

Gas Vapor Regulations: The Legislature's Decentralized Approach Neither Requires nor Produces Consistency, and Current Regulations May Be Requiring Outdated Technology

Preliminary Report

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Staff to the Joint Legislative Audit & Review Committee

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Key Points in Today's Presentation

1

Current gas station regulations may be requiring outdated technology

2

Fees the local agencies set vary as well as the methodologies used to determine agency fees

3

Gas station inspection processes are similar, but the frequency of inspection varies

Federal Clean Air Act Regulates Air Emissions in the United States

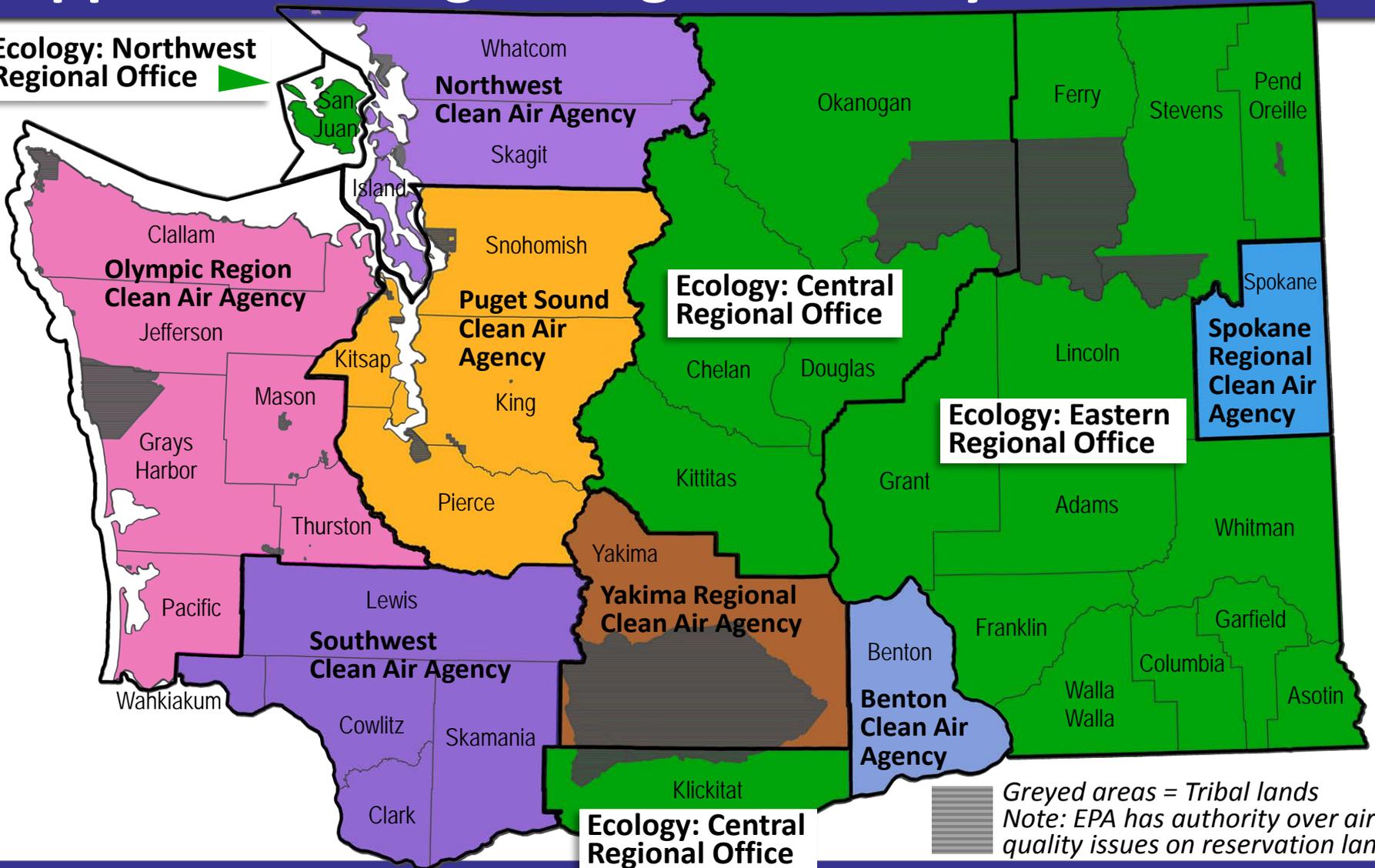
- Gasoline vapors are a source of ground-level ozone (smog) which poses a risk to human health and the environment



- Environmental Protection Agency is responsible for establishing air quality standards and regulations
- Federal Act gives states flexibility in how to organize themselves to meet EPA's standards and regulations

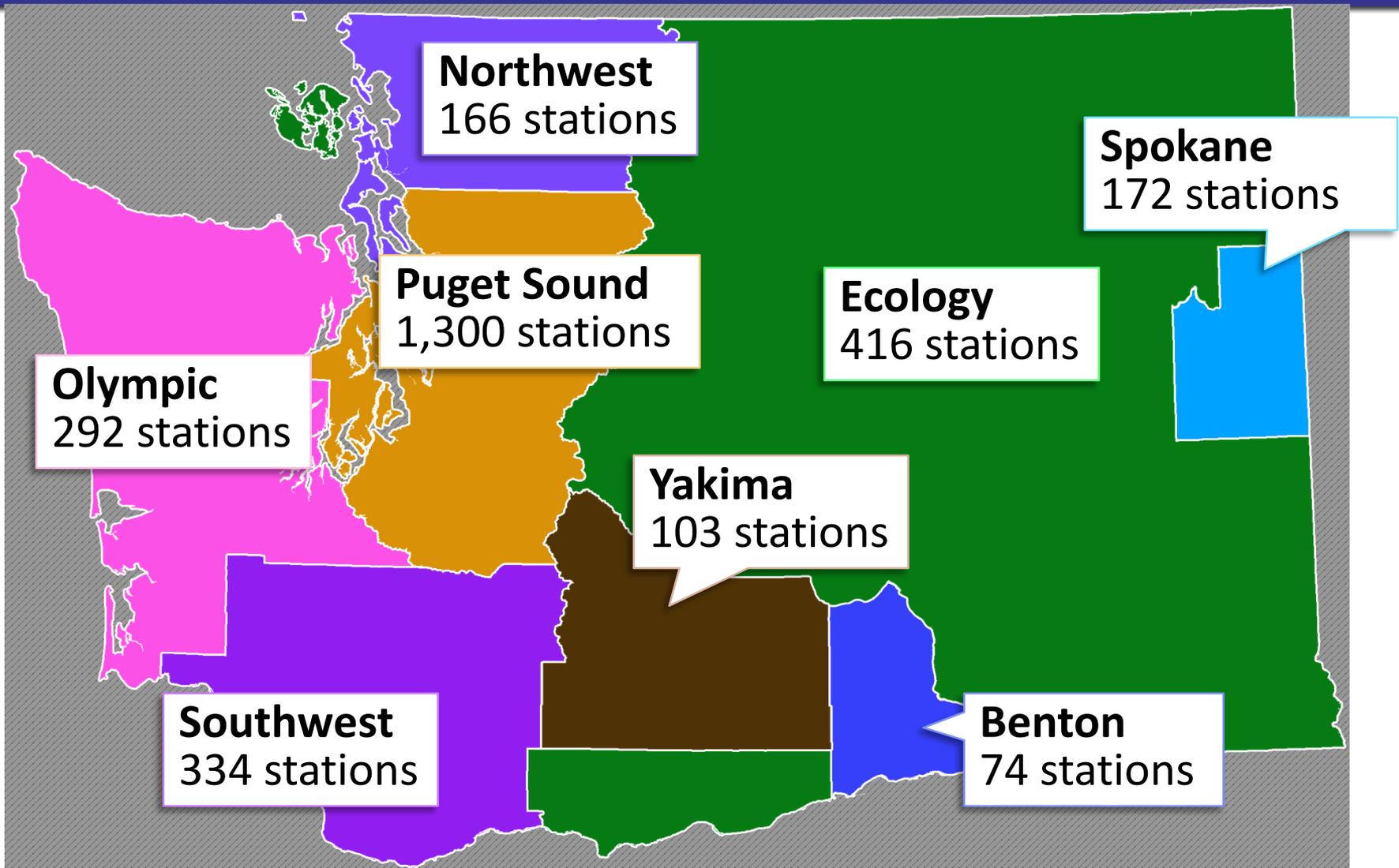
Washington's Clean Air Act Allows Decentralized Approach to Regulating Air Quality

Ecology: Northwest Regional Office



Greyed areas = Tribal lands
 Note: EPA has authority over air quality issues on reservation lands

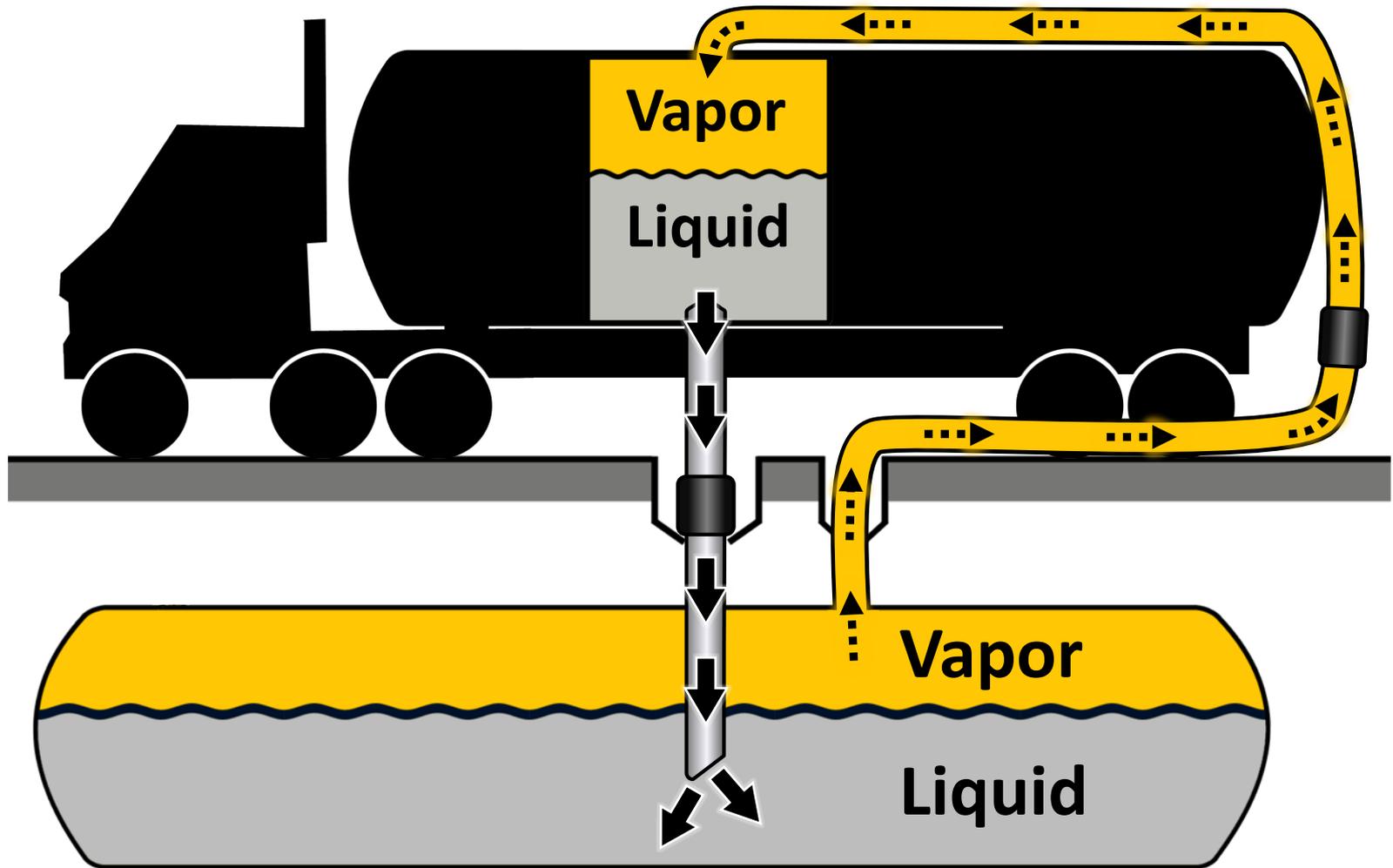
Washington Has Approximately 2,800 Gas Stations



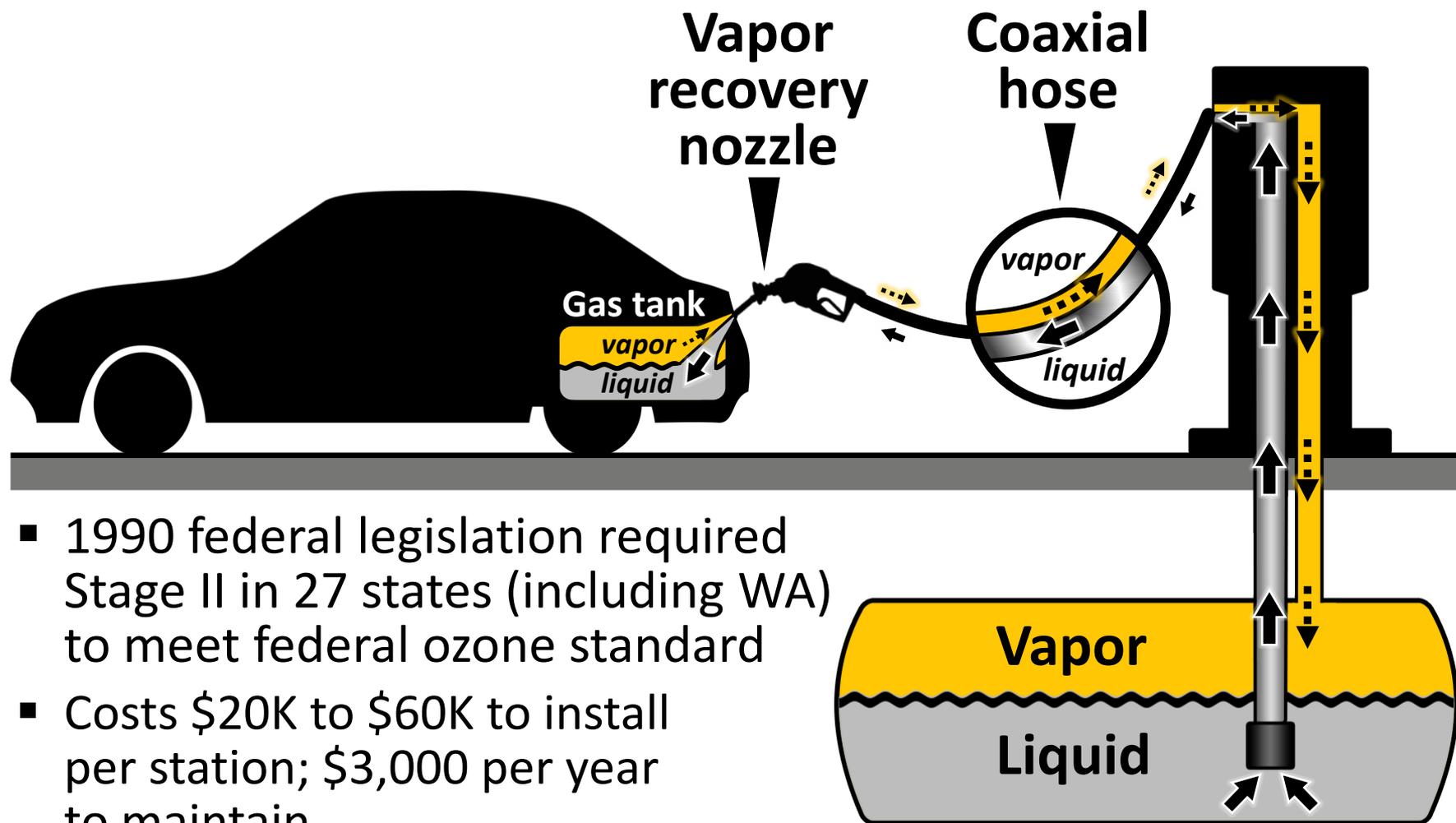
1. Washington's Current Regulations May Be Requiring Outdated Technology



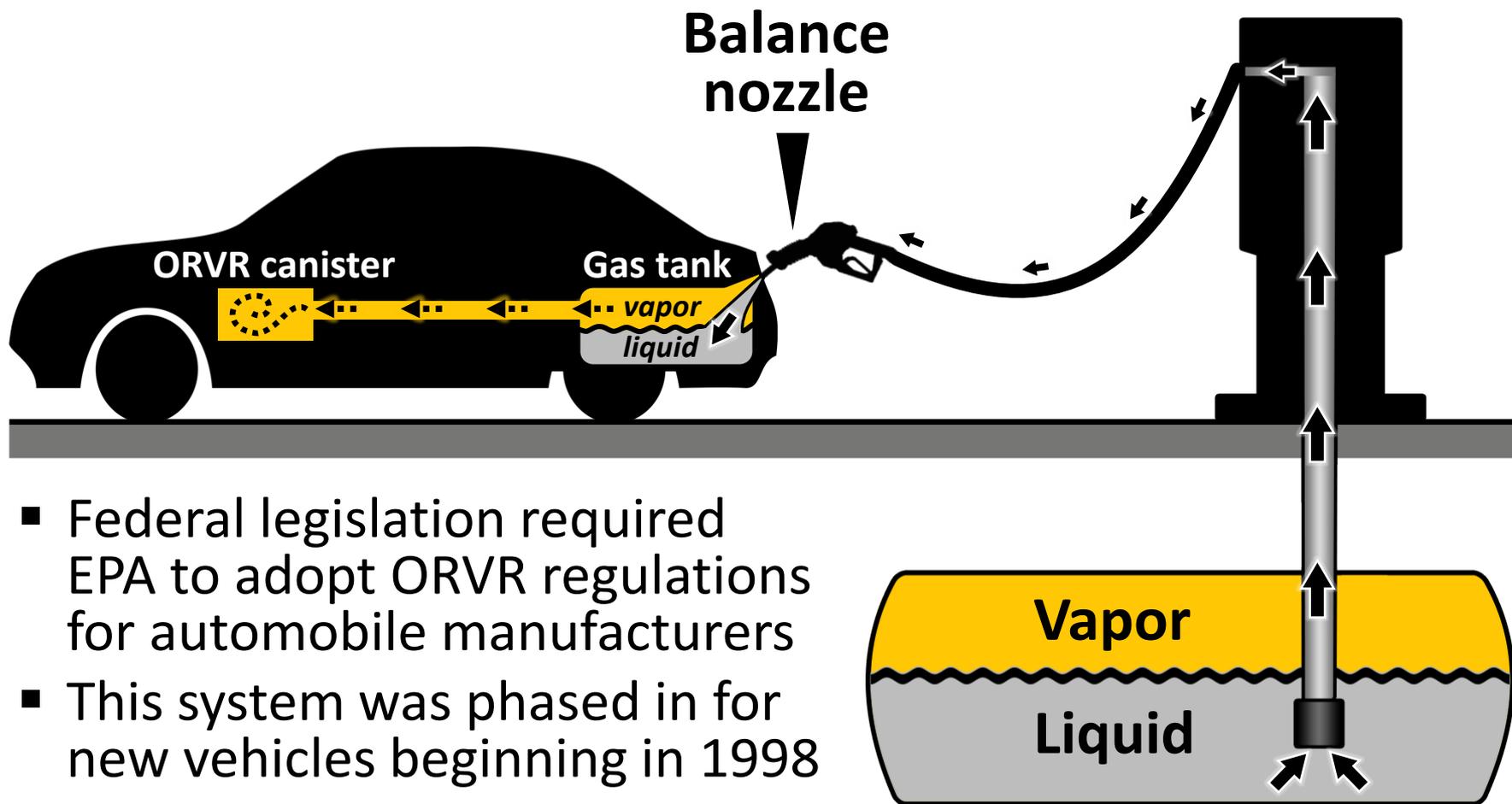
Stage I Vapor Recovery Systems Are Used During the Transfer of Gasoline from Tanker Trucks to Gas Stations



Stage II Vapor Recovery Systems Capture Gasoline Vapors During the Refueling of Motor Vehicles



Onboard Refueling Vapor Recover (ORVR) Systems Also Capture Gasoline Vapor During Refueling of Vehicles



- Federal legislation required EPA to adopt ORVR regulations for automobile manufacturers
- This system was phased in for new vehicles beginning in 1998



Stage II Systems Were Intended to Help Regions Meet the Federal Ozone Standard



Three agencies require Stage II systems at about 1,300 gas stations across seven counties:

Puget Sound Clean Air Agency

- Snohomish
- King
- Kitsap
- Pierce

Ecology

- Thurston
- Cowlitz

Southwest Clean Air Agency

- Clark

Feds No Longer Require Stage II Vapor Recovery Systems

- Limited compatibility between ORVR systems installed on cars and some Stage II systems may increase emissions
- In 2012 EPA determined that Stage II systems have become largely redundant because more cars have ORVR
- EPA determination allowed, but did not require, states to remove Stage II
 - ◆ Published guidance to help states determine when to remove Stage II

Ecology and Local Agencies Have Not Determined When to Remove Stage II

- Ecology has yet to undertake emissions analysis
- Southwest completed an analysis in 2012, but agency staff indicated that it was not shared with Board or made publicly available
- Puget Sound completed two analyses; however, concerns were raised by author of EPA's guidance document

JLARC staff worked with EPA staff and estimated that Stage II systems could begin to increase emissions as soon as 2020 in Southwest and Puget Sound

Legislative Auditor Recommendation: Complete Emissions Analysis

The Department of Ecology and the local clean air agencies should estimate and publish when Stage II requirements will begin to increase emissions.

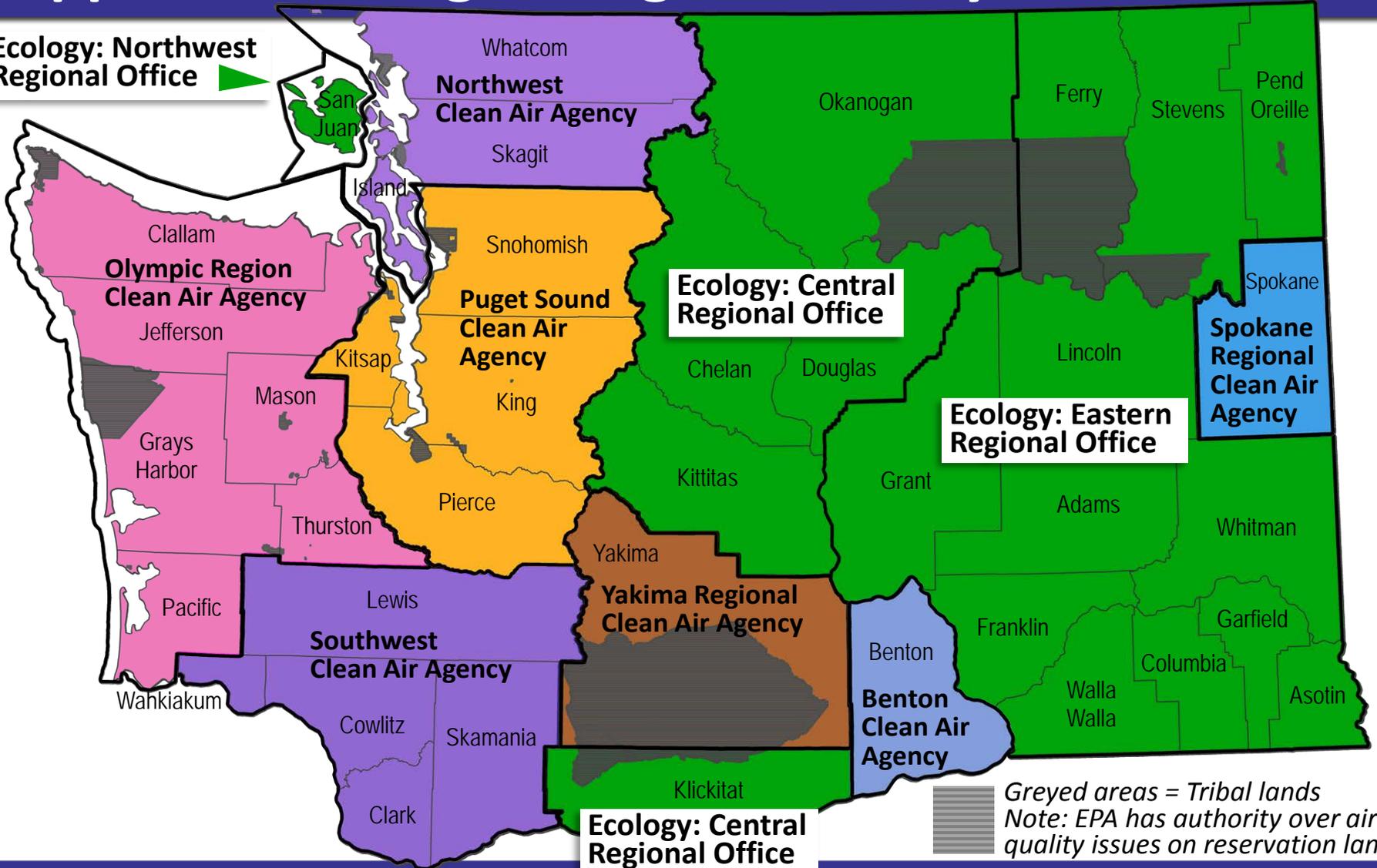
This analysis should determine whether keeping Stage II systems helps the regions meet EPA's current ozone standard and the costs and cost effectiveness associated with keeping these systems.

2. Fees the Local Agencies Set Vary As Well As the Methodologies Used To Determine Agency Fees



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Ecology: Northwest Regional Office

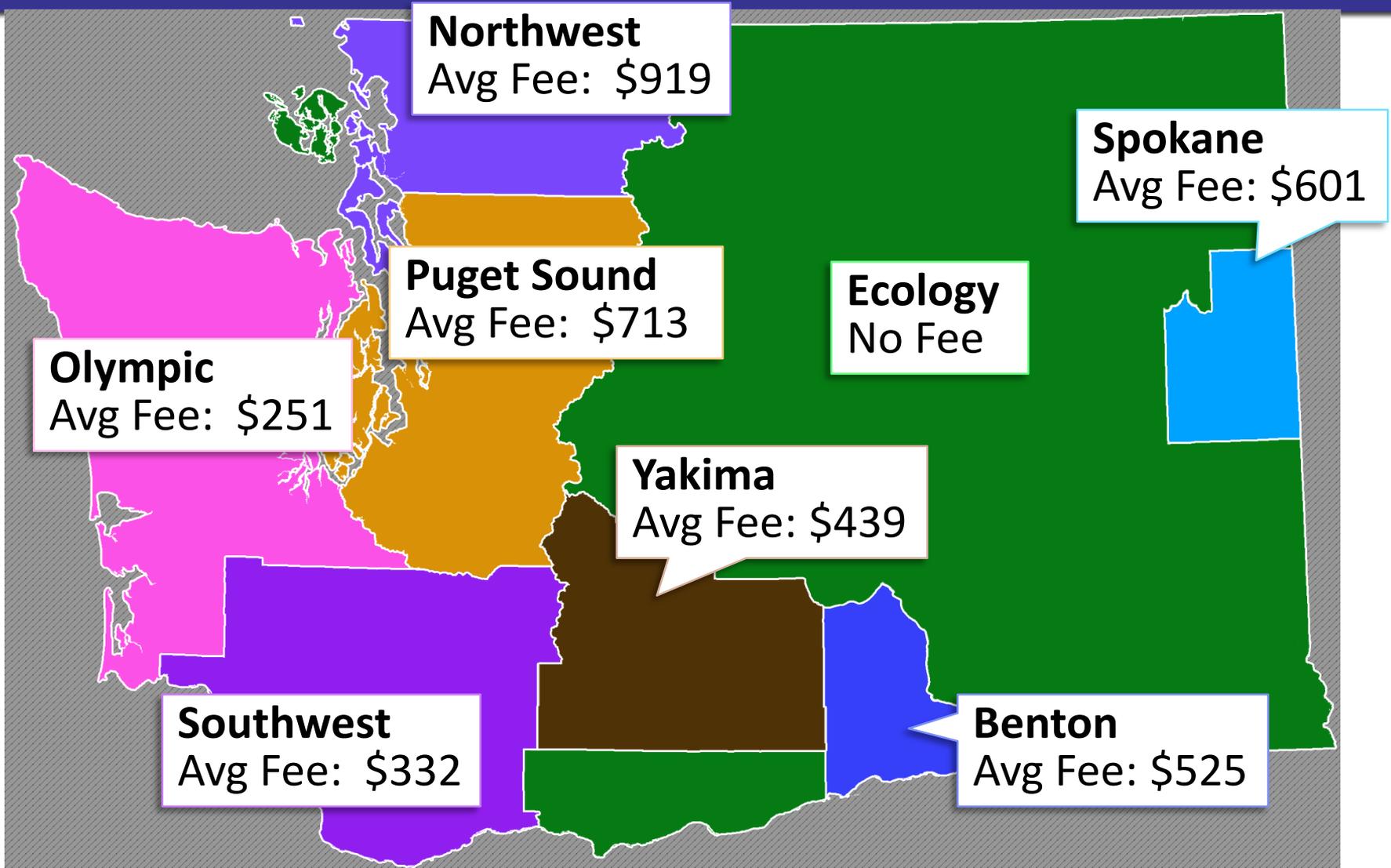


Ecology and Local Agencies May Require Businesses to Register and Pay a Fee

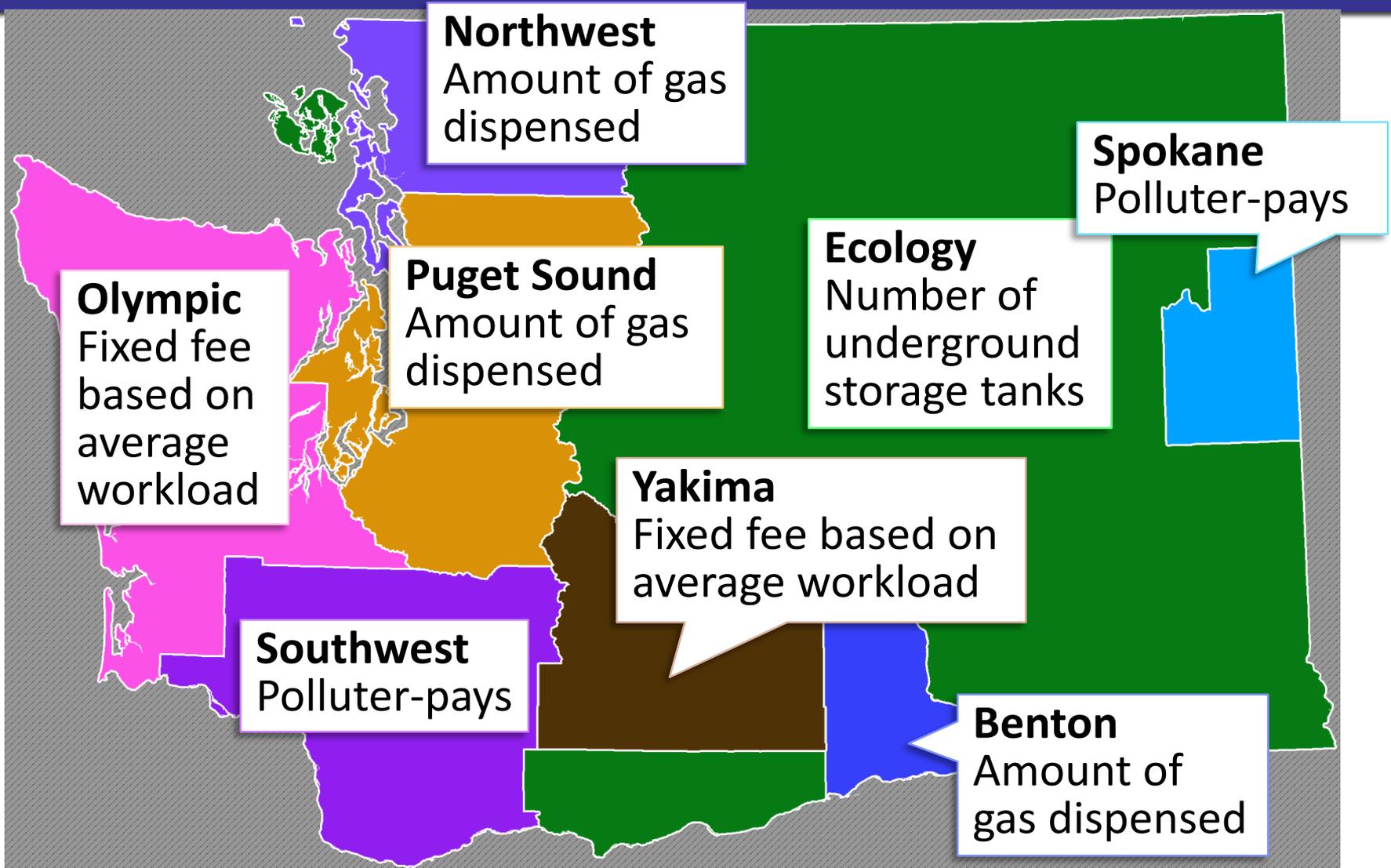
- Fees may only be used for administering an agency's registration program
- No State Auditor's Office audit findings regarding:
 - ◆ Any of the agencies' registration programs
 - ◆ Use of the fees to administer the programs



Annual Gasoline Station Fees Charged by Agencies Vary



Methodologies Used by Clean Air Agencies to Determine Fees Vary



Methodologies Are Consistent with Government Accountability Office Guidance

GAO provides four criteria when setting fees:

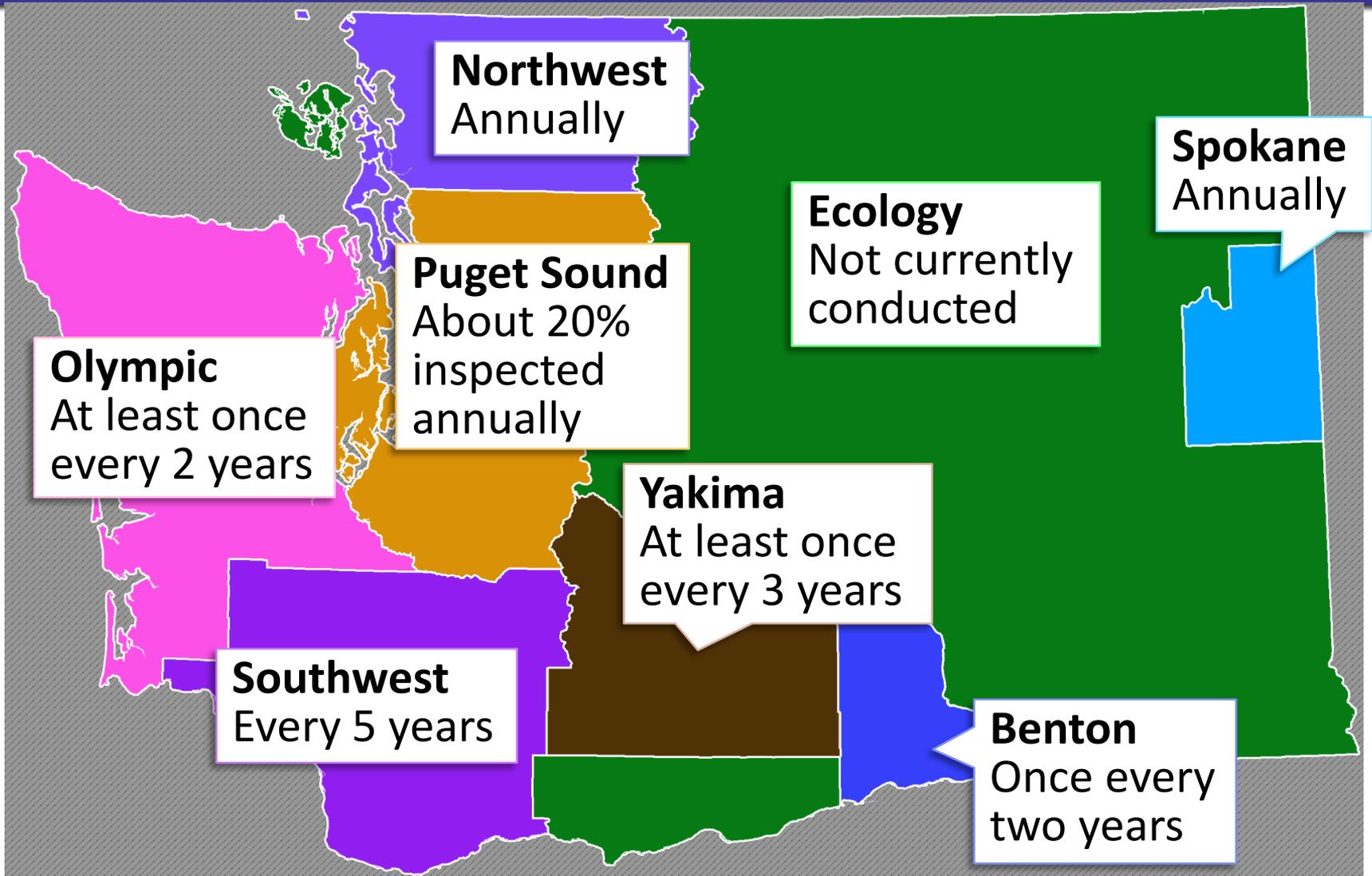
- Efficiency
- Equity
- Revenue adequacy
- Administrative burden

Policymakers must consider tradeoffs among the criteria and recognize that no single fee design satisfies all interests

3. Gas Station Inspection Processes Are Similar, But the Frequency of Inspection Varies



Gas Station Inspection Processes Are Similar, Frequency of Inspections Varies Amongst Agencies



Three Agencies Require Testing of Stage II Systems

Local Clean Air Agency	Testing Frequency
Puget Sound	Once every six months
Olympic Region	Annual
Southwest	Annual for one type of Stage II system

- Tests cost about \$300 per test and are performed by private contractors

Next Steps and Contacts

Proposed Final Report: January 7, 2015

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