

TITLE 13. CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC HEARING TO CONSIDER AN AMENDMENT TO THE LIMIT ON THE PROPENE CONTENT OF LIQUEFIED PETROLEUM GAS INTENDED FOR USE IN MOTOR VEHICLES

The Air Resources Board (ARB or Board) will conduct a public hearing at the time and place noted below to consider an amendment to the Specifications for Liquefied Petroleum Gas, Title 13, section 2292.6, California Code of Regulations. The proposed amendment is a two-year postponement of the final limit on propene in liquefied petroleum gas intended for use in motor vehicles.

Date: March 27, 1997

Time: 9:30 a.m.

Place: Board Hearing Room, Lower Level
2020 L Street
Sacramento, California 95814

This item will be considered at a two-day meeting of the Board, which will commence at 9:30 a.m. on March 27, 1997 and may continue at 8:30 a.m. on March 28, 1997. This item may not be considered until March 28, 1997. Please consult the agenda for the meeting, which will be available at least 10 days before March 27, 1997, to determine the day on which this item will be considered.

INFORMATIVE DIGEST OF PROPOSED ACTION/PLAIN ENGLISH POLICY STATEMENT OVERVIEW

Sections Affected: Title 13, California Code of Regulations, section 2292.6, "Specifications for Liquefied Petroleum Gas." This section controls the properties of liquefied petroleum gas (LPG or "propane") that is sold commercially for use in motor vehicles in California.

Background. The Board adopted section 2292.6 in 1992, to take effect on January 1, 1993. The Board included a maximum limit on the propene content of vehicular LPG. In the initial adoption, the propene limit was ten percent by volume, and the limit was to have declined to five percent on January 1, 1995. However, in 1994, the Board amended the effective date of the five-percent limit to January 1, 1997. In the interim, the propene limit is ten percent.

When the Board adopted the standards for vehicular LPG and other alternative fuels, it set essentially identical standards for (1) the fuel sold commercially in California for motor vehicle use, and (2) the fuel used in certification testing of new motor vehicles to determine whether the vehicles comply with the applicable emission standards. The broad objective of the commercial fuel standards was to assure that motor vehicles designed to use alternative fuels such as LPG will have fuels available that are of consistent quality and produce the expected emission benefits. The limited data on emissions now available indicate that LPG vehicles have greater emissions of ozone precursors and carbon monoxide when using LPG with a propene content at ten percent than when using LPG with the propene at five percent.

Proposed Amendment. The Air Resources Board staff is proposing that the five-percent limit on the propene content of LPG sold commercially for use in motor vehicles be delayed until January 1, 1999. The staff's proposal is in response to a petition from the Western Propane Gas Association (WPGA). In the petition, WPGA contends that if the limit on the propene content is reduced to five percent on January 1, 1997, there will be insufficient complying LPG to allow the continued supply of LPG to vehicles that now use that fuel. The staff concurs that implementation of the five-percent propene content standard on January 1, 1997 will likely result in a vehicular LPG supply problem in northern California and in the San Joaquin Valley.

AVAILABILITY OF DOCUMENTS AND CONTACT PERSON

The Board staff has prepared a Staff Report which includes the initial statement of reasons for the proposed action and a summary of the environmental impacts of the proposal, if any. Copies of the Staff Report and the full text of the proposed regulatory language may be obtained from the Public Information Office, Air Resources Board, 2020 L Street, Sacramento, California 95814, (916) 322-2990. The Board staff has compiled a record which includes all information upon which the proposal is based. This material is available for inspection upon request to the contact person identified immediately below.

Further inquiries regarding this matter should be directed to John Courtis, Manager of the Fuels Section in the Stationary Source Division, at (916) 322-6019.

COSTS TO PUBLIC AGENCIES AND TO BUSINESSES AND PERSONS AFFECTED

The determinations of the Board's Executive Officer concerning the costs or savings necessarily incurred in reasonable compliance with the proposed regulatory action are presented below.

The Executive Officer has determined that the proposed regulatory action will not create costs or savings, as defined in Government Code section 11346.5(a)(6), to any state agency or in federal funding to the state, costs or mandate to any local agency or school district whether or not reimbursable by the state pursuant to Part 7 (commencing with section 17501, Division 4, Title 2 of the Government Code, or other nondiscretionary savings to local agencies.

In preparing the regulatory proposal, the staff has considered the potential economic impacts on California business enterprises and individuals. There are at most 45,000 LPG-fueled motor vehicles currently being operated in California, most of which are commercial fleet light-duty trucks that have been converted to run solely on LPG. The information available to staff indicates that if the propene limit for vehicular LPG declines to percent in January 1997, a supply problem is likely in Northern California and in the San Joaquin Valley. One of the two northern California LPG producers known to staff does not meet the five percent limit and does not plan to change its operations to enable it to do so. As a result, the documented production of vehicle-grade LPG in northern California would decline by more than 50 percent if the propene limit becomes five

percent. A similar situation is expected in the San Joaquin Valley. In southern California, on the other hand, staff is not aware of any LPG now being sold for vehicular use that has a propene content exceeding five percent.

The demand for vehicular LPG constitutes only about twenty percent of the total LPG demand on marketers who provide LPG for vehicles. However, only a few marketers currently have the capability to handle low-propene vehicle-grade LPG as a product separate from commercial-grade LPG. Since there will be insufficient supplies of five-percent propene LPG in northern California to satisfy the total demand for commercial LPG, a substantial portion of northern California marketers would be expected to initially carry only nonvehicular commercial grade LPG if the five-percent propene standard becomes applicable. These marketers would install equipment to separately handle a vehicle-grade LPG only if the equipment is justified economically; apparently few will do so.

The proposed amendment would enable consumers of vehicular LPG to avoid the consequences of a potential supply shortage of vehicular LPG in northern California and the San Joaquin Valley. These consequences would include a likely price increase for vehicular LPG and a need to reduce the use of LPG vehicles (this would be done by either reconverting the vehicles to run on gasoline, or substituting other vehicles). For producers and marketers of vehicular LPG having a propene content between five and ten percent, the proposed amendment would avoid the costs associated with the immediate need to find other markets for this product, install segregated distribution facilities, or reduce the propene content of the LPG. Producers and marketers of LPG having a propene content of five percent or less would have to forego the likely revenue increase associated with higher prices for vehicular LPG. The staff is not aware of any LPG producers or marketers who have altered their facilities or operations to reduce the propene content of their LPG, or to allow segregation of vehicular LPG, in reliance on implementation of the five-percent propene content standard on January 1, 1997.

For the above reasons, the proposed amendment is not expected to have a significant adverse economic impact on large or small businesses, including the ability of California businesses to compete with businesses in other states, or on directly affected private persons.

In accordance with Government Code section 11346.3, the Executive Officer has determined that the proposed regulatory action should not effect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within California, or the expansion of businesses currently doing business within California. An assessment of the economic impacts of the proposed regulatory action can be found in the Staff Report.

The Executive Officer has also determined, pursuant to Government Code section 11343.2, that the proposed regulatory action will affect small business. The proposed regulatory language is written in plain English and is available from the contact person named in this notice.

Before taking action on the proposed regulatory action, the Board must determine that no alternative considered by the agency would be more effective in carrying out the purpose for which the action is

proposed or would be as effective and less burdensome to affected private persons than the proposed action.

SUBMITTAL OF COMMENTS

The public may present comments relating to this matter orally or in writing. To be considered by the Board, written submissions must be addressed to and received by the Board Secretary, Air Resources Board, Post Office Box 2815, Sacramento, California 95812, no later than 12:00 noon, March 26, 1996, or received by the Board Secretary at the hearing.

The Board requests but does not require that 20 copies of any written statement be submitted and that all written statements be filed at least 10 days prior to the hearing. The Board encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for modification of the proposed regulatory action.

STATUTORY AUTHORITY AND HEARING PROCEDURES

This regulatory action is proposed under that authority granted in sections 39600, 39601, 43013, 43018, and 43101, Health and Safety Code, and Western Oil and Gas Ass'n. v. Orange County Air Pollution Control District, 14 Cal.3d 411, 121 Cal.Rptr. 249 (1975). This regulatory action is proposed to implement, interpret, and make specific sections 39000, 39001, 39002, 39003, 39010, 39500, 39515, 39516, 41511, 43000, 43016, 43018, 43021, and 43101, Health and Safety Code, and Western Oil and Gas Ass'n. v. Orange County Air Pollution Control District, 14 Cal.3d 411, 121 Cal.Rptr. 249 (1975).

The public hearing will be conducted in accordance with the California Administrative Procedure Act, Title 2, Division 3, Part 1, Chapter 3.5 (commencing with section 11340) of the Government Code.

Following the public hearing, the Board may adopt the regulatory language as originally proposed, or with nonsubstantial or grammatical modifications. The Board may also adopt the proposed regulatory language with other modifications if the text as modified is sufficiently related to the originally proposed text that the public was adequately placed on notice that the regulatory language as modified could result from the proposed regulatory action; in such event the full regulatory text, with the modifications clearly indicated, will be made available to the public, for written comment, at least 15 days before it is adopted. The public may request a copy

of the modified regulatory text from the Board's Public Information Office, 2020 L Street,
Sacramento, California 95814, (916) 322-2990.

CALIFORNIA AIR RESOURCES BOARD

Michael P. Kenny
Executive Officer

Date: December 31, 1996