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Chevron resubmits plan to retrofit Richmond refinery

By Hannah Dreier

RICHMOND -- Chevron has asked the city to consider a new application to update its refinery here, more than a year after a legal battle with environmentalists brought construction to a standstill.

Chevron's plan, which was first pitched in 2005, called for replacing a power plant, hydrogen plant and reformer to allow its Richmond refinery to process a wider range of crude with higher sulfur content and produce more California-grade gasoline.

A coalition of environmental groups sued to stop the project in 2008, just weeks after a sharply divided City Council approved the retrofit, along with a \$61 million community benefits agreement. Environmentalists charged that the oil giant had failed to disclose the project's full environmental effect.

Following a fierce legal battle, a California court halted construction in July 2009, causing the company to cut more than 1,000 workers.

The court asked Chevron to clarify information in the city's environmental impact report that was related to greenhouse gas emissions mitigation and crude oil processing capability. That decision was later upheld on appeal.

Crews were more than halfway done with the hydrogen plant and hydrogen purity components when construction was halted.

In March, the City Council unanimously approved a resolution that called on Chevron to submit a revised application, noting that no one wanted to see the job-creating project die.

The new conditional-use permit application submitted Monday contains additional information intended to answer environmentalists' questions, according to Chevron spokesman Dean O'Hair.

"We're expecting as part of this review to clear up the questions that were raised in the Court of Appeal," he said.

Environmentalists are applauding what they see as a triumph for transparency.

"We're excited because Chevron tried every way possible to push its project through without disclosing its impact to the community," said Adrienne Bloch, an attorney with Communities for a Better Environment, one of the groups involved with the lawsuit.

"This is a huge victory for them to be accountable to low-income communities of color, who are not usually victorious against the biggest multinational corporations in the world."

Chevron has been in the news this week because of a series of protests timed to the corporation's annual shareholders' meeting taking place Wednesday in San Ramon.

The company has significantly scaled back its Richmond project in the new application, scrapping two of the four original components. These two elements would have allowed the refinery to produce more California-grade gasoline, which O'Hair says is no longer in such high demand.

City officials will now review the revised application and issue a new environmental impact report. The Bay Area Air Quality Management District and other agencies also will weigh in.

Among other things, environmentalists argued that the initial retrofit plan would allow Chevron to refine heavier crude oil, which could increase pollutants and harm the public. The state Attorney General's Office raised similar concerns.

Chevron denied these charges and insisted that it would continue to refine the same light to intermediate crudes it does now. However, the corporation refused to agree to a cap on its use of heavy crude, in part because it did not want to set a precedent for regulating what goes into a refinery.

Heavier crude can contain more toxic contaminants; in addition, it takes more heat to refine, which can translate into more harmful chemicals released through burning.

Mayor Gayle McLaughlin this week reaffirmed her eagerness to see an improved project come to fruition.

"The city is committed to ensuring transparency throughout the review process," she said via email. "We look forward to working with Chevron to achieve the outcome of a good project that meets with the community's approval."

Environmental groups credited the progressive city government with helping to hold Chevron accountable.

City support also played a role in Chevron's decision to resubmit its application, O'Hair said.

"We had a number of conversations with the city, and they encouraged us to move forward," he said. "Right now, things are good -- we're working with everyone, and everyone's working with us."