

California Reformulated Gasoline

Transition Subcommittee

Final
Meeting Summary
August 2, 1995

California Air Resources Board

-FINAL-

II. Introduction

The California Reformulated Gasoline Transition Subcommittee held a meeting on August 2, 1995 in Sacramento, from 9:00 am to 12:00 pm.

The key issues discussed were:

- o Variance Guidelines Status Report
- o California RFG Balance Update
- o "What If" Scenarios - Robert Brown Refinery Model
- o RFG Assessment Center
- o Compliance Plan Update

Attached for your information are copies of the presentations which were made to the subcommittee, and a copy of the meeting attendance list. Inquiries about this meeting summary should be directed to Mr. Greg A. Transition Subcommittee Secretary, at (916) 327-5599.

III. Variance Guidelines Status Report

ARB staff presented a brief summary of their August 1, 1995, workshop regarding final guidelines for variances from the standards in the California reformulated gasoline regulations. The guidelines are intended to clarify policy regarding variances and to promote efficient consideration of any applications. Staff is recommending a fixed mitigation fee of \$0.15 per gallon be required of variance recipients while marketing non-complying gasoline. Although there has been interest expressed in establishing a flexible fee schedule which gives consideration to overall quality of variance fuel, operating costs, and other market factors, most workshop participants favored the fixed fee approach. Staff believes a fixed fee provides an element of certainty which is desired by industry, provides for equitable treatment of applicants, and encourages potential applicants to first look to the market for solutions to short term production problems rather than seek a variance.

The final draft of the guidelines should be completed by the end of August, at that point the document will be presented to the Air Resources Board as an informational item. There currently is pending legislation which may require formal adoption of variance guidelines. If not mandated, formal adoption is not anticipated and the guideline would simply be issued as a final draft.

Contact: John Curtis (916) 322-6019

IIII. California RFG Balance Update

On October 18, 1994, California Energy Commission staff presented an initial assessment of the RFG supply/demand balance to the Transition Subcommittee. As additional information becomes available staff update their analysis and presents results to the subcommittee. Today, CEC presented the latest of these updates dated August 2, 1995 (copy attached). This update is based upon new information obtained from the CEC/CARB Joint RFG Survey forms, updated CARB RFG Compliance Plans, and ongoing communications with industry representatives.

The primary finding of this evaluation is that California refiners have the ability to provide adequate volumes of RFG during the first full year of the regulation, even under a worst case high demand scenario. The analysis indicates that gasoline demand has been relatively flat since 1992 and is not expected to approach the worst case high demand scenario growth rate of two percent by 1996.

Contact: Gordon Schremp (916) 654-4887

IIV. "What If" Scenarios - Robert Brown Refinery Model

Robert Brown, of Robert Brown Associates (RBA), presented an overview of a refinery model which he developed and recently enhanced under contract to the CEC. The model is a feed-forward logical simulation of a typical modern refinery providing step-by-step volume, weight, and heat balance including subroutines for vapor equilibrium, phase separation, and distillation. Presentation materials were distributed (copy attached) which describe the model in further detail. Enhancements included making the model more user friendly, accommodating reformulation, incorporating utility variables, and providing for economic analysis. The CEC intends to use this model to improve energy forecasts, perform in-depth impact analyses (yields, energy, emissions, and economics) on changes in crude input or product specifications, identify conservation opportunities, and evaluate unplanned process unit outages.

For demonstration purposes, RBA attempted to use a base case configuration of the model to evaluate the ability of a typical California refiner to make RFG during an unplanned outage of a key

process unit. Several members of the subcommittee expressed concern that the base case configuration provided too much operational flexibility, resulting in an ability to produce greater volumes of RFG than would be expected by individual refiners.

Contact: Tom Glaviano (916) 654-4874

VV. RFG Assessment Center

CEC staff presented an overview of the RFG Assessment Center (RAC) developed to assist both industry and the public in a smooth transition to the production, distribution, and use of reformulated gasoline. The mission of the RAC is to obtain RFG related information, analyze the information to determine potential impacts, and provide state decision makers with accurate and timely assessments. The presentation (copy presentation materials attached) addressed issues of confidentiality, time period of operation, general structure and function, type and sources of information to be collected, and method of data collection.

There was concern expressed by several subcommittee members regarding the dissemination of the data collected. It was quickly pointed out that there will be very little, if any, dissemination of data. The results of the data collection and analysis will primarily be used to keep ARB program management abreast of developing problems in the system and to brief the Governor when necessary during emergency or crisis situations.

Contact: Tom Glaviano (916) 654-4874

VVI. Compliance Plan Update

ARB staff provided a brief update on the status of California Refiner Compliance Plans. Since the quarterly submittals in March, the only significant item of change is the unfortunate loss of Pacific Refining and Powerline Oil Company as expected producers of RFG. The last Quarterly submittals in June indicate that all refiners have obtained most of the required permits and the various modifications necessary to produce RFG are on schedule.

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