March 24, 2006

PLAN FOR IN-STATION DIAGNOSTICS (ISD) COST-EFFECTIVENESS REVIEW

OBJECTIVE: Review the ISD cost-effectiveness as directed in ARB Resolution 02-35 dated December 12, 2002:

> *BE IT FURTHER RESOLVED that the Board directs the Executive Officer and Board staff to assess, following the initial certification of the first EVR Phase II system with in-station diagnostics (ISD), the capital cost impacts of ISD on smaller through-put GDFs. The Executive Officer and Board staff are directed to complete the assessment within18 months after the initial certification of an ISD equipped system.*

PLAN: Work with local air districts and gasoline marketers to identify gasoline dispensing facilities (GDF) installing ISD. Collect ISD cost data (equipment, installation, testing and maintenance costs) from the station operators and update the EVR cost analysis to recalculate ISD cost-effectiveness for throughput categories GDF 1, GDF 2 and GDF 3. The ISD cost-effectiveness is the annual ISD costs divided by the annual emission reductions attributed to ISD. The ISD cost-effectiveness for each GDF category as calculated in 2002 is as follows:

	GDF 1	**GDF 2**	**GDF 3**	**GDF 4**	**GDF 5**
Throughput Range (gallons/month)	< 25,001	25,001 - 50,000	50,001 - 100,000	100,001 - 200,000	> 200,000
ISD Annual costs/ Annual Emission Reductions ($/lb)	(no ISD)	(no ISD)	$7.04	$4.11	$2.29

The ISD emission reductions will also be reviewed and revised as needed. Data on in-use performance of EVR Phase II systems will be collected in parallel with the ISD in-use evaluation study. Details on the methodology for the ISD cost-effectiveness calculations are described in the staff reports for the March 2000 EVR and December EVR Technology Review rulemakings available via the internet at http://www.arb.ca.gov/vapor/regulatory.htm.

SCHEDULE: Tasks to be completed by ARB staff by dates below:

April 2006	Identify minimum of twenty facilities with ISD installed or to be installed by June 2006 in at least six districts.
May 2006	Mail-out survey to station owners/gasoline marketers requesting ISD cost data (equipment, installation, testing, and other costs).
June 2006	Draft plan for data collection to assess ISD emission reductions for EVR Phase II systems.
July 2006	Follow-up with station owners as needed regarding missing or questionable data. Prepare and provide status report on data collection and preliminary cost estimates to CAPCOA Vapor Recovery Committee chair. Begin data collection for ISD emission estimates.
September 2006	Progress report at ISD informational meeting.
October 2006	Draft ISD cost-effectiveness calculations available for CAPCOA Vapor Recovery Committee review.
November 2006	Draft ISD cost-effectiveness calculations and assessment report available for air district and industry review.
January 2007	Finalize ISD cost-effectiveness calculations and assessment report with input from air districts and industry. If warranted, recommend modifications to ISD regulatory requirements.