State of California
California Environmental Protection Agency

ENVIRONMENTAL POLICY COUNCIL

Resolution

April 30, 2004

WHEREAS, the California Environmental Policy Council (Council) – consisting of the Secretary for Environmental Protection, the Chairpersons of the California Air Resources Board (ARB), the State Water Resources Control Board (SWRCB) and the California Integrated Waste Management Board (IWMB); and the Directors of the Office of Environmental Health Hazard Assessment (OEHHA), the Department of Toxic Substances Control (DTSC), and the Department of Pesticide Regulation (DPR) – was established by Public Resources Code section 71017 in 1993 for the purpose of designating the consolidated permit agency for a proposed project which requires a permit from more than one environmental agency in California;

WHEREAS, section 43830(a) of the Health and Safety Code generally prohibits the ARB from adopting any regulation that establishes a specification for motor vehicle fuel unless that regulation, and a multimedia evaluation conducted by affected agencies and coordinated by the ARB, are reviewed by the Council; but, section 43830(i) permits the ARB, notwithstanding section 43830(a), to adopt such a regulation without the proposed regulation being subject to a multimedia evaluation if the Council, following an initial evaluation of the proposed regulation, conclusively determines that the regulation will not have any significant adverse impact on public health or the environment;

WHEREAS, on July 24, 2003, the ARB approved amendments to its regulations establishing specifications for California motor vehicle diesel fuel; these amendments (1) reduce the maximum permissible sulfur content of vehicular diesel fuel from 500 ppmw to 15 ppmw starting in mid-2006, (2) establish standards for vehicular diesel fuel lubricity effective in August 2004, (3) establish new specifications for equivalency to the aromatic hydrocarbon limit for California vehicular diesel fuel, and (4) make various other related changes;

WHEREAS, since the approved amendments included significant modifications to the originally-proposed amendments, the ARB directed its Executive Officer to make the modified amendments available for a supplemental comment period, and then to formally adopt the amendments with any modifications that are appropriate in light of the comments received;

WHEREAS, in approving the diesel fuel amendments on July 24, 2003, the ARB found that:

> Reducing the sulfur content of diesel fuel from the statewide average of 140 ppmw to less than 10 ppmw would reduce sulfur oxide emissions by about 90 percent or by about 6.4 tons per day from 2000 levels;
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> Sulfur in diesel fuel contributes to ambient levels of fine PM through the formation of sulfates both in the exhaust stream of the diesel engine and later in the atmosphere; reducing the sulfur limit of California diesel to 15 ppmw would reduce direct diesel PM emissions by about four percent, or about 0.6 tons per day in 2010 for engines not equipped with advanced PM emissions control technologies;
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> The lower sulfur diesel makes much more significant emissions reductions possible by enabling high-efficiency catalytic after-treatment of diesel engine exhaust; with these after-treatment technologies, emissions of diesel PM and NOx can be reduced by 90 percent and in addition, significant reductions of NMHC and CO can also be achieved; and
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> Implementation of the low sulfur regulation approved herein could have a small net effect on global warming as the production of low sulfur diesel is expected to increase emissions of CO_2; however, the greenhouse effect from diesel production is expected to be substantially offset by the effect of a reduction in CO_2 emissions from the use of low sulfur fuel in diesel engines;

WHEREAS, the ARB determined that the distribution, use and dispersal of the diesel fuel expected to be produced in compliance with the diesel fuel regulation amendments would not result in any significant adverse enviromental impacts;

WHEREAS, the staff of the ARB has prepared a March 2004 report entitled "Recommendation on Need for a Multimedia Evaluation of Amendments to the California Diesel Fuel Regulations" (the EPC Report), which recommends that the Council concur with the ARB staff's findings that the proposed amendments to the California diesel fuel regulations will not have any significant adverse impact on public health and the environment, and that the Council determine that no further multimedia evaluation is necessary;

WHEREAS, an interagency multimedia working group, consisting of representatives from Cal/EPA, ARB, SWRCB, OEHHA, and DTSC evaluated the proposed amendments to the diesel fuel regulations and found that they should not have a significant adverse impact on public health or the environment;

WHEREAS, on March 30, 2004, the Deputy Director for Scientific Affairs for OEHHA reported that OEHHA scientists conclude that production and use of low-sulfur diesel in California has a significant potential health benefit due to the reduction of post-combustion contaminants from diesel engines;

WHEREAS, on March 26, 2004, the Chief of the Division of Water Quality of SWRCB reported that SWRCB staff have reviewed the EPC Report and agree that the proposed changes to the California diesel fuel regulations will not have a significant adverse effect on the quality of California's surface waters or groundwaters when compared to the fuel produced in compliance with the current California diesel fuel regulations.

WHEREAS, on March 23, 2004, the Chief of the Regulatory and Program Development Division of DTSC reported that DTSC has reviewed the EPC Report and agrees that the proposed changes to the diesel fuel regulation will not have a significant effect on hazardous waste management or soil contamination when compared to current diesel fuel; and

WHEREAS, the Council has conducted a April 30, 2004 meeting to receive written and oral comments from interested parties on the EPC Report and the expected environmental impacts of the amendments to the California diesel fuel regulations.

NOW, THEREFORE BE IT RESOLVED that, based on the EPC Report and comments received, the Council conclusively determines that the regulatory actions of the ARB which (1) reduce the maximum permissible sulfur content of vehicular diesel fuel from 500 ppmw to 15 ppmw starting in mid-2006, (2) establish standards for vehicular diesel fuel lubricity effective in August 2004, (3) establish new specifications for equivalency to the aromatic hydrocarbon limit for California vehicular diesel fuel, and (4) make various other related changes, will not have any significant adverse impact on public health or the environment.

DATED: April 30, 2004

Terry Tamminen, Secretary
California Environmental Protection Agency