From:	Lawrence, Kathryn
To:	Meer, Daniel; Allen, HarryL; Waldon, MARGARET
Cc:	Nixon, Donald; Steiner, Cyntia
Subject:	RE: Valero Cogen discussion
Date:	Thursday, May 11, 2017 9:57:50 AM

Follow up from Air Division that disputes what Valero told CalOSHA about its pursuit of COGEN capacity

From: Kelly, Shaheerah
Sent: Wednesday, May 10, 2017 1:47 PM
To: Rios, Gerardo <Rios.Gerardo@epa.gov>
Cc: Aquitania, Manny <Aquitania.Manny@epa.gov>; Chew, Andrew <Chew.Andrew@epa.gov>; Basinger, David <Basinger.David@epa.gov>
Subject: Follow-up re Valero Bay Area Flaring Incident

Hi Gerardo,

You asked me to check with the BAAQMD about a claim about whether the denial of a permit contributed to the flaring incident that occurred at the Valero Benecia Refinery on Friday. I understand that the flaring incident was caused by a power outage at the refinery, and resulted in evacuations because of "huge plumes of smoke".

The District mentioned that Valero applied for permits to build two cogeneration plants:

1. A 51 MW cogeneration plant, in which the permit was issued in 2002; and
2. Another 51 MW cogeneration plant, in which the facility cancelled the permit application in 2007 (not a permit denial).

The District stated that the refinery's 51 MW cogeneration plant is probably sufficient to provide enough power capacity for peaking hours when demand is high, but may not be enough for a complete power outage.

In general, if the facility wants to construct another cogeneration plant to increase its capacity, it would have to go through a number of state approvals under CEQA, as well as the District permitting process.

Let me know if you have any other questions.

Thanks.

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Shaheerah Kelly
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From: Lawrence, Kathryn
Sent: Wednesday, May 10, 2017 3:44 PM
To: Meer, Daniel <Meer.Daniel@epa.gov>; Allen, HarryL <Allen.HarryL@epa.gov>; Waldon, MARGARET <Waldon.Margaret@epa.gov>
Cc: Nixon, Donald <nixon.donald@epa.gov>; Steiner, Cyntia <Steiner.Cyntia@epa.gov>
Subject: Valero Cogen discussion

I talked to Clyde Trombettas at Cal-OSHA today.

A PSM team has been on site the last couple of days looking at issues related to the recent incident. They focused mainly on the flare system. Clyde indicated that they were generally satisfied with Valeros equipment and procedures and did not think there would be further follow-up. We talked about the back-up power/CoGen issue and he shared the following observations:

In 2002 Valero added a cogen because of issues with supply from PGE. The cogen was designed to provide sufficient on-site power capacity in the event of a PGE power loss to allow the facility to stay in operation as it shut down (if the interruption was extended). In 2011, Valero added a fuel gas system which requires 9 megawatts . With those expanded power requirements the cogen can't handle full capacity power needs. On top of that, the COGEN apparently tripped off at the time of the power loss and was unable to provide ANY power to aid in a safer more paced shut down of the facility. Everything went to flare. Valero was unable to quickly restart the COGEN because they do not have a certified electrician at the plant.

Based on Clyde's report, Valero had/has asked for permits to upgrade the COGEN in the past (and likely in conjunction with the other plant upgrades) but they were denied approval from the city and the BAAQMD. Whether that was conditional disapproval (i.e. included design improvement requirements that Valero wasn't willing to do) or that it was an outright no.

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