

Chevron and Air District settlement

February 2024

Chevron and the Bay Area Air Quality Management District (BAAQMD) have reached an agreement that reduces particulate matter emissions at our Richmond facility and allocates funding for air quality projects in the Richmond area. The agreement provides a benefit to the Richmond community and solidifies Chevron Richmond as an essential producer of energy for the Bay Area and California.

What is included in the agreement?

Our agreement consists of five main parts.

1. Dismissal of legal claims related to BAAQMD's Regulation 6 Rule 5 rulemaking

- Chevron has agreed to dismiss litigation related to BAAQMD's rulemaking process for Regulation 6 Rule 5 (Rule 6-5) that regulates refinery fluidized catalytic cracker units (FCCU).

2. Reduction of facility particulate matter emissions

Wet gas scrubber

- By August 2024, Chevron will begin permitting a wet gas scrubber abatement device to further reduce particulate matter emissions from the facility's FCCU.
- The compliance timeline for Rule 6-5 emission requirements is extended, in recognition of the difficulties navigating California's permitting landscape.

Interim PM emission reductions

- Several FCCU operational changes and improvements will be implemented to reduce PM emissions in advance of the current Rule 6-5 compliance deadline.

3. Funding for community air quality improvement projects

- Chevron will contribute \$20 million towards a Community Air Quality Fund.
- The BAAQMD managed fund will provide support for projects and programs to reduce PM emissions from other sources in and around the Richmond area.

4. Resolution of outstanding enforcement actions

- Chevron has agreed to resolve the BAAQMD's 5-year backlog of enforcement actions for \$20 million, many of which did not involve emission exceedances.

5. Enhanced flare controls and increased community transparency

- Implementation of various improvements to the facility's flare monitoring and sampling systems and operator training programs.
- Chevron will supplement our current community outreach by (1) sharing additional information related to air quality and flaring activity via our public website, and (2) formalizing our community engagement process, including biannual community meetings.

Chevron Richmond's workforce of over 3,000 people place the highest priority on the protection of employees, communities and the environment.

We are committed to safely and responsibly operating the largest energy facility in the Bay Area.

~Tolly Graves, Chevron Richmond Director

Why did you settle your lawsuit?

Chevron is committed to working with agencies, like the BAAQMD, on efforts to improve air quality and we believe this resolution is in the best interest of Chevron and the community. However, we remain concerned that the BAAQMD's rulemaking process is fundamentally broken and believe it's another example of how California policies have led to a hostile business environment for manufacturers, disincentivizing production of the transportation fuels that millions of Californians depend on every day.

What is a wet gas scrubber (WGS) and how soon will it be installed?

A WGS is an air pollution control device which uses water to remove contaminants, such as PM emissions, from an exhaust gas stream. Importantly, the settlement provides an extended compliance timeframe in recognition of the difficulties in navigating California's permitting landscape. Chevron will begin permitting a WGS by August 2024 and we look forward to working with the BAAQMD and other applicable agencies to timely permit this major investment in our facility.

What are interim emission reduction measures?

Chevron has agreed to implement emission reduction measures in advance of the compliance deadline in Rule 6-5. These include (1) a change in FCCU catalyst, (2) optimization of FCCU ammonia controls, and (3) improvements to FCCU separator cyclones.

How will the Community Air Quality Fund work?

We have agreed to support community emission reduction projects that will further decrease emissions in Richmond and the surrounding area with an initial contribution of \$20 million. The BAAQMD will manage the fund, determine funding processes and will provide an annual community report on the progress and results of funded projects and programs.

What commitments are you making around flaring?

Our number one goal is operating safely and reliably, so we can protect our workforce and the community. We take this seriously and are focused on avoiding or minimizing flaring. As part of this agreement, we will take four additional actions to improve flare monitoring and management: (1) use certified flare gas monitors to assess flared gas, (2) install automated controls to optimize flare combustion (i.e., reduce potential for visible smoke), (3) implement a formal training program related to flare operation, and (4) conduct a review of reportable flaring events since 2019 and assess potential projects that may prevent or minimize future events.

What changes to your community engagement will you make?

Our existing community outreach focuses on ways to promote two-way dialogue, provide access to quality data, and ensure the health and safety of our community. This doesn't change. Chevron has agreed to supplement our current community outreach by creating a dedicated webpage to provide air quality and flaring information. We will also work with the community to formalize a Community Action Plan and host biannual community meetings to engage our neighbors on issues related to air quality, flaring and other important topics.

Will this raise gas prices?

Californians already regularly pay the highest prices in the nation for gasoline. We believe the fuel price volatility California consumers experience today is a direct result of more than 20 years of state and regional regulations that have systematically constrained supply by discouraging investment in refining and associated infrastructure, as well as increased taxes.