

May 29, 2020

Sprague Clean Air Act Settlement Information Sheet

Under a proposed settlement with the United States and the Commonwealth of Massachusetts, Sprague Resources LP will take steps to limit emissions of volatile organic compounds (VOCs) from oil storage tanks at seven facilities across New England. The terms of the proposed settlement are designed to bring Sprague into compliance with federal air pollution control laws that regulate the emissions of VOCs from heated #6 oil and asphalt tanks, which can pose public health risks.

Overview of Company

Sprague owns and operates a number of petroleum storage and distribution facilities in New England. Some of its facilities handle heavy petroleum products such as #6 oil (also known as “bunker fuel” or “residual oil”) and asphalt, which need to be heated in order to remain in liquid form for storage or to move through pipes for receipt or distribution.

Violations

The proposed settlement with Sprague by the United States and the Commonwealth of Massachusetts addresses alleged violations of the federal Clean Air Act, Massachusetts air pollution laws, and federal and state regulations governing permits for the control of VOCs. These laws limit VOC emissions to the air because of their contribution to the formation of ground-level ozone, a component of photochemical smog or haze, which pose risks to public health.

The alleged violations occurred at Sprague’s New England facilities that store heavy petroleum products, including #6 oil and asphalt, in large heated tanks. These heated petroleum tanks emit VOCs. At high temperatures certain substances within these petroleum products vaporize—changing from liquid to vapor—and are vented to the air. Among other things, asphalt is used for paving roads and #6 oil is used to heat industrial boilers.

In 2011, EPA’s New England office launched an investigation into VOC emissions from the storage and distribution of #6 oil and asphalt products in New England. After reviewing years of records and conducting a comprehensive emissions testing program, EPA discovered that VOC emissions from Sprague’s heated tanks exceed previously estimated emission levels. As a result, EPA found that the facilities addressed by the United States’ Complaint were not meeting state permitting requirements with respect to VOCs. Between April 2014 and June 2017, EPA issued notices of violation to Sprague for each facility.

In addition to its investigation of Sprague’s facilities, EPA investigated a #6 oil and asphalt facility in South Portland, Maine, owned and operated by Global Partners LP, which resulted in a consent decree, approved by the Federal District Court in Maine on December 19, 2019.

Injunctive Relief

Under the proposed settlement, Sprague must apply for state permits that restrict its VOC emissions. Sprague's facilities currently have no effective permit limits on their potential VOC emissions from #6 oil and asphalt products.

This settlement requires the affected Sprague facilities to obtain permits or permit amendments that limit VOC emissions by restricting the number and type of heated petroleum storage tanks that can be operated at each facility, and by restricting the annual amount of #6 oil and asphalt that can flow through each facility. These measures will limit each facility to substantially below its design capacity, and ensure that each facility operates only as a minor source of VOC emissions (emitting less than 50 tons per year). The proposed settlement effectively limits VOC emissions from facilities that previously had no such limits.

Pollution Impacts

These VOC emission reduction measures are designed to meet each state's permitting requirements for ozone control and to control ozone levels in the "ozone transport region," which encompasses states from Delaware to Maine. All of the states affected by this settlement are in attainment with the national ambient air quality standards for ozone. The consent decree requirements will help these states remain in compliance with these ozone standards. These measures will reduce VOC emissions, improve air quality, and reduce public health risks.

Health and Environmental Benefits

VOC emissions contribute to the formation of ground-level ozone. To reduce ozone levels, the Clean Air Act and state air pollution laws require state permits to limit emissions.

VOCs include a variety of chemicals that may produce adverse health effects such as eye, nose, and throat irritation, headaches, nausea, and damage to the liver, kidney, and central nervous system. Breathing ozone formed from VOCs can trigger a variety of health problems, particularly in children, the elderly, and anyone with a lung disease such as asthma. Ozone can also have harmful effects on sensitive vegetation and ecosystems.

This case addresses VOC emissions only. EPA required Sprague to conduct testing for emissions of hazardous air pollutants (HAPs) from its heated storage tanks at its facility in Searsport, Maine, in 2012 and 2013. The results indicated that the HAP emissions from these tanks were not enough to trigger federal requirements to implement HAP emission controls.

The settlement requires Sprague to install, operate and maintain carbon bed systems designed to reduce odors from #6 oil and/or asphalt tanks at its South Portland, Maine, and Quincy, Massachusetts, facilities. These facilities have been the subject of numerous odor complaints from area residents.

In addition to the proposed federal Consent Decree negotiated by the United States and Massachusetts, the Rhode Island Department of Environmental Management (RIDEM) notified EPA that it has been working to address violations of Rhode Island's Odor Regulation at Sprague's facility in Providence, Rhode Island, outlined in a Notice of Violation issued to Sprague on May 16, 2019. As a result, Sprague has installed equipment to control odors emanating from three heated bulk storage tanks located at the

facility that currently store liquid asphalt and #6 oil and/or other heavy petroleum products. This equipment includes a carbon bed and mist eliminator. As of April 21, 2020, this odor control system was operational on all three of these tanks. RIDEM has reported that it continues to work directly with Sprague to ensure that the company resolves this state enforcement action and complies with all applicable odor control regulations.

Civil Penalty

The proposed decree requires that Sprague pay \$350,000 in civil penalties, including \$205,000 to the United States and \$145,000 to Massachusetts.

Comment Period

The proposed consent decree is subject to a 30-day public comment period and final court approval. Copies of the complaint and the proposed consent decree, and instructions on how to submit comments, will be available on the Department of Justice website at <https://www.justice.gov/enrd/consent-decrees>.

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