



Deliberative Draft

Cargo Tank Vapor Recovery Workshop Meeting

January 17, 2019

California EPA - Sacramento



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Agenda

- Objectives
- Finalized Survey Data
- Current Field Compliance Summary
- Moving Forward
- Final Language Proposal
- Fee Formula with examples
- Next Steps
- Discussion



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Objectives

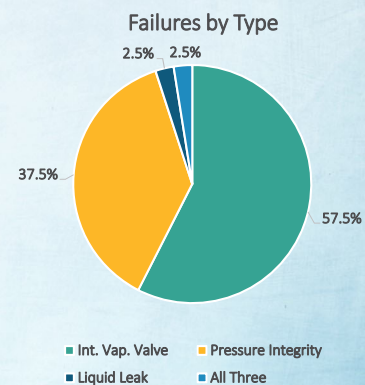
Objectives

- Develop regulatory amendments through a public process
 - Establish regulatory language that allows for a consistent and transparent methodology to assess program costs and subsequently adjust the fee as necessary
- Purpose of public process
 - Solicit input such that CARB can develop regulatory language
 - Solicit input on an appropriate resource level to meet legal and public health requirements

Finalized Survey Data

Previously Discussed: How Do Cargo Tanks Fail?

- 2008 study of 292 cargo tanks found over 50% of violations were due to failures of the Internal Vapor Valve
- A new field study was conducted to determine the frequency of failures
 - Focusing on Internal Vent Valves, Dome Gaskets, and Pressure/Vacuum Relief Valves



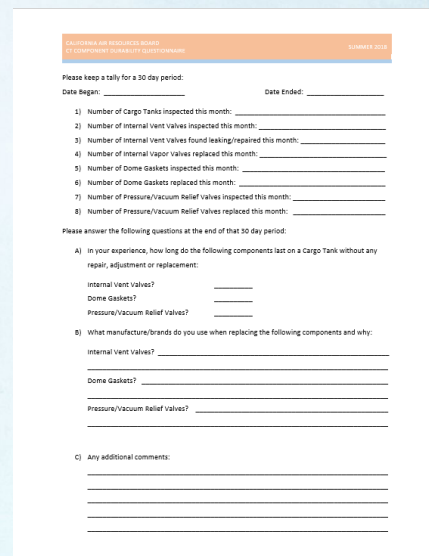
https://www.arb.ca.gov/enf/cargotanks/testproc_report.pdf

Survey on Component Durability

- Target Group: Cargo Tank Testers
- Data gathered from August 2018 – December 2018
- Purpose: CARB to better understand the failure rate for common cargo tank components
- Outreach:
 - CARB transmitted 104 emails encouraging participation
 - Announcement made at workgroups and workshops

Survey on Component Durability Cont.

- Survey was related to internals, dome gaskets and pressure/vacuum relief valves
- Inquired on the number of:
 - Inspections
 - Replacements



CALIFORNIA AIR RESOURCES BOARD
CARGO TANK SURVEILLANCE QUESTIONNAIRE
SUMMER 2018

Please keep a tally for a 30 day period:
Date Began: _____ Date Ended: _____

- 1) Number of Cargo Tanks inspected this month: _____
- 2) Number of Internal Vent Valves inspected this month: _____
- 3) Number of Internal Vent Valves found leaking/repaired this month: _____
- 4) Number of Internal Vapor Valves replaced this month: _____
- 5) Number of Dome Gaskets inspected this month: _____
- 6) Number of Dome Gaskets replaced this month: _____
- 7) Number of Pressure/Vacuum Relief Valves inspected this month: _____
- 8) Number of Pressure/Vacuum Relief Valves replaced this month: _____

Please answer the following questions at the end of that 30 day period:

A) In your experience, how long do the following components last on a Cargo Tank without any repair, adjustment or replacement:

Internal Vent Valves? _____
Dome Gaskets? _____
Pressure/Vacuum Relief Valves? _____

B) What manufacture/brands do you use when replacing the following components and why:

Internal Vent Valves? _____

Dome Gaskets? _____

Pressure/Vacuum Relief Valves? _____

C) Any additional comments:

Survey on Component Durability Cont.

- Findings:

Internal Vapor Valves	4.2 Years
Dome Gasket	4.2 Years
Pressure/Vacuum Relief Valves	2.2 Years

- Number of surveys returned by industry: 6

2018 Fieldwork and Compliance Data

Compliance Rates

- Comment from industry: Unsure of the validity of the 2008 study that indicated a compliance rate of 87%
- In order to address industry's concern regarding compliance, CARB staff performed field inspections to get a better understanding of the current compliance rate.

Fieldwork

- Fieldwork began in October 2018 after discussions from the second workgroup
 - 24 days of field inspections over 2 months
- Resources Utilized: 9 staff members from three other programs

Fieldwork and Inspection Locations

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Over the course of the inspections:

- 29 Facilities
- 702 Cargo Tanks inspected
- 193 Cargo Tanks tested using Vapor Recovery Test Procedure TP 204.2
- 37 Notices of Violations (NOV's) issued



Notice of Violation Breakdown

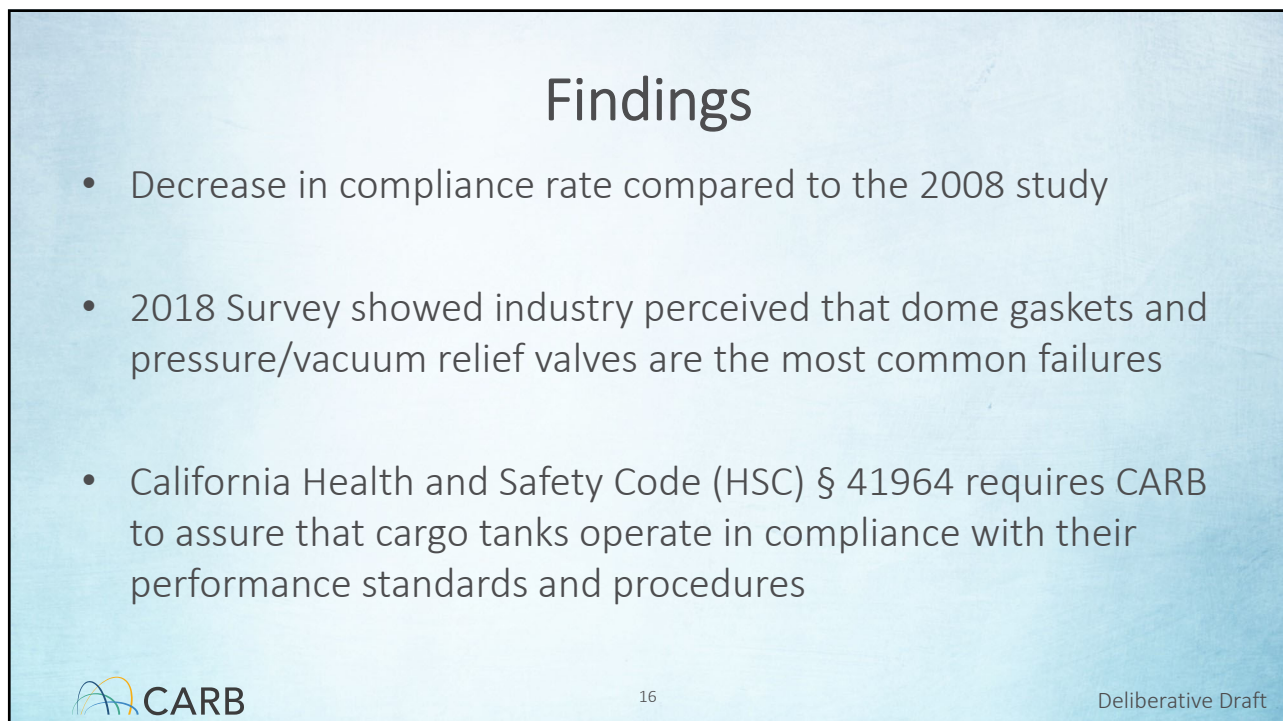
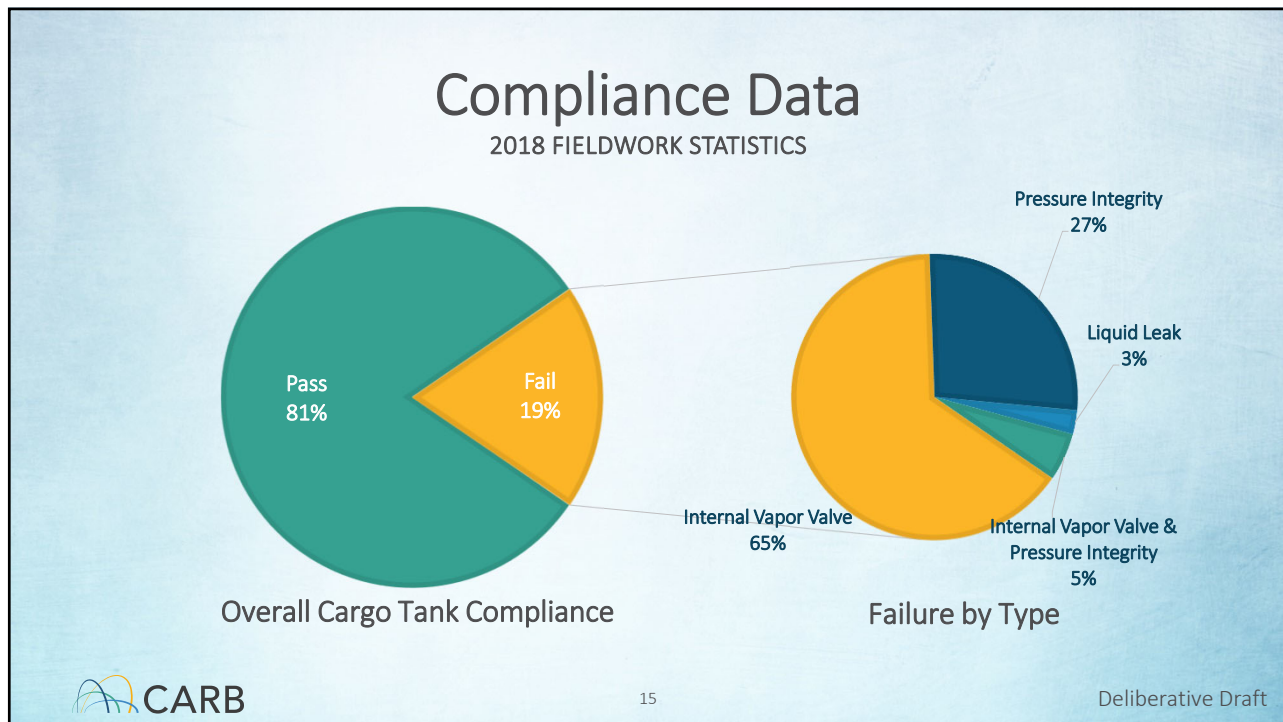
Failed Test Procedure	
Failed Internal Vapor Valve Performance Measurement	26
Failed Static Pressure Performance Measurement	12
Failed the Liquid Leak	1

*2 Cargo Tanks failed both Internal Vapor Valve and Static Pressure Performance Standards

Findings:

- Cargo Tank Compliance Rate is currently 81% of tanks inspected
 - For 2018, 6,061 cargo tanks certified to operate in California
 - Potentially 1,100 cargo tanks out of compliance





Moving Forward

- CARB would like to see higher compliance rates
- Increased enforcement presence in the field
- CARB can assist by offering:
 - Compliance Assistance
 - Training
 - Collaborative Efforts

Proposed Amendments and Finalized Language

Proposed Amendment

- CARB does not intend to amend performance standards
- CARB intends to propose regulatory language to:
 - Establish a fee calculation method
 - No dollar amount specified in regulation
 - Ensure the program is revenue neutral
 - Fee adjustments would be made to account for inflation and the cost of the program (indirect and direct costs)

Proposed Regulatory Language Summary

- a) Assessed fees would recover the total cost of the program
- b) The fee would be determined by a formula with variables pertaining to program cost

Formula:
$$\frac{\text{Variables pertaining to the program cost}}{\text{(The average number of applications)}} = \text{Cargo Tank Cost Per Certification}$$

- c) The cost of replacing a decal would be 12% of the certification cost
- d) Refunds require justification that would be assessed on case-by-case basis

Proposed Regulatory Language

- a) The Executive Officer shall assess and collect reasonable certification fees to recover the estimated costs of the cargo tank vapor recovery certification program. Certification fees shall be due and payable to the California Air Resources Board annually.
- b) Certification fees shall be established and periodically revised by the Executive Officer to recover the reasonable costs of administering the cargo tank vapor recovery certification program, in accordance with the following benchmarks: (i) the California consumer price index, as published by the California Department of Finance for the given year, (ii) costs that are attributable directly to the statewide certification and regulatory program, and (iii) a percentage of the indirect Board and statewide costs as agreed to by the Department of Finance and the U.S. Environmental Protection Agency, under Title 2, Code of Federal Regulations, Part 200. The following formula will be used to establish and periodically revise the certification fee.

Proposed Regulatory Language: Fee Formula

$$\text{Cargo Tank Cost per Certification} = \frac{PC_{Y-1} * CPI}{[(CTA_{Y-1} + CTA_{Y-2})/2]}$$

Where:

$$CPI = \frac{CPI_{Y+2}}{CPI_{Y-1}}$$

CARB intends to calculate the program costs (PC_{Y-1}) using the formula below:

$$PC_{Y-1} = PS + CE + (PS * IDCF)$$

Proposed Formula Variables Defined

- PC_{Y-1} = Program Costs: the direct and indirect costs of the program as assessed by CARB (including the costs for personnel services, contracts, equipment, general administration, program administration, and operating costs) for the fiscal year (Y) previous to the fee setting year.
- CPI = Consumer Price Index: The forecasted change in the annual California Consumer Price Index for All Urban Consumers (CPI-U All Items). This is a standard index published annually by the California Department of Finance. The CA CPI is a measure of the weighted average of price changes. As a metric, it identifies periods of inflation or deflation.
- CTA = Cargo Tank Applications: The number of Cargo Tank Applications for a given fiscal year (Y).

Proposed Regulatory Language: Replacement Decals and Refunds

- c) In the 12-month period following issuance of a decal, the fee to replace a lost or damaged decal will be 12% of the certification fee at the time of the replacement request.
- d) The California Air Resources Board will not issue refunds for any submitted fees except on a case-by-case basis as determined by the Executive Officer. Requests for a refund must include justification as to why the general rule that fees are nonrefundable should not apply.

Future Implementation of Potential Regulatory Language

Process of Fee Adjustment Under Proposed Regulatory Language

- Public notification of intent to adjust fees
- Potential workgroup meetings and/or public workshop
 - CARB is considering adding regulatory language to outline the public process
- Consideration of comments
- NOT a rulemaking process
 - No Board action or decision needed
 - Considered an Executive Officer decision

Utilization of the Formula- Fiscal Year 18/19

$$\text{Cargo Tank Cost per Certification} = \frac{PC_{Y-1} * CPI}{[(CTA_{Y-1} + CTA_{Y-2})/2]}$$

$$\text{Cargo Tank Cost per Certification} = \frac{\$416,309.38 * 1.1064}{[(6014 + 5741)/2]}$$

$$\text{Cargo Tank Cost per Certification} = \$78.36 (\$80)$$

Utilization of the Formula- Fiscal Year 19/20

$$\text{Cargo Tank Cost per Certification} = \frac{PC_{Y-1} * CPI}{[(CTA_{Y-1} + CTA_{Y-2})/2]}$$

$$\text{Cargo Tank Cost per Certification} = \frac{\$1,117,307.34 * 1.0974}{[(6033 + 6014)/2]}$$

$$\text{Cargo Tank Cost per Certification} = \$203.56 (\$205)$$

Next Steps

Notice of Proposed Action (NOPA) & 45 Day Comment Period:

- March 8, 2019

Board Hearing Date:

- April 25 - 26, 2019

Post Public Hearing:

- Continued collaboration with industry

For any comments, questions, or concerns please email cargotankrulemaking@arb.ca.gov

More Information on CTVRP Rulemaking: <https://ww2.arb.ca.gov/our-workprograms cargo-tank-vapor-recovery/cargo-tank-vapor-recovery-rulemaking-workshop>

