

AIR RESOURCES BOARD

2020 L STREET
P.O. BOX 2815
SACRAMENTO, CA 95812**Notice of Decision and
Response to Significant Environmental Issues**

Item: Notice of Public Hearing to Consider Amendments to the California
Phase 2 Reformulated Gasoline Regulations Including Amendments
Providing for the Use of a Predictive Model

Adopted by: Executive Order G-95-018
Signed: April 20, 1995

Approved by: Resolution 94-38

Agenda Item No.: 94-6-2


Public Hearing Date: June 9, 1994

Issuing Authority: Air Resources Board

Comment: No comments were received identifying any significant
environmental issues pertaining to this item. The Staff Report
identified no adverse environmental effects.

Response: N/A

Certified:


Artavia M. Edwards
Regulations Coordinator

Date:

21 Apr 95

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APR 21 1995

RESOURCES AGENCY OF CALIFORNIA

State of California
AIR RESOURCES BOARD

Executive Order G-95-018

WHEREAS, on June 9, 1994, the Air Resources Board (the Board) conducted a public hearing to consider the adoption of amendments to the California Phase 2 reformulated gasoline (Phase 2 RFG) regulations which allow the use of a predictive model to evaluate and approve alternative Phase 2 RFG formulations, and which modify several sections of the Phase 2 RFG regulations to facilitate their implementation;

WHEREAS, following the public hearing on June 9, 1994, the Board adopted Resolution 94-38, in which the Board approved the amendments to sections 2260, 2261, 2262.2, 2262.3, 2262.4, 2262.5, 2262.6, 2262.7, 2264 and 2270, and the adoption of sections 2264.2 and 2265, in Title 13, California Code of Regulations, as set forth in Attachment A thereto, and approved the adoption of the "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the California Predictive Model," as set forth in Attachment B thereto, with the modifications to the above amendments and incorporated document described in Attachment C thereto;

WHEREAS, Resolution 94-38 directed the Executive Officer (a) to incorporate into the approved amendments and incorporated document the modifications approved therein with other conforming modifications he finds to be appropriate, (b) to make the modified text available to the public for a supplemental written comment period of 15 days, and then (c) either to adopt the modified amendments with such additional modifications as may be appropriate in light of supplemental comments received, or to present the regulations to the Board for further consideration if he determines that this is warranted;

WHEREAS, the modified text of the amendments to sections 2260 through 2270 (including the adoption of sections 2264.2, 2264.4, and 2265) of Title 13, California Code of Regulations, and the modified text of the "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the California Predictive Model," with additional conforming revisions, and with the changes to the originally proposed texts clearly indicated, were made available to the public for a 15-day supplemental comment period ending March 21, 1995;

WHEREAS, five comment letters were received during the 15-day comment period, and the comments have been considered by the Executive Officer;

WHEREAS, Attachment A hereto contains the regulatory amendments and new sections that were made available for the 15-day supplemental comment period, with appropriate additional nonsubstantial modifications incorporated; and

WHEREAS, Attachment B hereto contains the text of the "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the California Predictive Model" that was made available for the 15-day supplemental comment period, with appropriate additional nonsubstantial modifications.

NOW, THEREFORE, IT IS ORDERED that the recitals and findings contained in Resolution 94-38 are incorporated herein.

IT IS FURTHER ORDERED, in accordance with Resolution 94-38 and Health and Safety Code sections 39515 and 39516, that the amendments to Title 13, California Code of Regulations, sections 2260, 2261, 2262.2, 2262.3, 2262.4, 2262.5, 2262.6, 2262.7, 2264 and 2270, and new sections 2264.2, 2264.4 and 2265, are hereby adopted as set forth in Attachment A hereto, and the "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the California Predictive Model," is hereby adopted as set forth in Attachment B hereto.

Executed this 20th day of April, 1995, at Sacramento, California.

Michael N. Shields
for James D. Boyd
Executive Officer

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RESOURCES AGENCY OF CALIFORNIA

State of California
AIR RESOURCES BOARD

Resolution 94-38

June 9, 1994

Agenda Item No.: 94-6-2

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorize the Air Resources Board (the Board or ARB) to adopt standards, rules and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 43018(a) of the Health and Safety Code, enacted by the California Clean Air Act of 1988, directs the Board to endeavor to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources in order to accomplish the attainment of the state ambient air quality standards at the earliest practicable date;

WHEREAS, section 43018(b) of the Health and Safety Code directs the Board no later than January 1, 1992 to take whatever actions are necessary, cost-effective, and technologically feasible in order to achieve, by December 31, 2000, a reduction in motor vehicle emissions of reactive organic gases (ROG) of at least 55 percent and a reduction of motor vehicle emissions of oxides of nitrogen (NOx), and the maximum feasible reductions in particulates (PM), carbon monoxide (CO), and toxic air contaminants from vehicular sources;

WHEREAS, section 43018(c) of the Health and Safety Code provides that in carrying out section 43018, the Board shall adopt standards and regulations which will result in the most cost-effective combination of control measures on all classes of motor vehicles and motor vehicle fuel, including but not limited to specification of vehicular fuel composition;

WHEREAS, Health and Safety Code section 43013 authorizes the Board to adopt and implement motor vehicle fuel specifications for the control of air contaminants and sources of air pollution which the Board has found to be necessary, cost-effective, and technologically feasible to carry out the purposes of Division 26 of the Health and Safety Code;

WHEREAS, following a public hearing on November 21-22, 1991, the Board approved regulations for Phase 2 reformulated gasoline (Phase 2 RFG), applicable to gasoline sold in California for use in motor vehicles beginning March 1, 1996; these regulations include a comprehensive set of specifications affecting eight different gasoline properties and are designed to ensure that in-use gasoline is a significantly cleaner-burning fuel;

WHEREAS, the Phase 2 RFG regulations require that, for each of the eight regulated properties, producers and importers meet either "flat" or, if available, "averaging" limits when their gasoline is supplied from the production or import facility, and require that gasoline at any point in the distribution system not exceed "cap" limits for the properties;

WHEREAS, in Resolution 91-54 approving the Phase 2 RFG regulations, the Board directed the Executive Officer to continue work on the development of a predictive model that could be used to certify a set of alternative specifications that could be met to satisfy compliance with the Phase 2 RFG requirements, and to schedule a future rulemaking hearing for the Board to consider adoption of the predictive model;

WHEREAS, the staff has proposed amendments to the Phase 2 RFG regulations which would provide producers and importers of California gasoline the option of using the "California Predictive Model" to establish alternative Phase 2 RFG specifications that could be met in lieu of the specifications set forth in the Phase 2 RFG regulations, and which would identify the procedures and requirements for such use;

WHEREAS, the amendments proposed by the staff would also make a number of other changes to the Phase 2 RFG regulations, including extending the dates for compliance with the cap limits so that they apply starting April 15, 1996, to sales of gasoline from all facilities except for bulk plants, retail outlets, or bulk purchaser-consumer facilities, and apply throughout the distribution system starting June 1, 1996; allowing more frequent switching between the flat and averaging limits; allowing producers and importers initially to report the estimated volume of gasoline in a batch subject to designated alternative limits; requiring California refiners to comply with the Phase 2 RFG producer limits when producing gasoline that will be offered for sale at an out-of-state terminal where the fuel is identified as gasoline suitable for sale in California; and inserting an additional significant digit (to a tenth of a percent) for all references to the aromatic hydrocarbon content values;

WHEREAS, the California Environmental Quality Act and Board regulations require that an action not be adopted as proposed where it will have significant adverse environmental impacts if feasible alternatives or mitigation measures are available which would substantially reduce or avoid such impacts;

WHEREAS, the Board has considered the impact of the proposed amendments on the economy of the state;

WHEREAS, a public hearing and other administrative proceedings have been held in accordance with the provisions of Chapter 3.5 (commencing with section 11340), Part 1, Division 3, Title 2 of the Government Code; and

WHEREAS, the Board finds that:

The California Predictive Model approved herein provides a technically sound means for determining the emissions impacts of alternative gasoline formulations in comparison to gasoline meeting the Phase 2 RFG specifications;

The regulatory amendments approved herein allowing the use of the California Predictive Model will provide producers and importers of California gasoline with additional flexibility and the opportunity to maximize production capabilities, better address conditions that may affect fuel supply, and reduce the operating costs of complying with the Phase 2 RFG regulations;

The amendments approved herein pertaining to the compliance dates for the "cap" limits will help provide for a smoother transition to Phase 2 RFG and help ensure that there is a continued adequate supply of gasoline in the state;

The other amendments approved herein will help gasoline producers effectively manage refinery operations and reduce burdens on small importers of gasoline;

The modifications to the California Predictive Model described in Attachment C hereto are necessary and appropriate to improve and simplify the Model;

The modifications described in Attachment C pertaining to limited extensions of the averaging period under the averaging compliance option are necessary and appropriate to afford additional flexibility in meeting the Phase 2 RFG requirements during the initial period of implementation;

No alternative has been identified to the Board which would be less costly than the amendments approved herein while being equally or more effective in achieving increments of air quality improvement in a manner that ensures full compliance with the statutory mandates in sections 43013 and 43018 of the Health and Safety Code;

While the Phase 2 RFG regulations approved herein are different from the reformulated gasoline regulations contained in the Federal Code of Regulations, the regulations approved herein are authorized by state law;

The ARB has worked with the United States Environmental Protection Agency and gasoline producers to effectively streamline the enforcement requirements of the federal reformulated gasoline regulations as they apply in California, and, as a result, the federal regulations exempt California producers from many of the federal enforcement

requirements from March 1, 1996 to January 1, 2000, as long as certain criteria are met; and

The amendments approved herein will not have any adverse impact on the economy of the state;

WHEREAS, the Board further finds that:

The amendments approved herein may result in a very small increase in emissions during March 1 to June 1, 1996 due to the extension of the cap limit compliance date for terminals, bulk plants, and service stations; however, any such emission increases would be insignificant because no changes are being made to the requirement that gasoline leaving production and import facilities must meet the Phase 2 RFG limits beginning March 1, 1996;

There is a possibility that the amendments approved herein may sometimes result in an increase in summertime CO emissions in 1996 and subsequent years when the predictive model is used because gasoline producers will not be required to demonstrate that there will be no increases in CO;

The requirement in the Phase 2 RFG regulations that all gasoline sold in the State contain a minimum of 1.8 percent oxygen by weight during the wintertime months will minimize CO emissions during the times when carbon monoxide concentrations are highest;

All areas of California are projected to be in attainment for the federal and state ambient air quality standards for CO by 1996 except Los Angeles County; the requirement in the federal reformulated gasoline regulations that all gasoline sold in Los Angeles County and most of the rest of Southern California contain a minimum of 2.0 percent oxygen by weight throughout the year will help minimize CO emissions and will fully mitigate any increase in CO emissions that could otherwise be associated with use of the California Predictive Model approved herein; and

In all other respects the amendments approved herein will not result in any significant adverse environmental impacts.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the amendments to sections 2260, 2261, 2262.2, 2262.3, 2262.4, 2262.5, 2262.6, 2262.7, 2264, and 2270, and the adoption of sections 2264.2 and 2265, in Title 13, California Code of Regulations, as set forth in Attachment A hereto, and approves the adoption of the "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the

California Predictive Model," as set forth in Attachment B hereto, with the modifications described in Attachment C hereto.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to incorporate into the approved regulations and incorporated document the modifications described in Attachment C hereto with such other conforming modifications as may be appropriate, and either to adopt the modified regulations, amendments, and new document after making them available to the public for a supplemental written comment period of 15 days, with such additional modifications as may be appropriate in light of supplemental comments received, or to present the regulations, amendments, and document to the Board for further consideration if he determines that this is warranted in light of supplemental written comments received.

BE IT FURTHER RESOLVED that the Board directs the Executive Officer to continue to work with the United States Environmental Protection Agency and with gasoline producers and marketers to ensure that the federal and California reformulated gasoline regulations continue to be implemented in an integrated manner that avoids unnecessary burdens on the regulated public.

I hereby certify that the above is a true and correct copy of Resolution 94-38, as adopted by the Air Resources Board.

Pat Hutchens

Pat Hutchens, Board Secretary

RECORDED BY
Office of the Secretary

APR 21 1985

RESOURCES AGENCY OF CALIFORNIA

Resolution 94-38

June 9, 1994

Identification of Attachments to the Resolution

Attachment A: Proposed amendments to sections 2260, 2261, 2262.2, 2262.3, 2262.4, 2262.5, 2262.6, 2262.7, 2264, and 2270, and adoption of sections 2264.2 and 2265, in Title 13, California Code of Regulations, as set forth in Appendix A to the Staff Report.

Attachment B: The proposed "California Procedures for Evaluating Alternative Specifications for Phase 2 Reformulated Gasoline Using the California Predictive Model," as set forth in Appendix B to the Staff Report.

Attachment C: Staff's Suggested Changes to the Proposed Amendments to the California Reformulated Gasoline Regulations (distributed at the hearing on June 9, 1994).