely because it is filed within sixty days of the expiration of EPA's 45-day review period. See Clean Air Act § 505(b)(2). Under the Clean Air Act, the Administrator must render a decision granting or denying this petition within sixty days after it is filed. Id. This petition is based on issues petitioners raised during the public comment periods for the draft and proposed permits.

#### **PETITIONERS**

Petitioners Plumbers and Steamfitters Union Local 342, the International Brotherhood of Electrical Workers Local 302, the Boilermakers Union Local 549, Heat and Frost Insulators/Asbestos Workers Local 16 and the Laborers Union Local 324 (collectively, "the Unions") construct and maintain commercial, residential and industrial projects, primarily in the vicinity of Contra Costa County. They are concerned with sustainable land use and development in Contra Costa County. Poorly operated and environmentally detrimental projects may jeopardize future jobs by making it more difficult and more expensive for business and industry to expand in the region, and by making it less desirable for businesses to locate and people to live there. Continued degradation can, and has, caused construction moratoria and other restrictions on growth in the County that, in turn, reduce future employment opportunities. Additionally, workers themselves live in the communities that suffer the impacts of environmentally detrimental projects. Union members breathe the same polluted air that others breathe and suffer the same health and safety impacts. Finally, union members are concerned about projects that carry serious environmental risks without providing countervailing

employment and economic benefits to local workers and communities. Therefore, Petitioners and their members have a strong interest in enforcing environmental laws such as the federal Clean Air Act<sup>2</sup> ("CAA" or "the Act").

### APPLICANT – CHEVRON PRODUCTS COMPANY

Chevron operates a petroleum refinery in Richmond, California ("Refinery"). The refinery emits a variety of pollutants, including, but not limited to, volatile organic compounds ("VOCs"), nitrogen oxides ("NOx"), and sulfur dioxide ("SO2"). The emissions from the Chevron Refinery have varying levels of toxicity and concentrations, and include some of the most toxic chemicals known to science. The Refinery is a major facility required to obtain an operating permit under Title V of the 1990 Clean Air Act Amendments, the Federal Operating Permit Program and District's Regulation 2, Rule 6 - Major Facility Review.

### **GROUNDS FOR OBJECTION**

Petitioners request that the Administrator object to the proposed Title V permit for the Chevron Richmond refinery because, as explained below, it does not meet the requirements of 40 C.F.R., Part 70. In particular, the EPA has identified numerous applicable requirements that are not included in the permit, Petitioners have identified numerous applicable requirements that are not included in the permit, and various other inaccuracies and inconsistencies must be corrected before a final permit may be issued by the BAAQMD.

# A. THE EPA HAS IDENTIFIED APPLICABLE REQUIREMENTS THAT ARE NOT INCLUDED IN CHEVRON'S PROPOSED TITLE V PERMIT, CREATING A NON-DISCRETIONARY DUTY TO OBJECT

Under the Clean Air Act "If any permit contains provisions that are determined by the Administrator as not in compliance with the applicable requirements of this chapter, including the requirements of an applicable implementation plan, the Administrator *shall* . . . object to its issuance." Clean Air Act, § 505(b)(1) (emphasis added). The Second Circuit Court of Appeals

<sup>&</sup>lt;sup>2</sup> 42 U.S.C. § 7401 et seq.

"Administrator shall issue an objection." NYPIRG v. EPA, 321 F.3d 316, 333 (2003); see also Clean Air Act § 505(b)(2)(emphasis added); see also 40 C.F.R. § 70.8(c) (EPA's own regulation, which states that the EPA "will object to the issuance of any proposed permit" if the EPA determines it violates an applicable requirement). In the NYPIRG case, the petitioner's claim that the public notice procedure was flawed formed an adequate basis to force the EPA to object to the permit. NYPIRG v. EPA, 321 F.3d at 332-333. In response to the EPA's claim that the inadequate public notice procedure constituted "harmless error" -- a determination the agency claimed to be within its discretion -- the Court explained that "this argument blurs the important distinction between the discretionary part of the statute (whether the petition demonstrates non-compliance) with the non-discretionary part (if such a demonstration is made, objection must follow)." NYPIRG v. EPA, 321 F.3d at 333. In short, when the EPA finds that a proposed permit fails to comply with Title V, the agency must issue an objection to that permit. Id.

The most important mandate of Title V is that permits issued under its authority contain "all applicable requirements." 40 C.F.R. 70.1(a); 40 C.F.R. 70.1(b). Here, the EPA has identified numerous provisions in Chevron's proposed Title V permit that are not in compliance with applicable requirements for the refinery. See Exhibit A, "EPA Review of Three Proposed Refinery Title V/ Major Facility Review Permits." Specifically, the EPA found many significant inconsistencies and omissions in Chevron's proposed Title V permit. Although the EPA's attached comments (Exhibit 1) provide an in-depth discussion of inadequacies in the Proposed Permit, a summary of some of the issues raised in those comments is provided below. Petitioners do not waive any issues raised in the EPA's comments by failing to mention them below, but merely highlight some of the most egregious omissions:

### 1. Combustion Units

The EPA found that the permit does not include all applicable requirements for combustion units. Specifically, the daily throughput limit for S-4044, as listed on page 40 is inconsistent with the current limit for that source. *See* Exhibit A, Enclosure C, p.1.

### 2. Cooling Towers

The EPA found that the permit does not include all applicable pollution control and monitoring requirements for cooling towers. Specifically, the Proposed Permit does not subject Source 4329 to the requirements of other cooling towers and does not provide an explanation for this inconsistency. See id. Furthermore, sources 4018, 4179 and 4074 are improperly omitted from "the applicable requirements on page 138" of the Proposed Permit. *See* id. Finally, the Proposed Permit improperly exempts certain cooling towers from monitoring requirements without providing reliable emissions data and calculations revealing the compliance status of those units. *See* id at p.1-2.

# 3. Emissions Caps

In its comments, the EPA found that the permit contains confusing and otherwise inappropriate language with respect to emissions caps. See id at 2. For example, although the burning of fuel oil is prohibited, the EPA noted that the Proposed Permit improperly contains conditions for burning fuel oil. See id at 2. The EPA further notes that the monitoring provisions for sources subject to the cap are unclear. See id at 3.

#### 4. Flares

The EPA found that the permit contains an improper flare exemption from BAAQMD Regulation 8-2, thereby failing to include all applicable requirements. See id at 3. The EPA also found that the permit fails to identify parts 1 and 2 of condition 18656 as federally enforceable and fails to indicate whether source S-6004 is in operation. See id at 3.

# 5. Fluid Catalytic Cracking Unit

The EPA found that the permit improperly omits 6 separate new source performance standard ("NSPS") requirements for source S-4285. *See* id at 3.

## 6. Permit Shield

The EPA found that federal regulations 40 CFR 60.482-7(g) and 40 CFR 61.242-7(g) are

improperly subsumed by BAAQMD Regulations in the Proposed Permit. Finally, Table IX-A-2 improperly identifies applicable subsumed requirements as "non-applicable requirements." Id at 4.

### Storage Tanks

The EPA found that for storage tanks subject to NSPS, the frequency specified for inspections of the secondary seal rim is not consistent with federal requirements calling for inspections on an annual basis, that the Proposed Permit fails to indicate that several sources are subject to Condition #20773, and that the permit contains a discrepancy in listing the requirements that apply to Cluster 02. *See* id at 4. Furthermore, the permit fails to identify conditions 4233, 12580 and 18137 as federally enforceable. Finally, various monitoring requirements for storage tanks are improperly omitted or inaccurately and inadequately described in the permit. *See* id at 5.

### 8. Sulfur Treatment Emissions

The EPA found that the Proposed Permit improperly fails to indicate that the requirements for 9-1-313, 9-1-313.2, 1-522 and 1-522.7 for units S-4227, S-4228 and S-4229 are federally enforceable. See id at 5.

### 9. VOC Component Fugitives

The EPA found that Chevron's Proposed Permit mischaracterizes or lacks applicable requirements from 40 CFR Part 60, Subpart A, from 40 CFR Part 63, Subpart A, from 40 CFR Part 61, Subpart FF, from 40 CFR Part 60 Subpart QQQ, from 40 CFR Part 60 Subpart VV, and from 40 CFR Part 61, Subpart V, among others. *See* id at 5-7, 8-9.

For gasoline dispensing facilities, the EPA found that the permit contains improper ambiguity in determining the applicability of 40 CFR Part 63 Subpart CC to source 9304. The EPA further found that the Proposed Permit improperly omits the applicable requirements of 40 CFR 63 subpart Y for sources 4315, 9321, 9322, 9323, 9324, 9325, and 9326. Next, compliance with BAAQMD Reg. 8-44-305 was improperly omitted from the Proposed Permit as an applicable requirement for loading terminals. According to the EPA's own findings, the federal enforceability of condition 8869 is improperly ambiguous in the Proposed Permit.

Finally, the Proposed Permit improperly omits and mischaracterizes monitoring for fugitive sources.

#### 10. General Concerns

The EPA has provided a list of general comments on the Proposed Refinery Title V permits for the San Francisco Bay Area. These general concerns include, but are not limited to: failure to mark all federally enforceable requirements as federally-enforceable, failure to impose the correct applicable requirements for flares, failure to include the monitoring required for flares, failure to include applicable MACT requirements in the proposed permits and the improper inclusion of permit shields in the proposed permits. *See* Exhibit 1, Enclosure A, p. 1-4

In light of the EPA's explicit findings of failure to include all applicable limits, the agency had a non-discretionary duty to object to Chevron's Proposed Permit by the end of its 45-day review period, September 26, 2003. Clean Air Act, § 505(b)(1); see also 40 C.F.R. § 70.8(c); see also NYPIRG v. EPA, 321 F.3d at 333. Because the EPA failed to perform this nondiscretionary duty, Petitioners submit this petition to request that EPA cure this deficiency and object to the permits now.

# B. BY THE DISTRICT'S OWN ADMISSION, CHEVRON'S PERMIT IS NOT IN COMPLIANCE WITH TITLE V, REQUIRING OBJECTION BY THE EPA

The Clean Air Act states that the EPA "shall issue an objection within [60 days] if the petitioner demonstrates to the Administrator that the permit is not in compliance with the requirements of this chapter." See Clean Air Act, § 505(b)(2); 42 U.S.C. § 7661(d) (b)(2). As explained below, Petitioners and other commenters demonstrated that Chevron's Proposed Permit is not in compliance with the requirements of the Clean Air Act during the public comment period provided by the District. In response, the District actually admitted to the existence of some inadequacies while ignoring most of the issues raised by Petitioners. Based on the District's admissions alone, the EPA must object to Chevron's Proposed Permit. See id.

While the District did address some of the issues raised by Petitioners and other commenters in the Proposed Permit, the vast majority of Petitioners' concerns remain uncured. For that reason, Petitioners incorporate by reference all the issues raised during the public comment period as the basis for this petition. Two sets of comments submitted by Petitioners in response to the draft and proposed permits are attached to this letter as Exhibits 2 and 3. Comments submitted by Communities for a Better Environment and Our Children's Earth are incorporated into this petition by reference and

attached hereto as Exhibits 5-8.

Although the various comments provide an in-depth discussion of inadequacies in the Proposed Permit, a summary of some of the issues raised in those comments is provided below. Petitioners do not waive any issues raised in the prior comments by failing to mention them below, but merely highlight some of the most egregious omissions.

# 1. The District Admits that Chevron's Permit Is Not Supported By a Complete Application

EPA's regulations provide specific criteria for determining the adequacy of a facility's application. See, generally, 40 C.F.R. § 70.5(c). Those informational requirements include, but are not limited to, a list of all sources in the permit application, stack discharge points, description of fuels, fuel use, raw materials, production rates and operating schedules, detailed information on air pollution control equipment and monitoring devices, dates when emission sources and air pollution control equipment were last installed and modified, calculations, input assumptions to the calculations and sufficiently detailed process production rate and throughput capacities which would be required to support other quantitative aspects of the facility's application, emission estimates from all significant sources, and a compliance statement. See id. In its Response to Comments on the Draft Permit (Exhibit 4, p.9-11), the BAAQMD admits that Chevron failed to comply with these application adequacy requirements. The agency dismisses commenters' concerns related to permit adequacy simply by stating that an incomplete application does not affect the adequacy of the permit. Of course, as explained by our September 22, 2003 comments, attached as Exhibit 3 application adequacy requirements are separate and independent provisions of the Title V program that demand strict compliance.

Next, under the implementing regulations for Title V, applicants must certify the accuracy of the information contained in their applications. 40 C.F.R. § 70.5(d). Petitioners discussed the refinery's failure to provide legally compliant certifications in their draft permits as a problem that renders Chevron's application legally inadequate. See Petitioners' September 22, 2003 Comments, Exhibit 3. This defect has not been cured.

Finally, as explained in Petitioners attached comments, the public process for the permit was

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Petitioners access to all documents relevant to the permitting action. And, in violation of 40 CFR § 70.2 and 40 CFR § 70.8(c)(3), the District failed to provide the public and the EPA with a copy of the Permit it proposes to make final. Instead, the District merely provided the public with a draft of the permit, which is subject to change, according to the EPA's own admission: "We understand that the District intends to propose additional refinery Title V permit revisions in the near future, and we will continue working cooperatively with the District during these revisions." See Exhibit 1, September 26, 2003 letter from Gerardo C. Rios to Mr. Steve Hill. These flaws in the public process are strikingly similar to the *NYPIRG* case where the petitioner was denied an adequate opportunity to request a public hearing. The EPA's admission of this flaw was sufficient to require the agency to object in that case. *NYPIRG* v. EPA, 321 F.3d 316, 333 (2003).

# 2. The District Admits that the Permits Do Not Incorporate The Correct HAP Standard

The District's Responses admit that under BAAQMD Rule 2-6-210, the significance thresholds for Hazardous Air Pollutants (HAPs) is 400 pounds per day, but that the permits incorrectly lists the significance threshold for those pollutants at 1000 pounds per day. Exhibit 4 at 9. As a result of this mistake, the District failed to require the listing of all significant sources of HAPs in Chevron's Proposed Permit. The Responses fail to provide an explanation for this inconsistency and further fail to correct this mistake. This District-admitted inconsistency with Title V means that the EPA must object to Chevron's permit. See Clean Air Act, § 505(b)(2); 42 U.S.C. § 7661(d) (b)(2).

# 3. The District Admits that the Proposed Permit Does Not Assure "Continuous Compliance," In Violation of Title V

Part 70 creates a legal distinction between continuous compliance and intermittent compliance. As part of the requirements for compliance certification, Part 70 permits must include the "status of compliance with the terms and conditions of the permit for the period covered by the certification, including whether compliance during the period was continuous or intermittent." 40 CFR 70.6 (c)(5)(C). Non-continuous compliance therefore affects the compliance status of the source under Part 70.

Furthermore, the courts have made clear that Title V requires continuous compliance. "[Title V's] monitoring and testing requirements ensure that sources *continuously* comply with emission standards." *Utility Air Regulatory Group v. Environmental Protection Agency*, 320 F.3d 272, 275 (D.C. Cir. 2003) (emphasis added). In its Response to Comments, the District admits that "[c]ompliance by the refineries with all District and federal air regulations will not be continuous." *See* Exhibit 4, p.15. The District further states that the Proposed Permit can assure only "reasonable intermittent compliance" with the applicable requirements for the refinery, rather than consistent compliance with applicable requirements. *See* id. Because the District admits that the Proposed Permit does not ensure continuous compliance with emission standards, the EPA must object to the Proposed Permit for failing to include all applicable requirements.

# C. PETITIONERS HAVE SHOWN THAT CHEVRON'S PERMIT IS NOT IN COMPLIANCE WITH TITLE V, REQUIRING OBJECTION BY THE EPA

 The Proposed Permit Does Not Cure Chevron's Failure to Obtain All Legally-Required Preconstruction Review Permits

According to the EPA's own interpretation of its Title V regulations:

Under 40 CFR § 70.1(b), "all sources subject to Title V must have a permit to operate that assures compliance by the source with applicable requirements." Applicable requirements are defined in 40 CFR § 70.2 to include: "(1) any standard or other requirement provided for in the applicable implementation plan approved or promulgated by EPA through rulemaking under Title I of the [Clean Air] Act...." Such applicable requirements include the requirement to obtain preconstruction permits that comply with preconstruction review requirements under the Act, EPA regulations, and State Implementation Plans ("SIPs"). See generally CAA § § 110(a)(2)(C), 160-169, &173; 40 CFR §§ 51.160-66 & 52.21.

In the Matter of Pacific Coast Building Products, Order Responding to Petitioner's Request That the Administrator Object to the Issuance of a State Operating Permit, p.7 (December 10, 1999) (emphasis added).

As Petitioners discussed in their attached comments, there are at least 40 sources at the Chevron refinery that have dramatically increased their emissions without the necessary New Source Review permits, just one category of preconstruction review required by the Clean Air Act. These preconstruction review anomalies must be resolved in Chevron's Title V permit. Rather than

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investigate and resolve Chevron's failure to obtain the required preconstruction review permits, the District simply responded with the following: "there is *no advantage* to holding the Title V permit in abeyance while compliance issues are investigated and resolved." Exhibit 4 at 6 (emphasis added).

Of course, the advantage would be that a proper permit would comply with the law and would require Chevron to install the proper pollution control technology – one of the fundamental goals of the Clean Air Act. As explained in Petitioners' attached comments, resolution of those compliance issues is a basic condition of permit adequacy under the Clean Air Act. 40 C.F.R. § 70.5(c)(8)(iii)(C).

Petitioners therefore reiterate the need to resolve all areas of noncompliance with the preconstruction review provisions of the Clean Air Act identified in their attached comments on Chevron's draft and

# 2. The Proposed Permit Does Not Assure Compliance with the Clean Air Act's New Source Review Requirements

Under the Clean Air Act's Title V program the District must create a permit that "assures compliance by the source with all applicable requirements." 40 C.F.R. 70.1(a); 40 C.F.R. 70.1(b). As Petitioners mentioned in their original comments attached to this petition, the District offers "thresholds" for grandfathered units that are baseless. Oddly, the language in the Proposed Permit is even more ambiguous than the language contained in the draft permit. In the draft permit, the throughput levels were meant to be presumptive limits, thereby providing at least some level of predictability with respect to enforcement action. Still, as Petitioners explained in their original comments, the unjustified increases in throughput levels trigger the Act's New Source Review ("NSR") provisions, since they carry the potential for significant emission increases from the refineries. Because the District failed to impose NSR requirements associated with the inflated throughput levels, those comments still stand.

# In Violation of Title V, The Proposed Permit Does Not Assure Compliance With Regulation 9-10

According to District records, Chevron has experienced a pattern of excess emissions from sources subject to Regulation 9-10. See Exhibit 9. Emission limits for NOx contained in District Regulation 9-10 are "applicable requirements" for purposes of Title V under the EPA's approved

definition of "applicable requirements" in the District's Title V implementation program. See District Regulation Reg. 2-6-202 (stating that "Applicable Requirements" include "air quality requirements with which a facility must comply pursuant to the District's regulations, . . . . " Emphasis added.) The EPA approved this definition of "applicable requirements" into California's State Implementation Plan on December 7, 2001 (66 FR 63503). SIP provisions are enforceable under Title V. 40 C.F.R. § 70.2.

In violation of Title V and the Clean Air Act, the Proposed Permit does not reveal Chevron's pattern of non-compliance with Regulation 9-10 nor create a schedule of compliance for those noncompliant units discussed in Exhibit 9. See 40 C.F.R. § 70.6(c)(3) and 40 C.F.R. § 70.5(c)(8).

Although this issue was not specifically raised in the comments submitted during the public comment period for the Proposed Permit, Petitioners just learned of these episodes of noncompliance in November of 2003, when the District released the public records demonstrating such noncompliance. Petitioners had requested the aforementioned documents during the public comment period, but the BAAOMD failed to produce the documents until this month. Thus, despite the exercise of reasonable diligence and through no fault of their own, Petitioners were not aware of these episodes of noncompliance during the public comment period, and it was impossible to raise them at that time. In light of this impossibility, it is appropriate to raise these issues for the first time in this petition under the Clean Air Act. See Clean Air Act § 505 (b)(2) (42 U.S.C § 7661(d) (b)(2).)

#### 4. **EPA Must Object Based on Deficiencies Raised By Other Commenters**

During the public comment period on the draft and proposed permits, Communities for a Better Environment and Our Children's Earth submitted comments detailing deficiencies in both versions. Commenters and the District provided the EPA with copies of those comments during the public comment period. Petitioners incorporate all issues raised in those comments, attached hereto as Exhibits 5-8, as independent grounds for this petition.

# 

### **CONCLUSION**

Based on the significant deficiencies in Chevron's Proposed Permit as discussed above, Petitioners respectfully petition the EPA to perform its non-discretionary duty to object to the Permit.

Respectfully submitted,

Dated: November 24, 2003

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