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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX

215 Fremont Street
San Francisco, Ca. 94105

17 JUL 1987

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Dr. Leon Hebertson
Air Pollution Control Officer
Kern County APCD
1601 H Street, Suite 150
Bakersfield, CA 93301

FILE: NSE 4

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JUL 20 1987

Dear Dr. Hebertson:

KERN COUNTY AIR
POLLUTION CONTROL

This is in response to the request for public comment regarding the proposed issuance of an ERC Banking Certificate to Texaco Refining & Marketing, Inc., dated June 9, 1987, resulting from the installation of a CO boiler on a fluid coker. The ERC Banking Certificate is for 2202 T/Y of non-methane hydrocarbons and for 11,460 T/Y of CO. EPA has reviewed the proposal and the District's analysis. Following is a list of our concerns and our objections to the approval of this ERC Banking Certificate.

(1) SURPLUS

The reductions from the installation of the CO boiler are quite old. The burden is on the District to verify in its analysis that these reductions have not been assumed elsewhere (in the emissions inventory, the latest AQMP, the attainment demonstration) and therefore are indeed surplus. In all likelihood, these reductions are not surplus since they occurred so long ago and probably are already reflected in the District's records and plans. The District must verify that these reductions are not credited elsewhere.

(2) PERMANENCE

There is a requirement in the Enforceability section of the banking application analysis which states: "When the fluid coker CO boiler goes down for annual inspection, the fluid coker must be curtailed or shutdown to result in compliance with the 112 lbm/hr. HC and 500 lbm/hr. CO emission limits proposed to validate the claimed ERC." This requirement does not appear in the permit itself, or in the conclusion section of the banking approval notice. This requirement would have to appear in the permit to ensure enforceability and permanence of the reductions.

(3) RACT

There is no RACT analysis for determining which reductions are eligible for emission reduction credits beyond RACT.

(4) DATE REDUCTIONS OCCURRED

The reductions occurred prior to August 7, 1977 and are therefore too old to be granted credit. EPA has previously advised the District that banking credit may not be awarded for any reductions which occurred prior to the Clean Air Act Amendments of August 7, 1977. The fact that Kern County's banking rule allows credit prior to that date was cited as a deficiency in the Kern banking rule. EPA will not recognize these reductions as valid offsets for any source wishing to purchase these ERCs for offsetting purposes.

In addition, these reductions occurred prior to the December 28, 1976, baseline adjustment date that is required in the District's NSR rule since the ATC was issued prior to that date.

(5) TIMING

The complete application for banking credit was submitted well beyond the required time limits. It is not reasonable to accept the company's rationale for the delay.

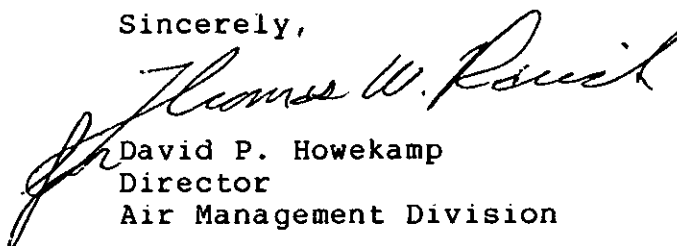
(6) STATUS OF BANKED ERCs

If the District issues the banking certificate to Texaco, any source which attempts to use these emission reductions as an offset may be subject to federal enforcement action.

For the reasons stated above, EPA does not support the issuance of ERCs to Texaco for the emission reductions associated with the installation of the CO boiler in 1976. A banking certificate for these emission reductions should not be issued.

If you have any further questions you can contact me or have your staff contact Wayne Blackard at (415) 974-8249.

Sincerely,

A handwritten signature in cursive script, appearing to read "David P. Howekamp".

David P. Howekamp
Director
Air Management Division

cc: ARB, Att: Ray Menebroker, ARB
Texaco Refining & Marketing, Inc.