

California Environmental Quality Act (CEQA)

NOTICE OF EXEMPTION

---

**TO: Contra Costa County  
County Clerk-Recorder  
555 Escobar Street  
Martinez, CA 94553**

**FROM: Bay Area Air Quality Management District  
375 Beale Street, Suite 600  
San Francisco, CA 94105**

**SUBJECT: FILING OF NOTICE OF EXEMPTION PURSUANT TO CEQA § 21152(b) AND CEQA GUIDELINES § 15062.**

**Project Title: Phillips 66 San Francisco Refinery – Issuance of Temporary Permit to Operate for Change of Condition for Tanks S-174, S-449 and for Alteration to S-338, S-600 (Application 716641)**

**Public Agency Approving Project (Lead Agency):** Bay Area Air Quality Management District (Air District), 375 Beale Street, Suite 600, San Francisco, CA 94105. Attn: Ali Roohani, Air Quality Engineer. Telephone: (415) 749-4707. Email: aroohani@baaqmd.gov.

**Project Applicant and Entity Carrying Out Project:** Phillips 66 Company - San Francisco Refinery.

**Project Applicant Mailing Address:** 1380 San Pablo Avenue, Rodeo, CA, 94572.

**Project Applicant Contact Person:** Brent Eastep, Environmental Specialist, Phillips 66 San Francisco Refinery. Telephone: (510) 245-4672. Email: Brent.P.Eastep@p66.com

**Project Location:** 1380 San Pablo Ave., Rodeo, Contra Costa County, CA 94572. Cross Street: near Road 8 and M Street

**Project Description:** The Air District has issued a change of condition under an Air District Temporary Permit to Operate for the following equipment:

- S-174 Tank# 281, 134,000 bbls, abated by A-7, Vapor Recovery System**
- S-449 Tank# 285, 189,000 bbls, abated by A-7, Vapor Recovery System**

and to alter the following equipment because of the change of permit condition:

- S-338 U233 Fuel Gas Center, 7.5E6 cubic feet/hr**
- S-600 Pre-treatment Unit (PTU), consisting of 3 trains, 80,000 bbls/day, abated by A-622 and A-624 Biofilters and A-623 and A-625 Carbon Adsorption Systems**

Phillips 66 San Francisco Refinery (Phillips 66) is currently having performance issues with their abatement system at S-600, Pretreatment Unit (PTU). The existing abatement process relies on two biofilters and two activated carbon adsorption vessels to control total organic carbon (TOC) emissions. However, the runtime for the activated carbon vessels has proven to be significantly less than initially anticipated by Phillips 66. To mitigate this issue in the short term, the refinery has temporarily installed additional abatement devices, including four activated carbon vessels and a scrubber. The refinery is now investigating the root cause of excess organic compounds entering the PTU system.

Phillips 66 suspects that the source of the issue is upstream, specifically at S-174 (Tank 281) and S-449 (Tank 285), which store renewable feedstock and are exempt under Air District Regulations 2-1-123.3.2 and 2-1-123.3.6. Per Part 2 of permit condition #23724, both tanks are required to be blanketed with utility-grade natural gas as an emission and odor control measure. Phillips 66 suspects the natural gas blanket may be getting absorbed into the stored renewable feedstock, which is then fed into S-600 for treatment. Phillips 66 has proposed a temporary amendment to the permit condition to add nitrogen gas as an alternative option, allowing for the replacement of the natural gas blanket with a nitrogen blanket. Nitrogen, being heavier than natural gas and also inert, is already used as a blanketing gas at some of the other tanks at the facility. The facility estimates that it will take several weeks to fully purge the natural gas with nitrogen and have requested a six-month trial period to observe whether and to what extent TOC concentrations exiting S-600 decrease.

The stored material at S-174 and S-449 will remain the same, and no physical modifications to the equipment are planned under this application other than routing nitrogen gas to the tanks as opposed to natural gas. The minimum set pressure for S-174 and S-449 specified in Part 4a and 4b of permit condition # 23724 will not change. Both sources will continue to be abated by A-7 vapor recovery system. Therefore, the proposed change will not increase emissions from S-174 or S-449, nor will it affect their exemption status. This change is not expected to modify any upstream or downstream sources.

S-600 will be classified as an altered source, as emissions are expected to decrease if the natural gas blanketing of S-174 and S-449 is indeed the primary cause. Additionally, S-338, Fuel Gas Center, which receives captured vapor from A-7 and uses it as fuel gas for downstream combustion sources, will receive additional nitrogen as a result of this permit issuance, but it will not experience an increase in permitted emissions. S-338 is also considered an altered source, as this project constitutes an operational change under Air District Regulation 2-1-233, which defines an altered source.

**Finding of Exemption:** The issuance of the Temporary Permit to Operate is ministerial, so it is not subject to CEQA. (Public Resources Code § 21080(b)(1); CEQA Guidelines § 15268(a).) This permit action is also exempt from CEQA because the project involves only a minor alteration to existing facilities that is subject to the “Class 1” categorical exemption. (CEQA Guidelines §§ 15061(b)(2), 15301.)

**Reasons for Exemption:** Issuance of this Temporary Permit to Operate is not subject to CEQA because it is ministerial. Air District Regulation 2-1-302.2 sets forth the requirements for receiving a temporary permit to operate pursuant to the Air District’s Accelerated Permitting Program. This permit application qualifies for the Accelerated Permitting Program pursuant to Air District Regulation 2-1-302.2.3 because it is exclusively for alteration of existing sources, and because none of the provisions in Air District Regulations 2-1-316 through 2-1-319 apply. Further, the applicant has submitted a complete application for a temporary permit to operate that contains the six elements listed in Air District Regulation 2-1-302.2(i)-(vi). The Air District’s decision to issue this Temporary Permit to Operate did not extend beyond the objective determination of whether the application meets the requirements for a temporary permit to operate, and therefore this permit decision does not allow for any subjective judgement related to whether or how the project may be carried out. The Air District lacked discretion regarding this permit decision given the relevant requirements were objectively met based on the information available to the Air District.

Furthermore, the Air District’s permit action is exempt because it permits a minor alteration to existing facilities involving no or negligible expansion of existing use. Because it seeks to improve the efficacy of abatement equipment, this permit decision is a type of alteration that may be subject to this exemption. (CEQA Guidelines § 15301(f).) As noted, the stored material at S-174 and S-449 will remain the same, and no physical modifications

to the equipment are planned other than routing nitrogen gas to the tanks as opposed to natural gas. This application does not involve any changes to emission limits.

*Fred Yamada for*

\_\_\_\_\_  
Pamela J. Leong  
Director of Engineering  
Bay Area Air Quality Management District

*November 18, 2024*

\_\_\_\_\_  
Date