JGD Associates, Inc.

COMMERCIAL FACILITY DEVELOPMENT & CARE

NISTM

National Institute for Storage Tank Management

Proposed 40 CFR 280 Regulatory Update Summary

November 28, 2012

www.jgdpe.com

Overview

- **Introduction to JGD**
- **Proposed Regulatory Updates**

  (16 specific areas)
- **EPA Study on Liability Insurance as a FR Mechanism**
- **Q & A**

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Basic JGD Information

- Founded 1995
- Dedicated to Downstream Fuel Business
- Permanent Offices in Avon Lake, OH
- Registered in 43 States

Major Client Relationships

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Memberships

National Fire Protection Association
NFPA
MEMBER

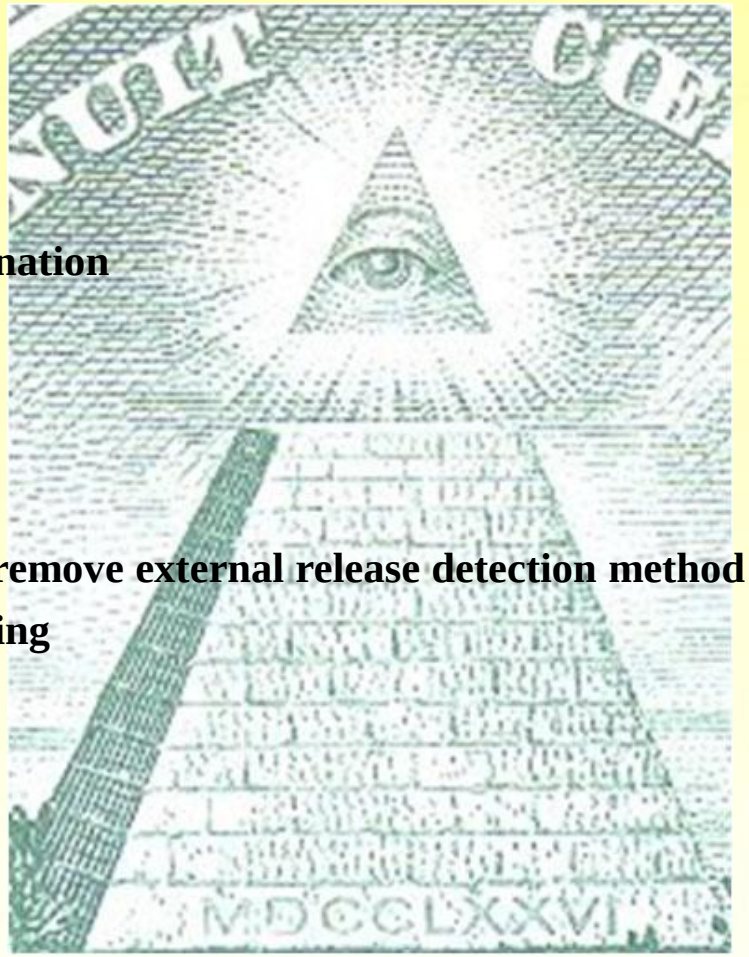
PEI
MEMBER

OPCA
Ohio
Petroleum
Contractors
Association

ASCE
American Society of Civil Engineers

16 specific areas

- Operator training
- Secondary Containment
- Operation and Maintenance
- Deferrals-removed
- Flow Restrictions in Vent Lines – Elimination
- Internal Lining - eliminated
- Notification
- Demonstrate Compatibility
- Repairs – testing
- Vapor and Ground Water monitoring- remove external release detection method
- Interstitial Monitoring Results- Reporting
- Newer technologies
- Codes of Practice
- Upgrade Requirements
- Editorial and technical Corrections
- State Program approval Requirements

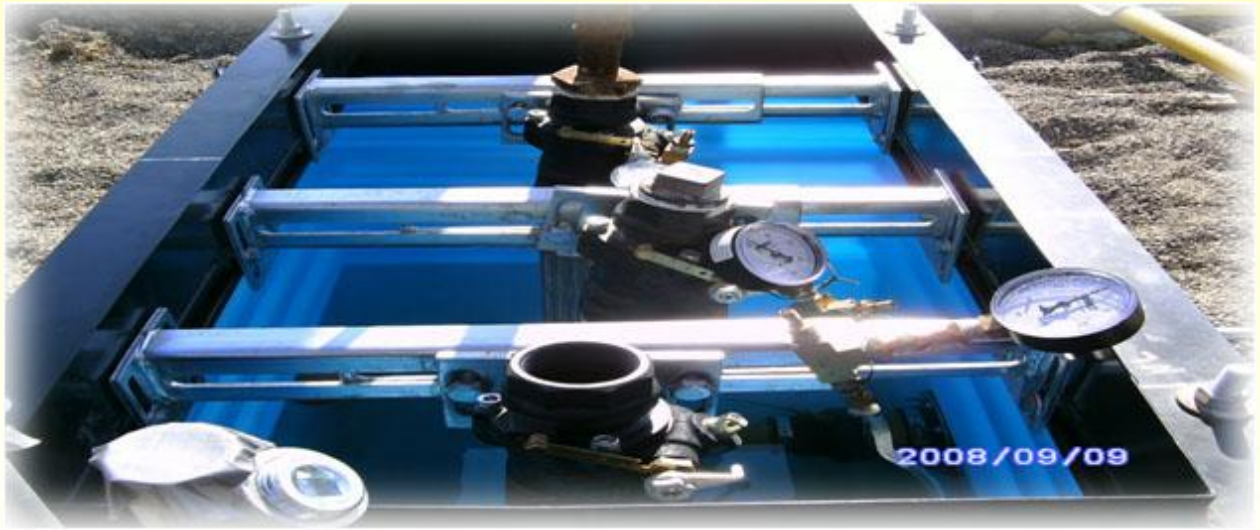


Operator Training

- The Energy Policy Act of 2005 (EPAct) required operator training in states that receive money from EPA.
- This proposed change will ensure that all operators across the country, including those in Indian country and in states without operator training requirements, are trained to prevent releases.

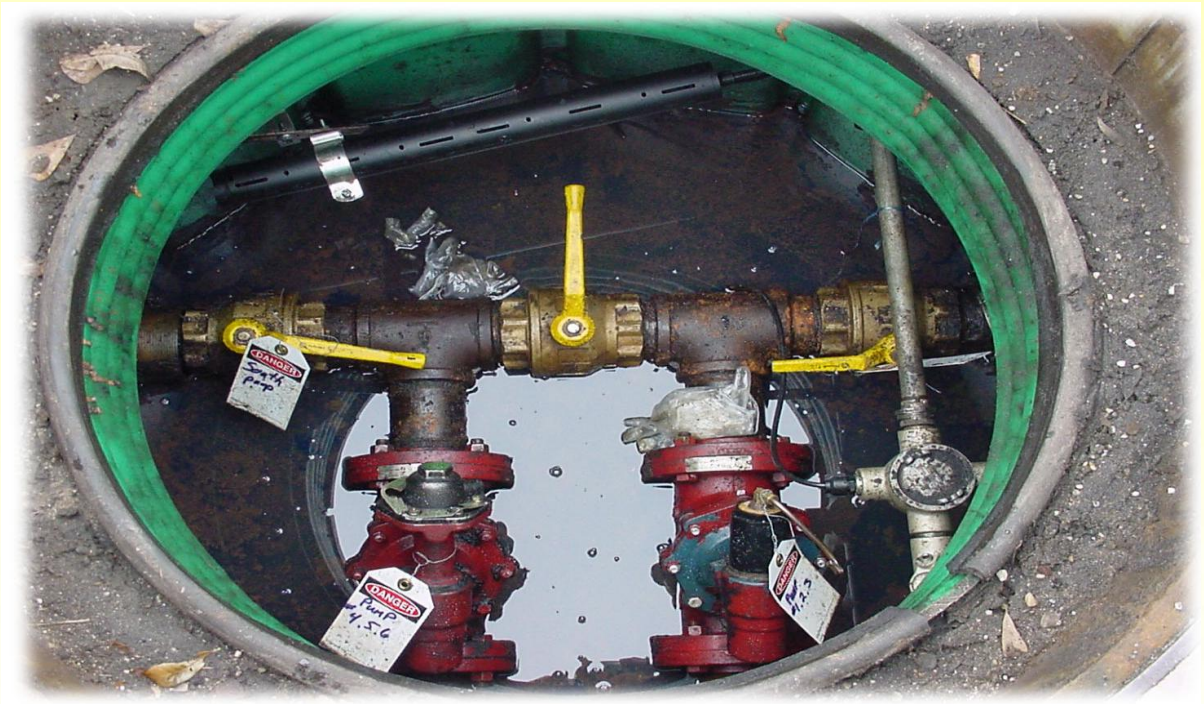
Secondary Containment

- EPAct required states to implement additional measures to protect groundwater as a condition of receiving money from EPA.
- EPA proposes to implement secondary containment and under-dispenser containment (UDC) to meet this provision. This proposed change will ensure secondary containment and UDC are required for all new and replaced UST systems across the country, including those in Indian country and in states without additional measures to protect groundwater requirements.



Operation And Maintenance

- The 1988 UST regulations required equipment be in place to reduce and prevent releases to the environment.
- The proposed changes will ensure owners and operators **maintain** their equipment to ensure it is working properly and preventing releases.



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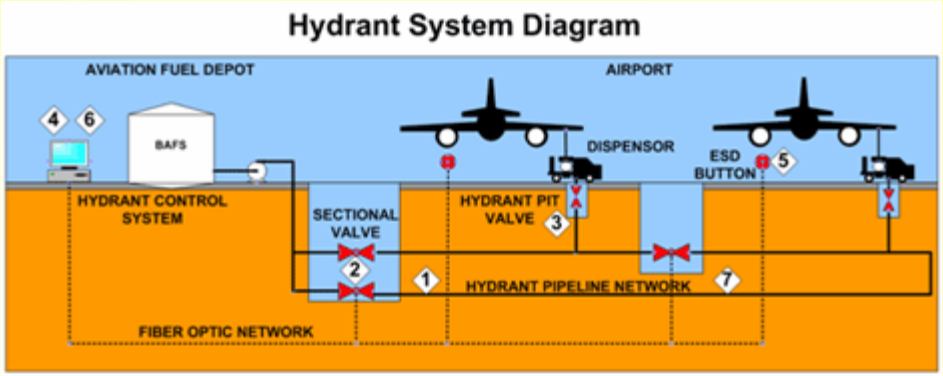
Deferrals

The 1988 UST regulations deferred emergency generator tanks because technology was not available to monitor remote sites.

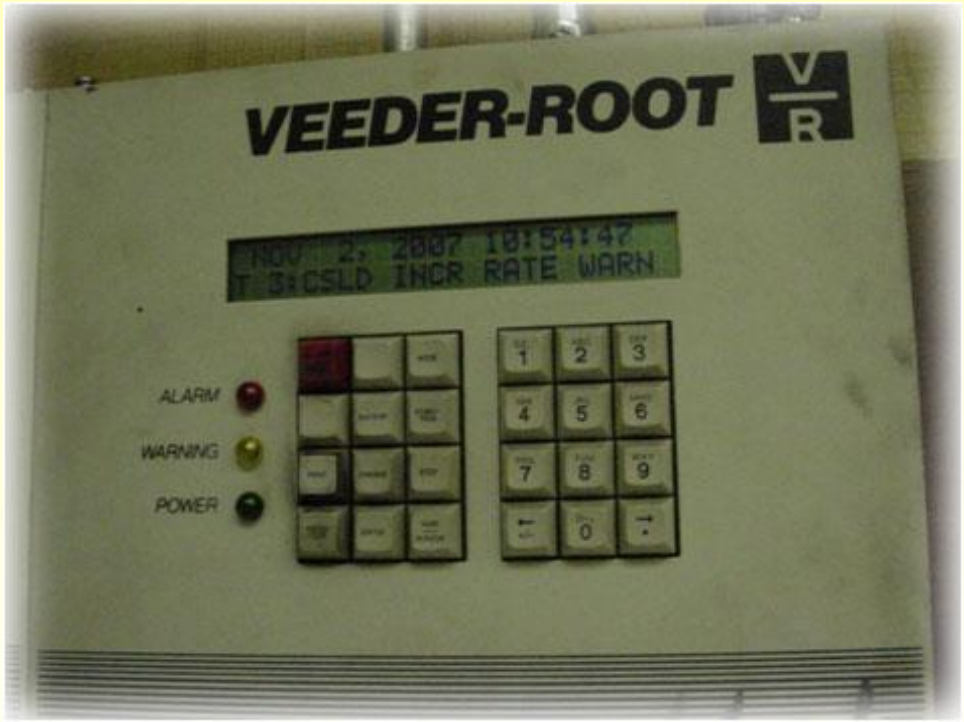
The 1988 UST regulations deferred AHSs and FCTs because sufficient information and technology was not readily available for these unique systems.



The 1988 UST regulations deferred wastewater treatment tanks because of uncertainty of the universe and the appropriateness of some release detection methods for these systems.
(EPA believes there are no active systems to which this regulatory requirement will apply.)

Removal of Deferrals

Technology is now available to monitor and detect releases at alternative leak rates and frequencies. These proposed changes will prevent and quickly detect releases from these systems.



Flow Restrictors In Vent Lines

This technology has several inherent weaknesses and can result in tanks being over pressurized. This proposed change no longer allows flow restrictors in vent lines for new and replaced systems. Owners and operators must use one of the other overfill prevention methods listed in 40 CFR part 280.

Internal Lining

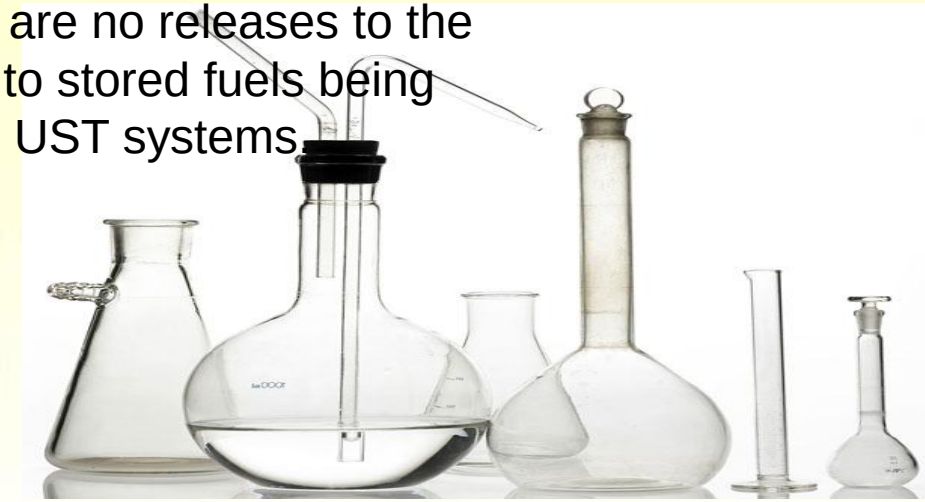
The 1988 UST regulations allowed lining as an upgrade option to extend the life of some tanks. While linings extended the life of many tanks, this is not a permanent solution. As the tank linings fail, these older tanks must be taken out of service to prevent releases to the environment.

Notification

This change provides implementing agencies with important information about regulated UST systems. Currently owners are required to notify state and local agencies from an outdated list in the 1988 UST regulation. In addition, owners are not required to notify EPA about USTs under our jurisdiction. This change will help implementing agencies carry out the program effectively.

Compatibility

The 1988 UST regulations require UST systems to be compatible with the material stored in them. This proposed change does not alter that, but rather helps owners demonstrate compatibility with their system. As newer fuels enter the market place, it is even more important for owners and operators to clearly understand how to demonstrate compatibility with these fuels and ensure there are no releases to the environment due to stored fuels being incompatible with UST systems.

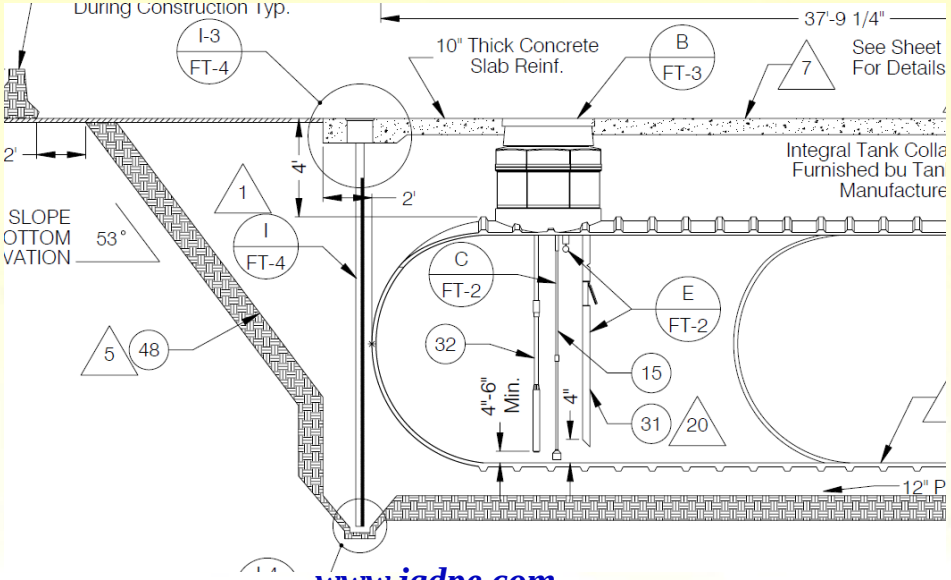


Repairs

This proposed change provides clarity that fixing parts of the UST system not linked to a release are also repairs, therefore testing following these activities is necessary.

Vapor And Groundwater Monitoring

These release detection methods are external to the tank, which means a release can significantly affect the environment before it is detected. Owners and operators must use one of the other more protective release detection options listed in 40 CFR part 280.



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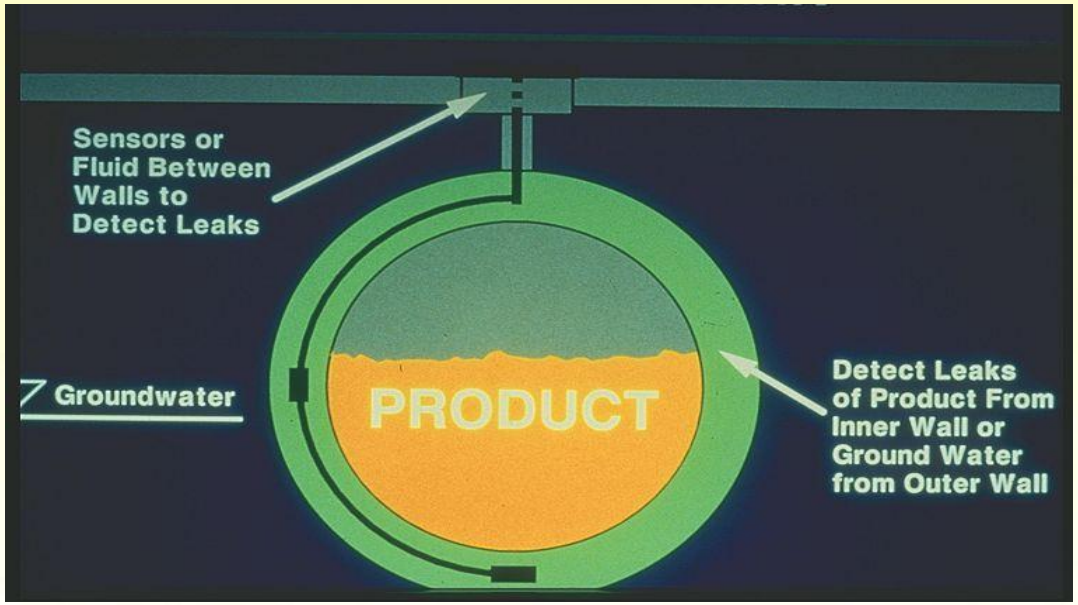
Interstitial Monitoring Results

As interstitial monitoring becomes used more widely, it is important to ensure the regulations are clear on all aspects of its use. This proposed change provides clarity about reporting, response, and testing for interstitial alarms. It also clarifies that closure is allowed if a leak is confirmed.



Newer Technologies

This proposed change updates the 1988 UST regulations to include current technologies.

Codes Of Practice

This proposed change updates the 1988 UST regulations to include current codes of practice.

(a) American Petroleum Institute Publication 1626, “Storing and Handling Ethanol and Gasoline-Ethanol Blends at Distribution Terminals and Service Stations”; and
(b) American Petroleum Institute Publication 1627, “Storage and Handling of Gasoline-Methanol/Cosolvent Blends at Distribution Terminals and Service Stations.”

energy API
AMERICAN PETROLEUM INSTITUTE

Upgrade Requirements

The upgrade deadlines passed more than ten years ago and no longer need to be included as part of the requirements. This proposed change removes references to this outdated information

Editorial And Technical Corrections

This proposed change corrects previous errors in the 1988 UST regulations.

State Program Approval Requirements

This proposed change ensures states will also update their programs with the increased environmental protections. It provides consistency between federal and state UST regulations.

Attribution

EPA's Office of Underground Storage Tanks developed documents to describe the significant differences between the 1988 federal underground storage tank (UST) regulations and EPA's proposed changes, as well as provide additional information about the changes. See EPA's website www.epa.gov/oust/fedlaws/proposedregs.html

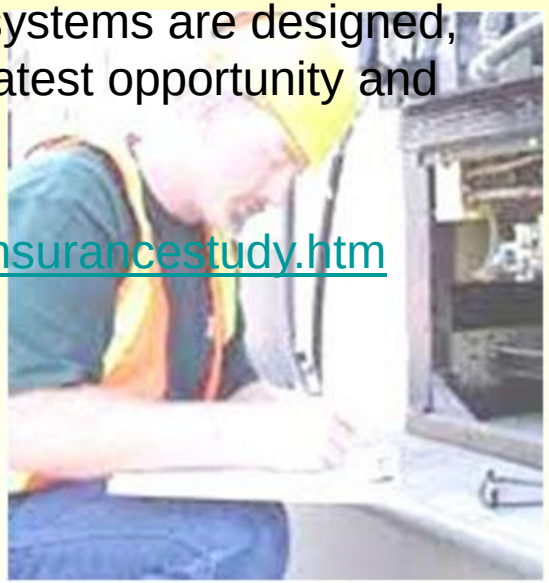
EPA Study On The Effectiveness Of UST Insurance As A Financial Responsibility (FR) Mechanism

- 36 page report published by the EPA in December of 2011
- Effectiveness of UST Insurance as a Financial Responsibility (FR)
- UST Insurance inconclusive as an effective financial responsibility mechanism.
- Claims were either partially or in fully denied
  - failure of owners to comply with Federal or State UST regulations or other exclusionary clauses.
  - walkthrough inspections could be a real money saver in the long run.

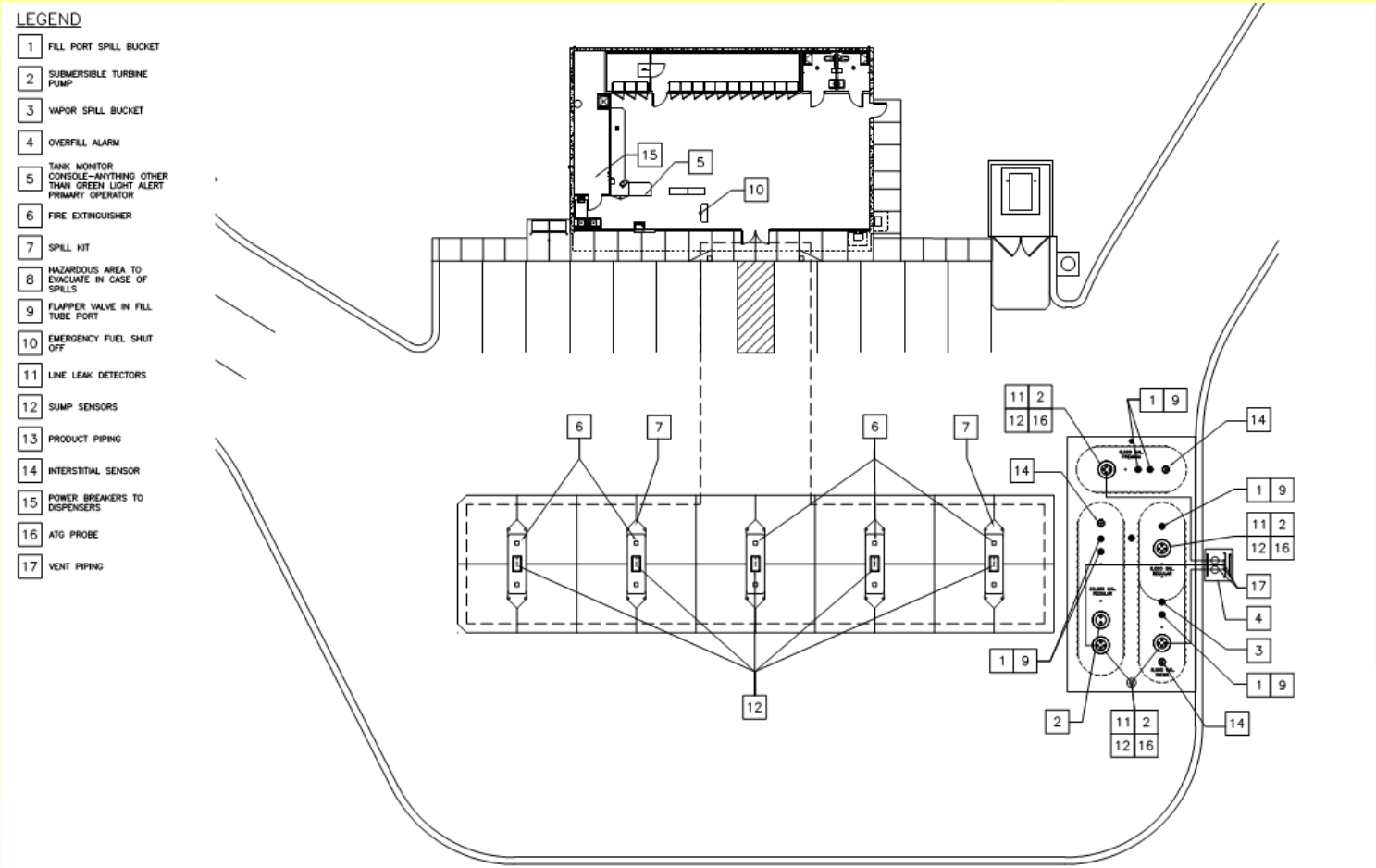
EPA Study…,cont.

Owner walk through inspections may be a deciding factor in the availability of private insurance. A few insurance companies have left the UST insurance market AIG, Reliance, Travelers and possibly Zurich American insurance,(CSP 3-Q, 2012) With the declining number of insurance options available to tank owners, the availability and affordability of tank insurance can be impacted. The reality that waits could depend upon if tank owners are doing the bare minimum or everything possible to ensure that their UST systems are designed, built, and maintained so as to provide the greatest opportunity and probability for a release free life cycle.

EPA Study, http://www.epa.gov/oust/pubs/insurancestudy.htm



Facility Operator Training



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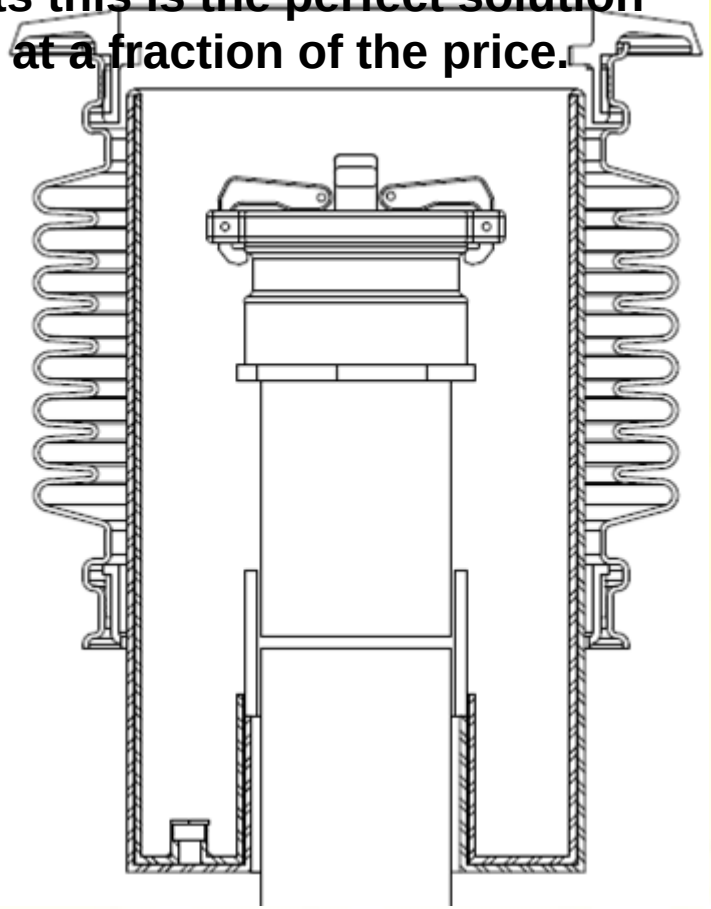
Linebacker® II

- **Our Linebacker®2 is the original double wall steel spill bucket insert and is patent pending. In jurisdictions that require double wall testable spill buckets this is the perfect solution to retro fit existing spill buckets at a fraction of the price.**



Linebacker® II

- **The Linebacker®2 like its sister product the Linebacker®(1) is not a band aid approach to damaged spill buckets that exist in the thousands across the country. These 12ga high strength steel inserts are far more durable than sealant patches or plastic inserts.**
- **The LB2 is a double wall spill bucket insert that is powder coated through an electrolysis process. It is designed and fabricated to last and is highly resistant to heavy impacts whether intentional or through normal wear-and-tear. All components are rated for gas/oil resistance and have been approved by an independent third party testing firm. A port is provided to allow for periodic vacuum testing of the internal space. It is armored with a heavy duty brass plug and the tester is not integral to the LB2. This allows for maximum protection from normal wear and tear or deliberate damage.**
- ***In addition they are 1/5 to 1/10 the cost of the conventional tear-out-concrete-and-replace-method.***
- **Linebacker®2 inserts are easy to install. A person with ordinary skills and simple tools can install a LB2 in about 30min. Conventional tear out methods require a crew armed with jackhammers, concrete saws and strong backs. Shut down times with the conventional method may be more than an operator wants to face in these competitive times.**
- **Regulators across the country have given our LB2s the thumbs up. The Florida's Department of Environmental Protection has reviewed and approved our inserts for use in their State (EQ #734). In addition North Carolina's Department of Environment and Natural Resources has also approved our Linebacker®2. Typically States cannot endorse a product but such States as Illinois, Kentucky and Ohio along with several others have reviewed our insert and approved it for use in their state.**

Below are the Linebacker®2 advantages compared to other knock off products:

- **Heavy gage high strength steel for durability and stability**
- **The LB2 does not interfere with the cast iron rim or void its warranty or the warranty of any other spill bucket component**
- **Our design is more flexible to install since it does not assume conditions in the field are 100% true and level**
- **The LB2 is isolated from the from the heavy vehicle loads transferred through the lid and rim**
- **All components are third party approved and rated for a gas/oil environment**
- Patent Pending

Sales Support

- For information, pricing and ordering Linebacker® products contact the following Manufacturer Representatives and Distributors:
- **Representative/Distributor Locations**
- **Walsh Long and Company**
- **Web Site:** www.walshlong.com
  Serving: Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Kansas, Missouri, Ohio, Michigan, Kentucky, Indiana, Iowa and Nebraska
- **Jack Pittman & Associates**
- **Email:** mark@jackpittman.com
  Serving: North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi and Tennessee
- **R.L. Hall & Associates**
- **Email:** rhall0307@bellsouth.net
- **Serving:** Louisiana
- **RubCo Techincal Sales and Support**
- **Email:** jrrubco@optonline.net
  Serving: Maine, New Hampshire, Vermont, Connecticut, Rhode Island, Eastern New York
- **Atlantic Fuel Technology**
- **Serving:** All remaining States

The Way Forward

- Assess
  - Your situation
  - Your sites
  - Your capabilities
  - Your interests
- Plan
  - Your priorities
  - Your capex
  - Your operations
  - Your divestments
- Implement
- Improve
- Maintain

Q & A

How will you approach 2013