

State of California
AIR RESOURCES BOARD

Summary of Board Meeting
July 24, 2003

California Air Resources Board
Central Valley Auditorium
1001 I Street
Sacramento, California 95814

MEMBERS PRESENT: Hons. Alan C. Lloyd, Ph.D., Chairman
Dr. William A. Burke
Joseph C. Calhoun, P.E.
Dorene D'Adamo
C. Hugh Friedman
William F. Friedman, M.D.
Matthew R. McKinnion
Barbara Patrick
Ron Roberts

AGENDA ITEM #

03-6-1: **PUBLIC MEETING TO CONSIDER A HEALTH UPDATE**

N/A

03-6-2: **PUBLIC HEARING TO CONSIDER PROPOSED AMENDMENTS
TO THE CALIFORNIA DIESEL FUEL REGULATIONS**

SUMMARY OF AGENDA ITEM:

Staff recommended that the Board approve proposed amendments to the California diesel fuel regulations. The amendments would do the following: (1) reduce the maximum permissible sulfur content in vehicular diesel fuel from 500 ppm by weight (ppmw) to 15 ppmw starting in mid-2006; (2) revise the requirements for certification of alternative diesel fuel formulations; (3) adopt a new sulfur specification for certification diesel fuel for light- and medium-duty vehicles that is identical to the specification adopted by the United States Environmental Protection Agency (U.S. EPA); (4) improve the flexibility of the regulations by adopting new specifications for equivalency to the aromatic hydrocarbon limit for California diesel

fuel; (5) establish standards for diesel fuel lubricity; and (6) adopt an Air Toxics Control Measure to require the use of vehicular diesel fuel in all nonvehicular diesel engines except engines used to power locomotives and marine vessels.

Staff also proposed a more suitable method for testing low sulfur diesel and other changes that clarify the applicability of the diesel fuel regulations to allow more effective enforcement.

At the hearing, the staff proposed the following modifications to the original proposal:

- Add a provision for the phase-in of the 2006 sulfur standard at low-throughput purchaser-consumer facilities and retail outlets.
- Revise the proposed amendments to the definition of diesel fuel to further clarify that a product that is sold as diesel fuel and is primarily liquid hydrocarbons is subject to the regulatory standards.
- Delete the proposed restriction on downstream blending of vehicular diesel fuel with other distillates. This restriction is not necessary since diesel fuel will have to meet the same very stringent sulfur standards throughout the distribution system.
- Add criteria for determining the validity of previously certified alternative formulations where the candidate fuel did not meet the newly proposed specification requirements.
- Add a provision to sunset the proposed 2004 lubricity standard if it is adopted by the American Society for Testing and Materials and becomes applicable in California under the regulations of the State Division of Measurement Standards.
- Delete the proposed amendment to the certification fuel requirements of the heavy-duty engine test procedures, because it would not be appropriate to allow manufacturers to use low-aromatics diesel fuel in certifying engines subject to standards that are identical to the federal standards which do not provide for low-aromatics certification fuel.

The Board heard testimony from 12 witnesses. Eight testified in favor, two were neutral, and two opposed the proposed regulation. The South Coast Air Quality Management District's (SCAQMD) representative did not support the staff's proposed effective date of June 1, 2006 for the proposed 15-ppm sulfur standard, and urged the Board to implement the sulfur standard by the January 1, 2005

deadline set by the SCAQMD Rule 431.2. The representatives of the Coalition for Clean Air, the Union of Concerned Scientists, and the American Lung Association expressed their concern about the emissions reductions lost in the South Coast and also requested that the regulation be expanded to include locomotives and marine vessels. The California Trucking Association opposed the regulation based on their position that it imposes a significant cost on their members and will lead to more out-of-state registrations and more losses of fees to the state.

The Board approved the proposed amendments to the California diesel fuel regulations with the modifications proposed by staff. The Board directed the Executive Officer to report back in September on diesel fuel standards for locomotives and marine vessels. The Board also directed the Executive Officer to report by the end of the year on the alternative diesel fuel symposium to be hosted by the ARB and the California Energy Commission in August 2003, and make recommendations regarding the regulation of alternative diesel fuels. In addition, the Board directed the Executive Officer to report a year after implementation on the use of the equivalent limits option in the aromatic hydrocarbon regulation. Also, staff will conduct a technology assessment to be completed by 2005 to determine whether a new lubricity standard should be proposed to the Board for 2006 implementation to protect advanced technology fuel injection equipment.

The modifications presented by the ARB staff at the hearing will be made available for public review and comment for a 15-day period in a Notice of Public Availability of Modified text.

ORAL TESTIMONY:

Barry Wallerstein	South Coast AQMD
Gordon Schremp	California Energy Commission
Stephanie Williams	California Trucking Association
Wayne Miller	Peer Reviewer, University of California, Riverside
David Smith	WSPA
Joseph Kubsh	MECA
Jay McKeeman	CIOMA
Bonnie Holmes	American Lung Association
Ellen Shapiro	Alliance of Automobile Manufacturers
Tim Carmichael	Coalition for Clean Air
Graham Noyes	Wordenergy
Patricia Monahan	Union of Concerned Scientists

FORMAL BOARD ACTION: The Board approved Resolution 03-17 by an 8-0 vote with 1 abstention.

RESPONSIBLE DIVISION: Stationary Source Division

STAFF REPORT: Yes (313 pages including appendices)

03-6-3

NOTICE OF PUBLIC HEARING TO CONSIDER AMENDMENTS TO THE CALIFORNIA REGULATIONS FOR NEW 1997 AND LATER OFF-HIGHWAY RECREATIONAL VEHICLES AND ENGINES

SUMMARY OF AGENDA ITEM:

Staff requested approval of the amendment to the Off-Highway and Recreational Vehicles and Engines (OHRV) Regulation. The amendment simply reflects a delay in enforcement of the riding seasons that has been seen in the field.

The 1998 amendments to the OHRV regulations provided for a non-compliant (do not meet exhaust emission standards) category of OHRVs in addition to the existing compliant (meets exhaust emission standards) category. Department of Motor Vehicles (DMV) was to register compliant OHRVs with a green sticker providing for unlimited riding use in designated California riding areas. And, DMV was to register non-compliant OHRVs with a red sticker that allows for limited usage of the vehicles in designated California riding areas.

Since 1998, a significant number of OHRVs were registered with incorrect registration stickers. Some non-emissions-compliant OHRVs have received registration providing for unlimited vehicle usage. And some emissions-compliant OHRVs have received registration erroneously limiting the vehicles' usage. Due to the registration errors, Department of Parks and Recreation and their affiliates have been unable to enforce the riding restrictions in California riding areas.

Inconsistencies in the program and lack of enforcement in the field have caused public confusion. The Board's adoption of these amendments reflect that these problems have been substantially corrected such that riding area enforcement can begin. The amendments to postpone the riding season use restrictions to the 2003 Model Year will support DMV's registration of all 2002 Model Year and older OHRVs with a green sticker.

ORAL TESTIMONY:

Mr. John Paliwoda CMDA

FORMAL BOARD ACTION: The Board voted and unanimously approved Resolution 03-19.

RESPONSIBLE DIVISION: Enforcement Division

STAFF REPORT: Yes

03-6-4

PUBLIC MEETING TO CONSIDER A REPORT TO THE LEGISLATURE ON ENVIRONMENTAL HEALTH CONDITIONS IN CALIFORNIA'S PORTABLE CLASSROOMS

SUMMARY OF AGENDA ITEM:

Staff summarized the background, findings, and recommendations of the California Portable Classrooms Study, which was conducted jointly by the ARB and the Department of Health Services (DHS). The study, plus a final report and recommendations to remedy any problems found, was requested by the Governor and mandated by the Legislature in 2000. The study identified several widespread, environmental health problems in public school classrooms that are not conducive to the learning process and that may adversely impact students' and teachers' health. These included elevated formaldehyde levels, excessive noise, inadequate ventilation, unacceptable temperature and humidity levels, inadequate lighting, and residues of numerous pesticides and other persistent contaminants in the floor dust. Most, but not all, of these problems were found more often in portable classrooms than in traditional classrooms.

The ARB-DHS report includes a number of recommended actions to prevent or remedy the problems found. A total of 16 recommended actions are presented in two groups: those that are high priority, high benefit, and relatively low cost, and those that are a priority but may require a longer time to implement or that may be more costly. The first recommendation is that schools meet State regulations, especially the Cal/OSHA workplace environmental health regulations for ventilation, sanitation, and moisture and mold control. Other recommendations encourage schools and school districts to utilize the guidance and solutions that are readily available, many at low or no cost. The Los Angeles Unified School District's facility inspection checklists, the U.S. Environmental Protection Agency's *Indoor Air Quality Tools for Schools Kit*, and the Collaborative for High Performance Schools' *Best Practices Manuals* for design and construction of new schools are all

available on the Internet at no charge, and provide guidance for schools to make wise and healthful choices for the design, construction, operation and maintenance of healthful schools. The Board members' comments emphasized the importance of the findings, concerns regarding children's exposures to persistent chemicals in floor dust, and the need to work with teacher and parent organizations to increase awareness of the problems and solutions. A number of state agencies, manufacturers, and school districts are already beginning to implement the draft recommendations, and ARB and DHS staff will assist them to the extent feasible.

ORAL TESTIMONY: None.

FORMAL BOARD ACTION: The Board unanimously approved the Report for forwarding to the Governor and the Legislature.

RESPONSIBLE DIVISION: Research Division

STAFF REPORT: Yes.

03-6-5:

PUBLIC HEARING TO CONSIDER PROPOSED AMENDMENTS TO THE CALIFORNIA CLEAN AIR ACT NONVEHICULAR SOURCE FEE REGULATIONS

SUMMARY OF AGENDA ITEM:

Staff recommended that the Board approve proposed amendments to the California Clean Air Act Nonvehicular Source Fee Regulations. The amendments establish a process to collect fees for fiscal year 2003-2004 and subsequent fiscal years. The fees collected would be deposited into the Air Pollution Control Fund.

In 2003, the Legislature enacted Assembly Bill 10X (Stats. 2003, Chapter 1X), which amended section 39612 and added section 39613 to the Health and Safety Code. The staff's proposal would amend the ARB's existing fee regulations to implement the provisions of AB 10X. The proposed amendments would: (1) expand the universe of facilities subject to the fees by specifying that the fees are to be collected from nonvehicular sources authorized by local air district permits to emit 250 tons (instead of the previous 500 tons) or more per year of any nonattainment pollutant or its precursors; (2) assess fees on manufacturers of consumer products and architectural coatings whose total sales of consumer products or architectural coatings will result in the emission in California of 250 tons per year or greater of volatile organic compounds (VOCs); and (3) establish a uniform cost per

ton fee on all emissions sources subject to the fees.

In response to comments received during the 45-day comment period before the Board hearing, the staff at the hearing proposed several modifications to the original proposal. The Board approved the following modifications:

- A modification was made to provide that emissions and fees for facilities in the South Coast Air Quality Management District shall be determined on a fiscal year instead of a calendar year basis.
- More time (i.e., one additional month) was provided for affected sources to submit comments on preliminary emission estimates.
- The definition of “holding or parent company” was modified. The proposed regulations were also modified to specify that, at the request of a holding or parent company, the ARB Executive Officer shall provide separate written notice of their individual fee determinations to each consumer products or architectural coatings manufacturer within the holding or parent company.

The Board approved the proposed amendments with the modifications described above. The Board also directed staff to report back to the Board on the implementation of the fee assessment and collection process after it has been completed for fiscal year 2003-2004. Because the fees for the first year of the program, fiscal year 2003-2004, will be due 60 days after receipt of the invoice by affected facilities and manufacturers of consumer products and architectural coatings, the Board further directed the Executive Officer to provide preliminary written notification at the earliest practicable date to each facility operator, consumer products manufacturer, and architectural coatings manufacturer of the expected fees to be assessed for the 2003-2004 fiscal year.

At the hearing, a number of commenters requested ARB staff to provide a detailed accounting of the personnel and other resources allocated to the Board’s consumer products and architectural coatings programs. In response to this request, staff subsequently prepared a document entitled “*Consumer Products and Architectural Coatings Program Costs*” which, together with the modifications approved by the Board at the hearing, were made available for public review and comment for a 15-day period in a Notice of Public Availability of Modified Text and Availability of Additional Documents.

ORAL TESTIMONY:

Douglas Quetin	CAPCOA
Barry Wallerstein	South Coast AQMD
Larry Allen	San Luis Obispo County APCD
Doug Raymond	Sherwin Williams
Thomas Donegan	Cosmetic, Toiletry and Fragrance Association
Mark Riedel	Wella
Eileen Moyer	Reckitt Benckiser
Aron Lowe	ASPA
Joseph Yost	Consumer Specialty Products Association
Heidi McAuliffe	National Paint & Coatings Association
Chase Ahders	Smiand Khachigian
Madelyn Harding	Sherwin Williams
Paul Beemer	Henry Company
Michele Boddy	DAP Inc.
Cindy Tuck	California Council for Environmental & Economic Balance

FORMAL BOARD ACTION: The Board unanimously approved Resolution 03-20.

RESPONSIBLE DIVISION: Planning and Technical Support Division

STAFF REPORT: Yes

03-6-6

PUBLIC MEETING TO CONSIDER APPROVAL OF THE GOALS AND RECOMMENDATIONS FOR REDUCING CALIFORNIA'S DEPENDENCE ON PETROLEUM

SUMMARY OF AGENDA ITEM:

Assembly Bill 2076 directs the Air Resources Board (ARB or Board) and the California Energy Commission (CEC) to develop and adopt recommendations for the Governor and the Legislature on a strategy to reduce California's dependence on petroleum. This directive is the outgrowth of increasing concern regarding the effects of petroleum dependence on California's environment and economy. Such effects include the impact of higher fuel prices on the cost of transportation and the cost of production throughout the economy, the vulnerability associated with heavy reliance on foreign imports that are subject to external disruptions and geopolitical instability, and the environmental consequences of petroleum-related emissions of greenhouse gases and smog-forming pollutants.

The staff evaluated a number of options to reduce petroleum use in California, focusing most directly on fuel efficiency and fuel substitution options. For each option staff estimated the reduction in petroleum demand, and the associated costs and benefits.

The most dramatic reduction in petroleum usage is achieved by improving vehicle fuel efficiency. In most cases, this reduction can be realized at a net cost savings to society.

Although improving vehicle fuel efficiency provides the most dramatic near- and mid-term reduction in petroleum usage at the least cost, the benefits begin to diminish in the long-term as population growth overwhelms the petroleum reduction effects and petroleum usage begins to increase. To reverse this trend, a non-petroleum fuels element is essential to the long-term effectiveness of a petroleum reduction strategy. Most of the non-petroleum fuel options, however, have a direct net cost. These costs are largely a result of the higher cost of the fuel compared to the staff's projected price for gasoline and diesel (\$1.64 per gallon). If the price of gasoline and diesel should rise to the \$2.00 to \$2.50 per gallon range on a sustained basis, staff's analysis shows that most of the non-petroleum options would have positive net societal benefits provided that the price of the non-petroleum fuel did not rise concurrently.

Over the course of the past two years, the staff of CEC and ARB have developed a petroleum reduction goal of 15 percent below 2003 levels of petroleum usage by 2020, maintained for the foreseeable future, and recommendations to support the goal. The goal and recommendations follow from extensive staff work to evaluate petroleum reduction options and numerous public workshops and meetings with stakeholders. The goal reflects ambitious but achievable levels of reduction in petroleum usage through the combined effects of improved vehicle efficiency and the use of non-petroleum fuels. The recommendations to support the goal are as follows:

- 1) The Governor and Legislature should adopt the recommended statewide goal of reducing demand for on-road gasoline and diesel to 15 percent below the 2003 demand level by 2020 and maintaining that level for the foreseeable future.
- 2) The Governor and Legislature should work with the California delegation and other states to establish national fuel economy standards that double the fuel efficiency of new cars, light trucks, and sport-utility vehicles.

- 3) The Governor and the Legislature should establish a goal to increase the use of non-petroleum fuels to 20 percent of the on-road fuel consumption by 2020 and 30 percent by 2030.

ORAL TESTIMONY:

Mr. Mike Eaves	California Natural Gas Vehicle Coalition
Mr. KC Bishop	Chevron Texaco, WSPA
Ms. Audrie Krause	Stop Hidden Gas Taxes Coalition
Ms. Gretchen Knudsen	International Truck and Engine Corp.
Ms. Pam Jones	Diesel Technology Forum
Mr. Tim Castleman	Drive 55 Construction Project
Mr. Graham Noyes	World Energy
Ms. Kathryn Phillips	CEERT
Mr. John Paliwoda	California Motorcycle Dealers Association

FORMAL BOARD ACTION: The Board unanimously approved the report proposed by ARB staff.

RESPONSIBLE DIVISION: Mobile Source Control Division

STAFF REPORT: Yes