

PRESS RELEASE

CITY OF BENICIA
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City of Benicia learns of Stipulated Order between Bay Area Air Quality Management District and Valero Benicia Refinery

Benicia, CA (January 25, 2022) — The Bay Area Air Quality Management District (BAAQMD) issued a news release on Tuesday, January 24, 2022, regarding the Stipulated Order between BAAQMD and Valero Benicia Refinery (Valero). The Stipulated Order is a result of a 2019 inspection by BAAQMD, which found that Valero had unreported emissions which exceeded Air District regulations.

“The City of Benicia takes the air quality and the health of our citizens very seriously. We are deeply troubled to learn of Valero’s 2019 actions that led to this order. BAAQMD’s announcement makes clear that not adhering to Air District regulations will not be tolerated. We are most appreciative of the staff of BAAQMD that performed the inspection and have worked these past years to fight for public safety and good air quality. I am hopeful that from this Stipulated Order, agreed to by both BAAQMD and Valero, positive reforms and investments can be made to better secure our public health,” said Mayor Steve Young.

The City of Benicia continues to work on its own accord with BAAQMD to install a community air monitoring station on city-owned property. The license agreement for the air monitoring station is being finalized and should be ready to be approved by the Benicia City Council in February.

Paul Adler, Director of Community Relations and Government Affairs, Valero Benicia Refinery, issued a statement to the City of Benicia noting, “The Valero Benicia Refinery discovered its hydrogen unit vent had trace contaminants. Valero took immediate steps to address the issue and has been working cooperatively with the Bay Area Air Quality Management District (BAAQMD) to develop a project as part of its long-term corrective action. To this end, Valero and BAAQMD have agreed to a Stipulated Order of Abatement which is subject to a BAAQMD Hearing Board approval at a future date.”

The City of Benicia has been advised that BAAQMD will host a Community Briefing at a later date to discuss the Air District’s enforcement action against Valero to ensure public access to the key facts of the case and understanding of the Hearing Board process, and to answer all questions about this issue. Members of the public are encouraged to provide written and oral comment on this issue to the Hearing Board. Once the hearing is scheduled, a link will be posted on the Air District’s Hearing Board website at <https://www.baaqmd.gov/about-the-air-district/hearing-board/agendas-reports-orders>.

The public can also sign up for Hearing Board updates at <https://www.baaqmd.gov/contact-us/sign-up-for-information>

The City of Benicia will work BAAQMD and Valero to share information as it becomes available related to the BAAQMD inspection report and the steps Valero will take to abate future release of harmful emissions.

For questions related to the Stipulated Order, interested parties may contact Kristine Roselius of BAAQMD at 415.519.5419 or kroselius@baaqmd.gov.

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Attachments:

- Press Release, Bay Area Air Quality Management District, Air District seeks Hearing Board approval to end significant air quality violations at Valero
- Valero Hydrogen Vent Stipulated Order



NEWS RELEASE

FOR IMMEDIATE RELEASE: January 24, 2022

CONTACT: Kristine Roselius, 415.519.5419 or kroselius@baaqmd.gov

Air District seeks Hearing Board approval to end significant air quality violations at Valero

Action signals a major shift in the handling of enforcement cases moving forward

SAN FRANCISCO – The Bay Area Air Quality Management District announced today that it is requesting approval of an abatement order with the agency’s independent Hearing Board to end a significant excess emissions violation by Valero Refining Co. at its Benicia refinery.

The proposed abatement order stems from a 2019 inspection that found unreported emissions of harmful organic compounds in excess of Air District regulations at Valero’s Benicia refinery. This discovery triggered a comprehensive investigation of the facility to determine the full extent of the release and resulted in a Notice of Violation for the unreported emissions.

“Valero’s disregard for air quality regulations and public safety in the surrounding community warrants decisive action and significant penalties to deter violations in the future,” said Jack Broadbent, executive officer of the Air District. “Valero did not report or control the emissions from this source as required by Air District regulations, state and federal law, so we are requesting approval of an abatement order to provide transparency as we seek to hold Valero accountable for its actions. Violators are now on notice that ongoing air quality violations will be brought to light in a public forum in front of the Air District’s Hearing Board or state court.”

The Air District’s initial Notice of Violation required Valero to come into compliance with its regulations at their Benicia facility as safely and expeditiously as possible. The facility immediately initiated a construction project to reduce the excess emissions, but this engineering fix did not solve the problem. While the project significantly reduced emissions, it did not eliminate them. Faced with a public hearing in front of the independent Hearing Board, Valero has now agreed to the Air District’s demands to stop the remaining emissions. The Air District has filed with the Hearing Board for an abatement order that will legally bind Valero to the terms of the agreement. The Air District will also require Valero to pay a monetary penalty commensurate with the seriousness of the violation.

In addition to the abatement order, the Air District is in discussions with the US EPA to determine if federal laws were violated.

Abatement orders and cases brought before the Hearing Board allow for transparency as facts and evidence are presented in an open forum while providing an opportunity for public involvement. The public is encouraged to participate and comment when the proposed abatement order is presented to the Hearing Board. Once the hearing is scheduled, a link will be posted on the Air District’s website

at baaqmd.gov. The public can also sign up for Hearing Board updates at <https://www.baaqmd.gov/contact-us/sign-up-for-information>.

The [Bay Area Air Quality Management District](#) is the regional agency responsible for protecting air quality in the nine-county Bay Area. Connect with the Air District via [Twitter](#), [Facebook](#) and [YouTube](#).

#

Air District Communications Office
375 Beale Street, Suite 600, San Francisco, CA 94105
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**PUBLIC VERSION
- WITHOUT
TRADE SECRETS**

FILED
JAN 24 2022
HEARING BOARD
BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

**BEFORE THE HEARING BOARD OF THE
BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

AIR POLLUTION CONTROL OFFICER of the
BAY AREA AIR QUALITY MANAGEMENT DISTRICT,

Complainant,

v.

VALERO REFINING COMPANY - CALIFORNIA,

Respondent.

DOCKET NO. 3731

ACCUSATION AND [PROPOSED]
STIPULATED CONDITIONAL
ORDER FOR ABATEMENT
REGULATION 8, RULE 2

The above-captioned matter is an "Accusation and Stipulation For Entry of [Proposed] Stipulated Conditional Order For Abatement" (the "Stipulated Order" or "SOA") filed by Complainant, the Air Pollution Control Officer ("APCO") of the Bay Area Air Quality Management District ("District", "Air District" or "BAAQMD") against Valero Refining Company - California ("Valero" or "Respondent"). The District is the regional agency with primary responsibility for the control of air pollution from stationary sources in the San Francisco Bay Area Air Basin. Respondent operates the Valero Benicia Refinery at 3400 East Second Street, Benicia, California 94510, Facility No. B2626 (the "Refinery" or "Facility"). The Facility's two Hydrogen Plants (H2U-A and H2U-B; Source (S-1010), and the Naphtha Reformulation Unit (NRU; S-1004)), collectively referenced as the "Hydrogen System," are process units which were part of original construction of the Refinery. Each process unit in the Hydrogen System was designed to vent excess hydrogen to atmosphere through process vent ST-302.

1 The Accusation and Stipulation requests that this Hearing Board enter a Conditional Order for
2 Abatement against Respondent that would require Respondent, prior to termination of this
3 Conditional Order of Abatement, to cease venting of regulated air contaminants through the Refinery's
4 process vent ST-302 in a manner exceeding standards set forth in District Regulation 8-2. Because a
5 capital project to abate emissions from ST-302 ("the Vent Project") will require time to design,
6 engineer, permit, and construct, the Parties request entry of this Conditional Order for Abatement to
7 establish the requirements and schedule for the Vent Project and to provide conditions to minimize
8 emissions from ST-302 during normal operations pending completion of the Vent Project. Valero's
9 Vent Project may install piping to direct flow of process gases that contain pollutants subject to
10 Regulation 8-2 to an existing flare, the North South flare, or may be a different control or abatement fix,
11 in accordance with the requirements set forth in detail in this Stipulation and its Appendix 1.

12 **WRITTEN EXPLANATION OF ACTION**

13 Because the District and Valero (collectively, the "Parties") have stipulated to the entry of this
14 Conditional Order, the Hearing Board must include a written explanation of its action in this
15 Conditional Order, but it is not required to make a finding of violation to support the Conditional
16 Order under Health and Safety Code Section 42451(b). To that end, the Hearing Board explains its
17 action as follows.

18 The Parties have agreed to address the allegations identified in a Notice of Violation issued by
19 the District (NOV A58465) and to provide the relief sought. The Parties expect to enter into a separate
20 Enforcement Penalty Agreement to address penalties for NOV A58465. The Parties recognize the
21 District's reservation of rights to enforce penalties or another abatement action for any violations by
22 Valero, either through the Parties' separate Enforcement Penalty Agreement or otherwise. The Parties
23 have agreed that Respondent owns and operates the Facility as specified in the Stipulation.
24 Respondent also agrees that notwithstanding interim measures taken since issuance of the Notice of
25 Violation (NOV A58465) to minimize emissions of regulated pollutants from process vent ST-302,
26 such emissions are continuing intermittently, and at times may exceed 15 lbs./day and contain more
27 than 300 parts per million ("ppm") total carbon on a dry basis, which the District alleges is in violation
28 of Regulation 8, Rule 2, Section 301. Subject to a temporary permit authorization issued by the District

1 in 2019, Valero undertook an interim project to minimize emissions of pollutants from ST-302 by
2 installing internal piping to maintain streams containing pollutants regulated under Reg. 8-2 in a lower-
3 pressure area of the hydrogen grid. Although Valero believes this measure has been very effective in
4 substantially minimizing atmospheric emissions of regulated pollutants, the Parties stipulate that a more
5 complex capital project is needed for compliance of ST-302 with Regulation 8-2-301 . This will require
6 time to design, engineer, permit, construct, and start up. As such, the Parties have agreed that
7 Respondent will complete a capital project to abate potential excess non-methane hydrocarbon
8 emissions from ST-302 in the manner and on the schedule set forth in Appendix 1 to this stipulation,
9 which provides for completion of this Vent Project as soon as feasible but no later than the soonest
10 scheduled refinery-wide maintenance outage (“Turnaround”) at the Refinery. The Parties have further
11 agreed that meanwhile, Valero shall continue implementing interim measures to minimize emissions,
12 and shall report progress to the District as detailed in Appendix 1.

13 The Hearing Board therefore believes that the Parties’ agreed course of action is in the
14 public interest and that entry of this Conditional Order is appropriate under the circumstances.

15 The Parties agree to enter this Stipulated Conditional Order of Abatement to provide for
16 implementation of a capital project and other actions necessary to bring the Valero Benicia Refinery into
17 compliance with current BAAQMD rules and regulations, and to provide interim measures for
18 minimizing non-compliant atmospheric emissions in the meantime.

19
20 The Parties further agree as follows:

21
22 **1. Injunctive Relief. Atmospheric Vent Control Project.** Respondent shall cease operation of the
23 the Refinery’s process vent ST-302 in a manner exceeding standards set forth in District Regulation 8-2.
24 Respondent shall comply with the terms of this Stipulated Order to design, engineer, permit, construct,
25 and operate the Vent Project to control or abate atmospheric emissions from the hydrogen system at the
26 Benicia Refinery that were vented through the Refinery’s process vent ST-302 to a level not exceeding
27 standards set forth in District Regulation 8-2.

1 **2. Interim Mitigation Measures.** During the term of this SOA, Valero shall continue to minimize
2 the potential for pollutants to be emitted to atmosphere from ST-302 by continuing operation of internal
3 piping installed to redirect hydrogen to a lower-pressure location less likely to result in atmospheric
4 relief from ST-302.

5 **Interim Milestones.**

6 a) Monitoring of ST-302. From the Effective Date until approval and implementation of the
7 Sampling and Analysis Plan, Valero shall monitor ST-302 by continuously monitoring and recording
8 flow based on valve position and an external flowmeter and by obtaining weekly representative stream
9 composition samples, from which Valero will calculate total carbon, methane, non-methane organic
10 compounds (NMOCs), BTEX, and any other TAC found by the current EPA analytical method 8260.
11 Valero may request to use another BAAQMD approved alternative analytical method. Within 30 days
12 from the Effective Date, Valero shall submit a Sampling and Analysis Plan, which receives BAAQMD
13 review and approval and includes sample locations, sampling frequency, methodologies, and any other
14 documents or materials needed for BAAQMD to assess the Plan. Within 30 days of approval of the
15 Sampling and Analysis Plan, Valero shall monitor as approved by BAAQMD. Once the Vent Project is
16 completed and commences operations, Valero shall monitor in accordance with the requirements of the
17 applicable permit. Valero shall make all such monitoring records available to District upon request.

18 Submission of Permit Application.

19 b) Permit Applications. Valero shall submit a full, complete, and accurate permit application for
20 the Vent Project that implements this Stipulated Order of Abatement within six (6) months of the
21 Effective Date, based on the Parties' current understanding that the Vent Project is unlikely to require
22 review under the California Environmental Quality Act (CEQA); provided, however, that if the detailed
23 design engineering for the Vent Project indicates a need to develop new equipment or facilities or
24 significant modifications to existing facilities such that it would be considered a "project" under CEQA,
25 all required applications for the Vent Project shall be submitted within 24 months of the Effective Date.
26 The District agrees to review Valero's BAAQMD application in due course in accordance with
27 Regulation 2, Rules 1 and 6.

28 c) CEQA. If the proposed Vent Project is determined to be a "project" for purposes of CEQA,

1 Valero shall promptly initiate the appropriate CEQA evaluation process with the City of Benicia as the
2 lead agency, which process is anticipated to take 18 months from the Effective Date. The District
3 further agrees to work cooperatively with Valero to provide information to the City of Benicia as
4 appropriate to secure issuance of the necessary CEQA approvals, Use Permit modifications, and any
5 other required external (i.e. outside of Valero) approvals, which Valero shall expeditiously obtain and
6 submit applications therefor within 4 months of the effective date of this Agreement.

7 d) Deadline; Construction and Commencement of Operations. Within 30 days of issuance of the
8 Authority to Construct, Valero shall undertake the process of commencing the Vent
9 Project. Commencement for purposes of this SOA shall include actual construction on-site, construction
10 off-site of project components, entering into contracts for long-lead items or contracts for project labor,
11 or formal approval of capital spending. The 30 day period in this section may be extended upon
12 approval of the District or Hearing Board. Periodic monthly updates of the status of the Vent Project
13 may be requested by the District. Valero shall complete construction in accordance with the Authority
14 to Construct as soon as feasible but no later than by the end of the soonest scheduled refinery-wide
15 Turnaround, the date of which is in Appendix 2, unless the completion of construction is delayed
16 through no fault of Valero.

17 **3. Confirmation of Successful Operation.** For 24 months following completion of the Vent
18 Project, Valero shall monitor any emissions from ST-302, including as provided in Sections 6.1 and 6.2,
19 to confirm that the Vent Project has attained its objective of preventing discharges exceeding the limits
20 of Regulation 8-2 and shall promptly make any operational or design adjustments necessary to ensure
21 successful operation of the Vent Project that do not require permit modifications. If any emissions from
22 ST-302 following or preceding completion of the Vent Project exceed the limits of Regulation 8-2, such
23 exceedances may be enforced by the District against Valero pursuant to the Parties' separate
24 Enforcement Penalty Agreement or otherwise. If necessary operational or design adjustments are
25 identified that would require permit modifications, Valero shall submit a permit application and shall
26 continue to operate, monitor, and report subject to the terms of this SOA pending successful completion
27 of the modifications and demonstration of compliance based on twenty-four months of operating in
28 compliance with the requirements of Regulation 8-2. The Vent Project shall abate the emissions from

1 ST-302 to levels below those in Regulation 8-2-301, and shall not just re-route the emissions from ST-
2 302 to other emission points unless the other emission points are in compliance with Regulation 8-2-301
3 and other applicable limits. If the Vent Project takes ST-302 completely out of service so that it does not
4 vent, then the requirements of this Section 3 shall not apply.

5 **4. Timely Responses.** Valero shall provide data to the District within 10 business days of BAAQMD
6 requests for information for the proposed Vent Project. If multiple information requests are made in a
7 short period of time or the data requested is voluminous or difficult to obtain, the Parties shall work
8 together cooperatively to determine a reasonable time frame or approach for response.

9 **5. Recordkeeping and Reporting.** Valero shall maintain the records described in this SOA. Valero
10 shall retain these records for (a) at least five (5) years after the termination of this SOA, or (b) such period
11 of time as is otherwise required under applicable law, whichever is longer. All reports, records, and other
12 data submitted by Valero to the District shall be signed and certified by the Valero responsible official or
13 his designated representative. Valero shall send the records and reports to:

14 Bay Area Air Quality Management District
15 Engineering Division
16 Pamela Leong, Director of Engineering
17 375 Beale Street, Suite 600
18 San Francisco, CA 94105
19 pleong@baaqmd.gov

20 **6. Ongoing Sampling, Monitoring, and Monthly Progress Reports.**

21 **6.1 Ongoing Sampling.** During Normal Operations, and also during Startup and Shutdown, Valero shall
22 obtain weekly representative samples of the hydrogen stream that has the potential to be vented from
23 process vent ST-302 (the “Stream”) and shall quantitatively measure, record, and report to BAAQMD the
24 Stream quantities, concentrations, and mass emissions of pollutants subject to regulation under Regulation
25 8-2, methane, NMOCs, POCs, BTEX, and any other TAC found by the current EPA analytical method
26 8260 (the “Stream Sampling Data”), or other BAAQMD approved alternative analytical method, starting
27 within 30 days of approval of Valero’s Sampling and Analysis Plan by BAAQMD. Samples shall be
28 collected at locations and using methodologies stated in Valero’s Sampling and Analysis Plan approved
by the BAAQMD. Valero shall include the Stream Sampling Data, sampling locations, process and
instrumentation diagrams (P&IDs), location descriptions, locations shown on a map, and any relevant

1 contextual information in Valero’s bi-monthly progress reports to BAAQMD for the duration of this SOA.
2 Any time Valero samples from a new location in a non-emergency situation, Valero shall obtain prior
3 written approval from the District. This is intended to ensure that the sample obtained from the location
4 is representative of the emissions at the hydrogen plant. If a change in sampling location is done due to an
5 emergency, then Valero shall notify the District within 24 hours of the decision to change sample
6 locations, and shall describe in the next report to the District any variations in sampling locations, the
7 reason for changing sampling locations, and why Valero believes the sampling is representative, and
8 include with that report a copy of the MOC, if needed, with the approved change.

9 **6.2 Upset Sampling.** Valero shall take a representative upset sample of the Stream within 30 minutes of
10 the process vent ST-302 Stream emissions beginning when operational data indicates that an operational
11 upset is occurring, if safe to do so. Whenever and every time an upset occurs, Valero shall continue to
12 take Stream samples every three hours thereafter, provided the sampling can be done safely until valve
13 P017 closes. If any sampling is not done due to safety concerns, then such concerns shall be fully
14 documented in detail and that description included in Valero’s bi-monthly progress report to the District.
15 Valero shall report all such upset Stream Sampling Data, and any relevant contextual information relating
16 to this upset Stream Sampling Data and/or this upset Stream sampling program, in Valero’s bi-monthly
17 progress reports to BAAQMD for the duration of this SOA. Valero shall give consideration to
18 implementing alternative sampling methods, such as an automatic sampling system. If a year after the
19 Effective Date of this SOA, the upset sampling shows substantially identical results, then Valero may
20 request District approval of an end to the upset sampling requirements in this section.

21 **6.3 Ongoing Bi-Monthly Progress Reports.** Valero shall provide to the District within 10 business days
22 of the end of the first full calendar month following the Effective Date and every other month thereafter,
23 a bi-monthly progress report containing the following:

- 24 a) All Stream Sampling Data collected during the reporting period;
- 25 b) All relevant contextual information relating to the weekly, upset, and CM Stream Sampling Data and
26 programs;
- 27 c) A description of Valero’s interim measures under this SOA to minimize any atmospheric emissions
28 from the Hydrogen System pending successful construction and operation of the Vent Project;

1 d) An update on the status of progress in implementing the Vent Project and this Stipulated Order of
2 Abatement, including the dates by which each action item was achieved and an explanation of why any
3 dates in the schedule of compliance were not, or will not, be met, and any preventive or corrective
4 measures adopted.

5 e) An update on any modifications to the Vent Project, including a discussion of why the modification is
6 necessary or appropriate and any efforts undertaken to minimize any delay in implementing the Vent
7 Project.

8 **7. Termination; Term.** This SOA shall be terminated upon approval by the District that the Vent
9 Project has been successfully completed and a District permit to operate for the Project has been issued.
10 Based on the Parties' current expectations regarding CEQA applicability to the Vent Project, anticipated
11 BAAQMD permit processing time, delivery of long-lead equipment, and other relevant information, it is
12 anticipated that termination will occur approximately thirty-six months from the Effective Date. The Term
13 of this SOA shall be the sooner of thirty-six (36) months, commencing on the Effective Date, which is the
14 date of the Hearing Board Chair's signature below, or approval by the District of the Vent Project and the
15 District's issuance of the permit to operate the Vent Project. The Term of this SOA may be extended by
16 approval of the Hearing Board, which approval can be requested by either of the Parties. The Parties agree
17 to the best of their knowledge that all the lettered paragraphs in Appendix 1 are true and correct and
18 Appendix 1 is incorporated herein by this reference as if set forth in full.

19 **8. Notice.** Any notice required or permitted hereunder shall be sent by email and also by one or more
20 of the following methods: US mail, FedEx, UPS, hand delivery, or other delivery service to all the
21 addresses shown below:

22 If to Valero: Valero Refining Company-California
23 Joshua Tulino
24 Vice President and General Manager
25 Kim Ronan
26 Director of HSE
27 Valero Benicia Refinery
28 3400 East Second Street
Benicia, CA 94510

Joshua.Tulino@valero.com
Kimberly.Ronan@valero.com

1 And also:

2 The Valero Companies
3 Parker Wilson, Esq.
4 Vice President of Environmental, Safety and
5 Regulatory Affairs Law
6 The Valero Companies
7 One Valero Way
8 San Antonio, TX 78249

9 Parker.Wilson@valero.com

10 If to District:

11 Bay Area Air Quality Management District
12 Pamela Leong, Director
13 Engineering Division
14 375 Beale Street, Suite 600
15 San Francisco, CA 94105

16 Pleong@baaqmd.gov

17 And also:

18 Bay Area Air Quality Management District
19 Jeff Gove, Director
20 Compliance and Enforcement Division
21 375 Beale Street, Suite 600
22 San Francisco, CA 94105

23 Jgove@baaqmd.gov

24 Note there is a 10 MB limit on the District's receipt of emails. Records and notices may also be sent to
25 the District on disks, thumb drives, and other appropriate electronic means approved by the District.

26 **9. Effect of Shutdown.** The permanent shutdown of, and surrender of all permits for, the hydrogen
27 plants, the naphtha reformer unit, and ST-302 and the surrender of all permits for those process units will
28 be deemed to satisfy the requirements of this SOA.

10. Default of Valero. If Valero fails to perform any of its material obligations, including without
limitation its obligation to timely provide to the District records or other data under this SOA, the District
shall notify Valero in writing that Valero is or may be in breach of the SOA, identifying the specific
obligation under the SOA at issue and the factual basis for the District's concern. Valero may either cure
the alleged breach promptly or may request a meeting to discuss the basis for the District's concern and
the proposed resolution. If the parties cannot reach an acceptable resolution following within 30 days of

1 the District’s original notice, the District may seek to terminate this SOA upon written notice to Valero
2 and seek any remedies and penalties to which it is entitled by law, including but not limited to a motion
3 to the Hearing Board to modify or terminate this SOA.

4 **11. Survival of Expiration.** Sections 3, 6, 6.1, 6.2, and 9 through 11 shall survive expiration of
5 this SOA unless and until they are included in substance in Valero’s Benicia Refinery authority to
6 construct for the Vent Project, and/or permit to operate and Title V permit. Those Sections shall be
7 included by the District in Valero’s Benicia Refinery permit to operate and Title V permit, and
8 Valero agrees not to contest inclusion of such requirements in the permits. The permits authorizing
9 construction and operation of the Vent Project shall include all the obligations of Sections 2, 4, and
10 9 through 11.

11 **12. Separate Statements.** Each Party may file with the Hearing Board its own Separate
12 Statement to explain why it entered into this SOA and to provide additional relevant factual
13 background. Each Party may file a Rebuttal to the other Party’s Separate Statement. Nothing in
14 either Party’s Separate Statement or Rebuttal alters this SOA.

15 **Conditional Order for Abatement**

16 **Cause being found therefore, pursuant to Sections 42451(b) and 42452 of the California**
17 **Health and Safety Code, THE HEARING BOARD of the BAY AREA AIR QUALITY**
18 **MANAGEMENT DISTRICT hereby ORDERS:**

19 1. That the APCO’s and Respondent’s Request for this Stipulated Conditional Order for
20 Abatement shall be and hereby is GRANTED as follows: Respondent Valero and its agents, employees,
21 successors and assigns are hereby ordered to cease operation of the Benicia Refinery’s process vent ST-
22 302, unless: As soon as feasible but no later than by the end of Valero’s soonest refinery-wide
23 Turnaround, or such later date as the Hearing Board may approve upon a showing of good cause, Valero
24 shall design, receive a District authority to construct, construct, receive a District permit to operate, and
25 operate a capital project (“the Vent Project”) to control or abate atmospheric emissions from the
26 Hydrogen System at the Valero Benicia Refinery through the Refinery’s process vent ST-302 to a level
27 not exceeding standards set forth in District Regulation 8-2 and in satisfaction of all the requirements set
28 forth in detail in this Stipulated Order of Abatement and its Appendices 1 and 2.

1 2. That this Stipulated Order for Abatement shall become effective immediately.

2 3. That the Hearing Board shall retain jurisdiction over this matter until Respondent comes
3 into compliance with the requirements of Regulation 8, Rule 2, Section 301 in accordance with the
4 requirements set forth in Paragraph 1 of this Stipulated Order for Abatement, during which period the
5 parties may apply to alter or terminate this Order in accordance with the Rules of the Hearing Board.

6 4. For such other and further relief that this Board deems just and proper.

7
8 SO AGREED, STIPULATED AND EXECUTED.

9 ADAN SCHWARTZ
10 ACTING DISTRICT COUNSEL
11 BAY AREA AIR QUALITY
12 MANAGEMENT DISTRICT
13 375 Beale Street, Suite 600
14 San Francisco, CA 94105

 VALERO REFINING COMPANY –
 CALIFORNIA
 One Valero Way
 San Antonio, Texas 78249

14 By: Joel Freid
 JOEL FREID
15 ASSISTANT COUNSEL II
16 COUNSEL FOR THE AIR POLLUTION
17 CONTROL OFFICER

 By: Joshua Tulino
 JOSHUA TULINO
 VICE-PRESIDENT &
 GENERAL MANAGER

18 Date: 1/20/22

 Date: 1/20/22

19
20 Moved by:

21
22 Seconded by:

23 AYES:

24
25 NOES:

26
27 _____
28 Valerie Armento, Chair

 Date

1 APPENDIX 1 TO THE [PROPOSED] STIPULATED ORDER OF ABATEMENT IN

2
3 AIR POLLUTION CONTROL OFFICER of the
4 BAY AREA AIR QUALITY MANAGEMENT DISTRICT,

5 Complainant,

6 v.

7 VALERO REFINING COMPANY - CALIFORNIA,

8 Respondent.

9
10 A. The Valero Benicia Refinery was built by Humble Oil Company in 1968, which was
11 succeeded by Standard Oil of New Jersey, Exxon Company USA, and then the ExxonMobil Refining
12 and Supply Company, after which the Refinery was bought by Valero Refining Company – California
13 on May 15, 2000.

14 B. The Refinery’s two Hydrogen Plants (H2U-A and H2U-B; Source (“S”) -1010, and the
15 Naphtha Reformulation Unit (NRU; S-1004)), collectively referenced as the “Hydrogen System,” are
16 process units which were part of original construction. Each process unit in the Hydrogen System was
17 designed to vent excess hydrogen to atmosphere through process vent ST-302.

18 C. Samples of excess hydrogen released from process vent ST-302 contain Toxic Air
19 Contaminants (“TACs”) and Volatile Organic Compounds (“VOCs”) when an imbalance between
20 production and consumption occurs. Operating scenarios that may create imbalance include but are not
21 limited to: (a) startup and shutdown of process units that consume hydrogen, (b) startup and shutdown of
22 process units that produce hydrogen, (c) normal operating fluctuations resulting in excess hydrogen
23 production due to a change in demand by the process units that consume hydrogen or an increase in
24 production from the process units that produce hydrogen, and (d) process upset and malfunction
25 conditions.

26 D. However, as a result of an Air District investigation, Valero has now disclosed that these
27 streams are not pure hydrogen and while venting contain certain pollutants, Precursor Organic
28 Compounds (POCs), TACs listed in Regulation 2, Rule 5, and methane that are not authorized to be

1 emitted to atmosphere uncontrolled; therefore, the process vent's configuration is not acceptable.
2 BAAQMD issued to Valero Notice of Violation No. ("NOV") A58465 on 3/21/2019 for violation of
3 BAAQMD Regulation 8-2-301 which resulted in Valero filing a Title V deviation #1073.

4 E. The harm caused by this alleged violation, which led to NOV A58465, was the intermittent
5 excess release of POCs and TACs to the atmosphere. POCs are non-methane hydrocarbons that contribute
6 to the formation of ground-level ozone. In addition, a portion of the POCs emitted to atmosphere with this
7 violation contained benzene, toluene, ethylbenzene and xylene ("BTEX") compounds.

8 F. The Parties agree that any solution implemented to mitigate the alleged non-compliant Valero
9 atmospheric vent ST-302 must meet all requirements of all existing BAAQMD rules and regulations, and
10 State and Federal rules, laws, and regulations applicable to the facilities, systems or sources.

11 G. Although Valero has undertaken short-term measures to minimize emissions from ST-302,
12 which Valero believes have been very effective, a capital project to ensure consistent compliance of ST-
13 302 with Regulation 8-2-301 will require time to design, engineer, permit, construct, and start up to
14 achieve the solution needed to ensure compliance with applicable Air District rules and regulations.

15 H. Within 30 days of the Effective Date of this SOA, Valero shall submit to the District for
16 approval a new Vent Project plan and proposed schedule.

1 APPENDIX 2 TO THE [PROPOSED] STIPULATED ORDER OF ABATEMENT IN

2
3 AIR POLLUTION CONTROL OFFICER of the
4 BAY AREA AIR QUALITY MANAGEMENT DISTRICT,

5 Complainant,

6 v.

7 VALERO REFINING COMPANY - CALIFORNIA,

8 Respondent.
9

10 CONFIDENTIAL PROPRIETARY AND TRADE SECRET INFORMATION
11

12 The estimated date of the soonest upcoming refinery-wide Turnaround at Valero Benicia Refinery is
13

14 _____.

15 The estimated date of the next soonest refinery-wide Turnaround at Valero Benicia Refinery is _____.
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