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California State Senate

SENATOR
BEN HUESO
FORTIETH SENATE DISTRICT



January 30, 2019

Governing Board Chairman, Dr. William A. Burke
South Coast Air Quality Management District
21865 Copley Dr.,
Diamond Bar, CA 91765

RE: RULE 1410 – SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
(SCAQMD)

Dear Chairman Burke:

I had an opportunity to meet with Executive Officer of the South Coast Air Quality Management District (SCAQMD), Wayne Nastri, to discuss the status of Proposed Rule 1410 pertaining to Hydrogen Fluoride Storage and Use at Petroleum Refineries. It was a productive conversation, and I was pleased to learn about your commendable efforts to address this urgent matter. I am confident that with your leadership, we can prevent the potential disruption of Southern California's and the State of California's fuel supply and distribution system while ensuring that necessary precautions are taken to address the health and safety of the employees at these refineries and the surrounding community.

As I am sure you are aware, the decision made on this proposed rule will not only determine the appropriate safety precautions necessary to protect the health and safety of Californians, it will also have an impact on our local and regional economy, as well as on the thousands of working-class families that depend on the wages and union jobs that the industry provides. A potential ban on hydrogen fluoride and modified hydrogen fluoride can result in the closure of refineries, ultimately impacting the state's energy reliability and climate change goals and increasing the cost to consumers. In addition to these impacts, by changing California's fuel supply without addressing our demand, we are substituting California's in-state fuel, which has some of the cleanest processing requirements, with dirtier fuels from other states and jurisdictions. This will mean that in order to continue our daily operations, Californians will have to import fuel from states with much less stringent environmental laws, and consumers will see a major disruption in fuel supply. Unfortunately, alternatively-fueled modes of transportation, such as electric vehicles and vehicles fueled by renewable natural gas, do not yet have the necessary market penetration to replace transportation fueled by these refineries.

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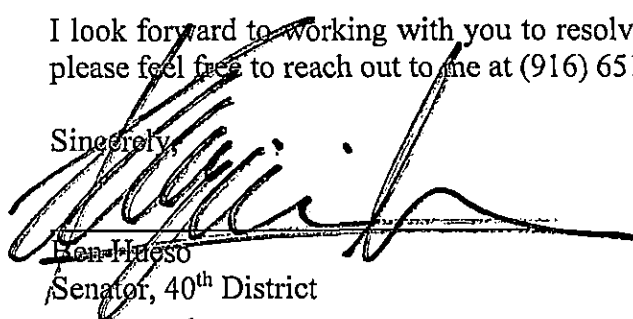
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Recently, the California Energy Commission's Petroleum Market Advisory Committee released their final report in which they discovered an "unexplained surcharge" in September 2017, costing Californians over \$17 billion since February 2015. The increasing price differences between California and the U.S. average are a major cause of concern. One of the ways to address gasoline price volatility is to increase refining capacity in the state. We cannot continue to limit competition in the refinery market without a viable solution to our increasing gas prices. The fact of the matter is that our consumers need access to a continuous fuel supply that won't break the bank.

I am sympathetic to the complexity of refinery safety issues given my role in energy policy over the years, but I am confident that we can find a solution that will improve safety policies for employees and the community while ensuring there is no disruption in fuel supply to California's consumers. **That is why I am asking you to consider further exploration of the Memorandum of Understanding process.** I believe that this MOU may make for an expeditious, efficient, and effective resolution to this time-sensitive matter while supporting the safety of Californians, protecting the hard-working class families of this industry, and ensuring that we protect consumers across the region and the state.

I look forward to working with you to resolve this issue. Should you have any questions, please feel free to reach out to me at (916) 651-4040.

Sincerely,



Ron Hines
Senator, 40th District

Cc: SCAQMD Governing Board