



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

# PUBLIC NOTICE

March 24, 2009

TO: INTERESTED PARTIES  
FROM: EXECUTIVE OFFICER / APCO  
SUBJECT: **MODIFICATION TO DRAFT AMENDMENTS  
TO REGULATION 3: FEES, SCHEDULE G-5:  
REFINERY FLARES**

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On January 28, 2009, the staff of the Bay Area Air Quality Management District issued draft amendments to District Regulation 3: Fees. The District has now modified the draft amendments to include a 50 percent increase for Fee Schedule G-5: Miscellaneous Sources, rather than the 15 percent increase as initially proposed. Schedule G-5 covers refinery flares that are subject to District Rule 12-11: Flare Monitoring at Petroleum Refineries, and Rule 12-12: Flares at Petroleum Refineries.

District staff resources associated with refinery flares have increased sharply in recent years due to the adoption of Rules 12-11 and 12-12. Rule 12-11, adopted June 4, 2003, requires each refinery to submit a detailed monthly monitoring report to the District for each subject flare, and flare emissions data are posted on the District website. In addition, flow verification reports are required to be submitted for review every six months.

Rule 12-12, adopted July 20, 2005, specifies that refinery flaring is prohibited unless it is consistent with an approved Flare Minimization Plan (FMP), and all commitments due under that plan have been met. The initial FMPs were required to be submitted to the District by August 1, 2006. FMPs updates must be submitted on an annual basis thereafter. Prior to installing or modifying equipment that may contribute to flaring, FMPs must also be updated to address the new or modified equipment. Finally, Rule 12-12 requires the refineries to submit reports to the District that provide detailed information regarding the cause of individual flaring events. The FMP process is considered to be one in which new opportunities to reduce flaring emissions are sought on an ongoing basis based on improvements in the design and operation of refinery process equipment.

District staff began specifically tracking activity data for Schedule G-5 on July 1, 2007, after that schedule was initially adopted. For the annual period July 1, 2007 to June 30, 2008, the District's direct costs associated with refinery flares were \$867,500. These costs may decrease to some extent if the number of flaring events associated with process unit startups and shutdowns are reduced over time.

Permit fee revenue collected under Schedule G-5 for the last fiscal year was \$305,000. Increasing the fees for refinery flares by 50 percent would increase overall annual

permit fees for these sources to about \$442,000. This would more fully recover the District's ongoing costs associated with implementation and enforcement of Rules 12-11 and 12-12. The annual permit renewal fee for each flare would be \$18,635.

With the proposed change to Schedule G-5, and the other proposed fee amendments, it is estimated that the annual permit renewal fees for the five Bay Area refineries would increase by an average of 9.4 percent from the current fiscal year, with the largest increase for an individual facility being 11 percent.

The proposed amendments to Regulation 3 (in strikethrough/underline format) are available on the District's website at:

[http://www.baaqmd.gov/pln/ruledev/regulatory\\_public\\_hearings.htm](http://www.baaqmd.gov/pln/ruledev/regulatory_public_hearings.htm).

Copies are also available by calling the Engineering Division at (415) 749-4990. Staff requests that written comments on the proposed amendments to Schedule G-5 be submitted by Friday, April 10, 2009. Please direct comments or questions to Brian Bateman, the District's Director of Engineering, at (415) 749-4653, or electronically at [bbateman@baaqmd.gov](mailto:bbateman@baaqmd.gov).