December 28, 2006

Director
Air Enforcement Division (2242A)
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
CERTIFIED MAIL:

Civil Action No. SA-05-CA-0569
Valero Refining-Texas, L.P. – Corpus East & West Refineries
Truck and Vehicle Emission Reduction SEP

To Whom It May Concern:

Paragraph 317 of the Consent Decree between the United States and Valero requires the submission of a truck and vehicle supplemental environmental project (SEP) scope of work (SOW) by December 31, 2006. The attached SOW fulfills this obligation for the Corpus East & West refineries.

Should you have any questions regarding this report, please contact Jon Kiggans at (361) 289-3321.

Sincerely,

[Signature]

Dennis Payne
Vice President Regional Refinery Operations
Valero Bill Greehey Refinery
VALERO REFINING – TEXAS, L.P.
dba Valero Bill Greehey Refineries (East & West)
Proposed Statement of Work
Truck and Vehicle Emission Reduction SEP

Introduction


Paragraph 317.a.ii of the Consent Decree requires the Valero Bill Greehey Refineries to spend $300,000 on a Federal emission reduction SEP for mobile sources to be implemented in the general area where the Valero Bill Greehey Refineries are located. The Valero Bill Greehey Refineries understand that the SOW shall be subject to approval by EPA, after consultation with the appropriate state and local authorities.

SEP Objective

The Valero Bill Greehey Refineries worked with the Pollution Prevention Partnership at Texas A&M University-Corpus Christi ("Partnership") to develop a SEP that will result in emissions reductions from in-service fleet vehicles – school buses - in an effort to improve the air quality in the Corpus Christi area. Recent studies suggest that children’s school bus commutes potentially expose children to significantly higher concentrations of pollutants than what is measured in a community’s outdoor air. The Clean School Bus project is designed to reduce children’s exposure to diesel exhaust from school buses.

Proposed Project: Clean School Bus Project

Although new school buses are required to meet cleaner emissions standards, a significant percentage of the Corpus Christi area school bus fleets are older model buses equipped with diesel engines manufactured between the years of 1990 - 1999. Budget constraints prohibit the school districts from purchasing new buses or retrofitting their existing older fleet in order to reduce the diesel emissions. Retrofits can reduce the emissions of these older diesel engines significantly.

This Clean School Bus Project proposes to retrofit approximately 90 Corpus Christi area school buses with EPA approved and verified diesel oxidation catalysts and closed crankcase filtration systems. The installation of these retrofits will reduce the emissions from each bus by approximately 20% for particulate matter, 40% for hydrocarbons, and 30% for carbon monoxide.
An inventory of the school bus fleets for some Corpus Christi area school districts will be compiled. The inventory will include bus engine manufacturer, model and year. Candidate school buses: diesel powered and engines manufactured between the years of 1990 – 1999, will be identified. Preliminary investigations with Corpus Christi area school districts indicate a fleet of approximately 90 candidate school buses to be retrofit. EPA approved diesel oxidation catalysts and closed crankcase filtration systems will be identified for each candidate bus. Manufacturer approved vendors to supply and install the retrofits will be identified. An invitation to bid will be developed and distributed to the identified vendors to provide and install the retrofit equipment. Scheduling of bus retrofits will be coordinated between the successful vendors and the school district transportation directors. The successful vendors will be reimbursed for the purchase and installation of the retrofit equipment upon invoice after the systems have been successfully installed and post emissions verified.

Each bus to be retrofit will be measured for tail-pipe emissions (PM, hydrocarbons and carbon monoxide) prior to the retrofit and after the retrofit using a SPX Corp RM 1020CPC diesel emission measuring and testing unit as approved by the State of California for enforcement of emission standards. In addition, a statistically significant sampling of bus inside cabin air will be measured for emissions prior to and after retrofits using a Scanning Mobility Particle Sizer that measures ultra-fine particle size distributions between ~ 7 nm and 300 nm, a size range that accounts for >90% of total number of particles in diesel emissions. The development and implementation of this proposed Clean School Bus project complies with the EPA Blue Skyways program.

The Partnership will provide to the Valero Bill Greehey Refineries a final report detailing the number of buses retro-fitted, the engine description of each bus retro-fitted, the description of the retro-fit equipment installed, tail pipe pre- and post-emissions for each bus, inside cabin pre- and post-emissions for a sampling of buses, and the cost per ton of emissions reductions.

In addition to the Clean School Bus project activities provided in this project, the diesel emission sensing equipment obtained by this project will expand the capabilities of the Partnership’s AutoCheck program, a program that has administered a very successful vehicle emission measurement and reduction program for four years, with funding from other SEPs. AutoCheck’s current system can not measure diesel emissions. The current SEP will allow AutoCheck to expand its emissions measurement and reduction services to include diesel fleets for the life of the diesel emission sensing equipment.

As noted above, and in accordance with the Consent Decree, Appendix P, Paragraph 1, this proposed SEP involves retrofitting high-emitting, in-service heavy duty diesel vehicles with emissions control equipment. In accordance with the Consent Decree, Appendix P, Paragraph 2, the SEP will cover the hardware and/or installation costs for the retrofitting. In accordance with the Consent Decree, Appendix P, Paragraph 3, the Partnership has represented to the Valero Bill Greehey Refineries that the buses involved in this SEP are operated an average of at least four days per week, and that the school
districts involved are committed to the following: maintaining the equipment installed in connection with the SEP during and after completion of the SEP, using ULSD fuel with the affected vehicles during and after completion of the SEP when ULSD is available locally and economically feasible to use under district budget constraints, and taking steps to achieve additional emissions reduction benefits in connection with the project, to the extent feasible.

SEP Administration

The SEP will be administered by the Partnership. The Partnership will provide all project coordination, administration, and implementation duties including inventorying fleets and identifying retrofit candidates, identifying EPA approved retrofits, identifying retrofit suppliers, bidding out installation of equipment, pre- and post-emission testing, reimbursing vendors for equipment and installation fees, data collection and data reporting. The following is the contact information for the Partnership:

Gretchen Arnold, Director, Pollution Prevention Partnership, 361-825-3070.

SEP Implementation Schedule

- Within 30 days following agency written approval of the SOW, the Valero Bill Greehey Refineries and the Partnership will meet to commence execution of the SEP, according to the terms of the approved SOW. It is anticipated that the SEP will be completed within two years following this execution meeting, but in no event later than June 30, 2010.

- Should the Valero Bill Greehey Refineries determine, that through no fault of their own, the SEP will not be completed by June 30, 2010, the Valero Bill Greehey Refineries may seek an extension of time in accordance with applicable terms of its Consent Decree.

- Once execution of the SEP has begun, the Valero Bill Greehey Refineries will provide updates on their progress to EPA via the semi-annual Progress Reports required under the Consent Decree, Paragraph 308.

- Following completion of the SEP, the Valero Bill Greehey Refineries will provide a final report to EPA in its next semi-annual Progress Report, in accordance with the Consent Decree, Paragraphs 308 and 318(c). In addition, the Valero Bill Greehey Refineries will provide a cost report consistent with the Consent Decree, Paragraph 318(a).

Total SEP Obligation Projected for this Project

Valero Bill Greehey Refineries project a cost of $300,000.00 for this SEP obligation. A preliminary budget is attached.