MEMORANDUM

TO: Docket for rulemaking, "Review of National Emission Standards for Hazardous Air Pollutants for the Gasoline Distribution Source Category (40 CFR part 63, subparts R and BBBBBB) and New Source Performance Standards for Bulk Gasoline Terminals (40 CFR 60 Subpart XX)" (EPA-HQ-OAR-2020-0371)

DATE: March 2026

SUBJECT: Economic Impact Analysis for the National Emission Standards for Hazardous Air Pollutants: Gasoline Distribution Technology Review and Standards of Performance for Bulk Gasoline Terminals Review: Reconsideration Proposal

1. Introduction

This Economic Impact Analysis (EIA) describes the estimated compliance cost savings and other impacts of the U.S. Environmental Protection Agency's (EPA) proposed reconsideration of the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Gasoline Distribution Facilities (40 CFR part 63, subparts R and BBBBBB) and the Standards of Performance for Bulk Gasoline Terminals (40 CFR part 60, subparts XX and XXa; hereafter "the NSPS"). Major source NESHAP standards for Gasoline Distribution Facilities (hereafter "the Major Source NESHAP") are contained in 40 CFR part 63, subpart R; the area source NESHAP standards (hereafter "the Area Source NESHAP") are contained in 40 CFR part 63, subpart BBBBBB.[1]

Gasoline distribution facilities transfer and store gasoline as it is moved from petroleum refineries to gasoline dispensing facilities. The facilities in the source category include bulk gasoline terminals, bulk gasoline plants, and pipeline facilities (breakout and pumping stations). The emission sources at these facilities include equipment leaks, gasoline storage tanks, gasoline cargo tanks (delivery tank trucks and railcars while within the facility), and loading racks (equipment designed to transfer gasoline from storage tanks to cargo tanks).

The Area Source NESHAP covers emission sources at bulk gasoline terminals, bulk gasoline plants, and pipeline facilities that are area sources of HAP. A bulk gasoline terminal is any gasoline facility which receives gasoline by pipeline, ship, barge, or cargo tank and has a

[1] "Major sources" are those that emit or have the potential to emit 10 tons per year (tpy) or more of a single HAP or 25 tpy or more of any combination of HAP. All other sources are "area sources."

gasoline throughput greater than 20,000 gallons per day. A bulk gasoline plant is similar to a bulk gasoline terminal with throughput less than 20,000 gallons per day. A pipeline breakout station is a facility along a pipeline containing storage vessels used to relieve surges or receive and store gasoline from the pipeline for reinjection and continued transportation by pipeline to other facilities. The Major Source NESHAP covers emission sources at bulk gasoline terminals and pipeline breakout stations that are major sources of HAP. The NSPS covers emissions sources (other than storage tanks) at new, modified, or reconstructed bulk gasoline terminals.[2]

On May 8, 2024, the EPA promulgated final amendments to the Area Source NESHAP, the Major Source NESHAP, and updates to the NSPS (collectively referred to hereafter as "the 2024 final rule").[3] The final amendments to the Area Source and Major Source NESHAPs made more stringent the emission standards for loading racks, storage tanks, cargo tanks, and equipment leak detection and repair, removed exemptions during periods of startup, shutdown, and malfunction, and made other minor technical improvements. The updates to the NSPS created a new subpart (XXa) containing more stringent volatile organic compound (VOC) emission standards for bulk gasoline terminals built, modified, or reconstructed after June 10, 2022.

Three petitions for reconsideration of the 2024 final rule were submitted to the EPA: two by the International Liquid Terminals Association (ILTA) and one jointly by the American Fuel and Petrochemical Manufacturers (AFPM) and the American Petroleum Institute (API). The EPA has determined that the issues raised in the reconsideration petitions do not meet the criteria of the Clean Air Act (CAA) section 307(d)(7)(B) to warrant mandatory reconsideration. However, the EPA has decided to grant voluntary reconsideration of the 2024 final rule. This Economic Impact Analysis (EIA) describes the estimated impacts associated with the proposed reconsideration.

[2] When applicable, NSPS under 40 CFR part 60, subpart K, Ka, or Kb apply to emissions from storage tanks at bulk gasoline terminals.

[3] U.S. EPA. (May 8, 2024). *National Emission Standards for Hazardous Air Pollutants: Gasoline Distribution Technology Reviews and New Source Performance Standards Review for Bulk Gasoline Terminals*. 89 FR 39304. Available at: https://www.federalregister.gov/documents/2024/05/08/2024-04629/national-emission-standards-for-hazardous-air-pollutants-gasoline-distribution-technology-reviews.

1.1. Industry Background

The gasoline distribution sector delivers finished motor gasoline and blending components from petroleum refineries to end-users. Most of the firms in the sector fall under NAICS classification 424710 (Petroleum Bulk Stations and Terminals) and 486910 (Transportation of Refined Petroleum Products). This section provides an overview of the gasoline distribution network.

The gasoline distribution network consists of storage and transfer facilities that move gasoline from its production to its end consumption. Petroleum refineries produce finished motor gasoline and gasoline blending components from crude oil, which are then shipped via pipeline, barge, tanker truck, or railcar to bulk gasoline distribution terminals. Gasoline is the primary product produced by petroleum refineries, with each barrel (42 gallons) of crude oil processed into about 20 gallons of gasoline.[4] The Gulf Coast region is the petroleum refinery center of the U.S., with the 5 largest refineries operating in either Texas or Louisiana.[5]

Most gasoline is shipped from the refinery via pipeline, with the largest flows moving from the Gulf Coast to the East Coast and Midwest and from the Midwest to the East Coast.[6] Along the pipeline, two main types of facilities regulate the flow of gasoline: pumping stations, which contain pumps used to maintain the desired pressure and flow of product through the pipeline, and breakout stations, which contain storage tanks to relieve surges and store product for re-injection and continued transportation to bulk distribution terminals. Once at a bulk distribution terminal, finished gasoline is transferred directly to a storage tank, while blending components may first be mixed to produce fuel of a desired specification. Gasoline is loaded via loading racks from storage tanks into large tanker trucks or railcars cargo tanks (typically 8,000-10,000-gallon capacity), which transport gasoline either to retail stations for final sale to consumer or intermediate storage facilities called bulk plants. Bulk plants store gasoline and

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[4] Energy Information Administration. *Frequently Asked Questions: How many gallons of gasoline and diesel fuel are made from one barrel of oil?* Available at: https://www.eia.gov/tools/faqs/faq.php?id=327&t=9#:~:text=Petroleum%20refineries%20in%20the%20United, gallon%20barrel%20of%20crude%20oil. Accessed 9/16/2025.

5 Energy Information Administration. *Table 5: Refiners' Total Operable Atmospheric Crude Oil Distillation Capacity.* Available at: https://www.eia.gov/petroleum/refinerycapacity/table5.pdf. Accessed 9/16/2025.

[6] Energy Information Administration. *Movements by Pipeline between PADD Districts*. Available at: https://www.eia.gov/dnav/pet/pet_move_pipe_a_epm0f_lmv_mbbl_a.htm. Accessed 9/16/2025.

transfer it via loading rack to tanker trucks for transport to retail gasoline stations or end consumers. Figure 1 shows the gasoline production and distribution system. The red circle in the figure contains the parts of the system covered by the 2024 final rule.

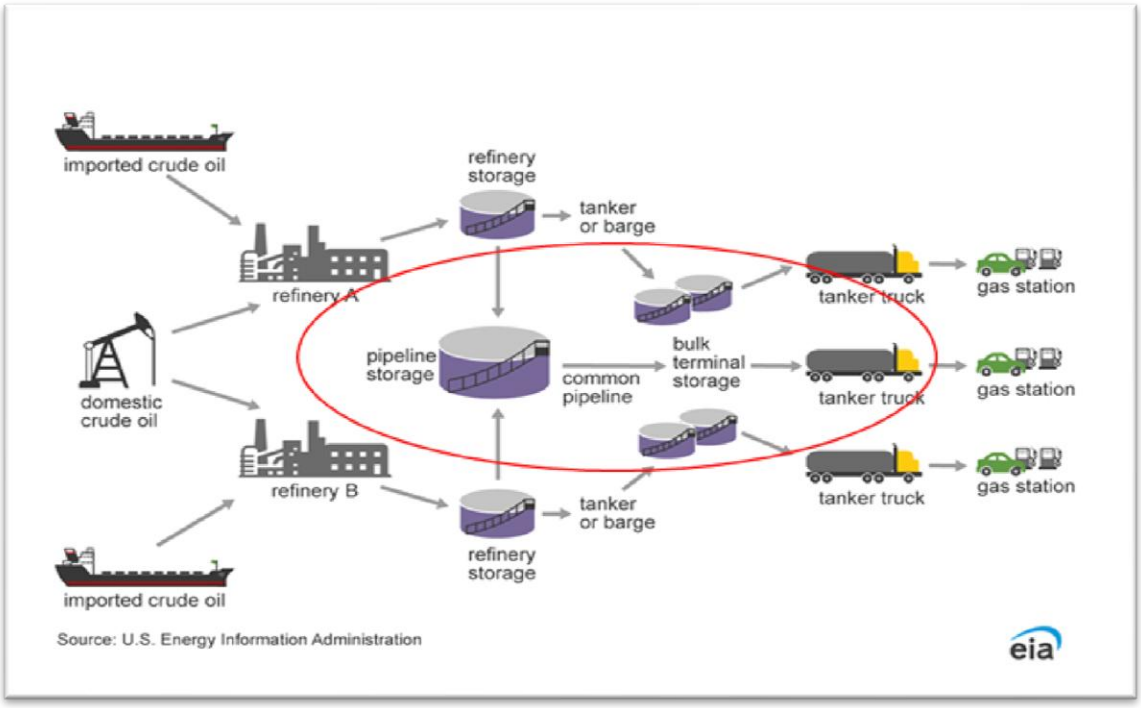

Figure 1: The Gasoline Production and Distribution System[7]

1.2. Regulatory Background

1.2.1. NESHAP 40 CFR Part 60, Subparts R and BBBBBB

Section 112 of the CAA establishes a two-stage regulatory process to develop standards for emissions of HAP from stationary sources. Generally, the first stage involves establishing technology-based standards and the second stage involves evaluating those standards that are based on maximum achievable control technology (MACT) to determine whether additional standards are needed to address any remaining risk associated with HAP emissions. This second stage is commonly referred to as the "residual risk review." In addition to the residual risk review, the CAA also requires the EPA to review standards set under CAA section 112 every 8 years and revise the standards as necessary taking into account any "developments in practices,

[7] Energy Information Administration. *Gasoline explained: Where our gasoline comes from*. Available at: https://www.eia.gov/energyexplained/gasoline/where-our-gasoline-comes-from.php. Accessed 9/17/2025.

processes, or control technologies." This review is commonly referred to as the "technology review."

In the first stage of the CAA section 112 standard setting process, the EPA promulgates technology-based standards under CAA section 112(d) for categories of sources identified as emitting one or more of the HAP listed in CAA section 112(b). Sources of HAP emissions are either major sources or area sources, and CAA section 112 establishes different requirements for major source standards and area source standards. "Major sources" are those that emit or have the potential to emit 10 tons per year (tpy) or more of a single HAP or 25 tpy or more of any combination of HAP. All other sources are "area sources." For major sources, CAA section 112(d)(2) states that the technology-based NESHAP must reflect the maximum degree of emission reductions of HAP achievable (after considering cost, energy requirements, and non-air quality health and environmental impacts). These standards are commonly referred to as MACT standards.

CAA section 112(d)(3) establishes a minimum control level for MACT standards, known as the MACT "floor." In certain instances, as provided in CAA section 112(h), the EPA may set work practice standards in lieu of numerical emission standards. The EPA must also consider control options that are more stringent than the floor. Standards more stringent than the floor are commonly referred to as beyond-the-floor standards. For area sources, CAA section 112(d)(5) allows the EPA to set standards based on generally available control technologies or management practices (GACT standards) in lieu of MACT standards.

For major sources and any area source categories subject to MACT standards, the second stage in the standard-setting process focuses on identifying and addressing any remaining (i.e., "residual") risk pursuant to CAA section 112(f) and concurrently conducting a technology review pursuant to CAA section 112(d)(6). CAA section 112(f)(2) requires the EPA to evaluate residual risk within 8 years after promulgating a NESHAP to determine whether risks are acceptable and whether additional standards beyond the MACT standards are needed to provide an ample margin of safety to protect public health or prevent adverse environmental effects. No requirement exists to address residual risk for area sources subject to GACT standards, but technology reviews are still required.

Technology reviews assess developments in practices, processes, or control technologies and revise the standards as necessary without regard to risk, considering factors like cost and cost-effectiveness. The EPA must conduct a technology review every 8 years after a NESHAP is promulgated. Thus, the first review after a NESHAP is promulgated is a residual risk and technology review (RTR), while the subsequent reviews are only technology reviews.

MACT standards were finalized for the Gasoline Distribution source category in 1994. The RTR was finalized in 2006. GACT standards were set for the Gasoline Distribution area source category in 2008. The 2024 final rule completed the technology review for both the Major Source NESHAP and the Area Source NESHAP.

1.2.2. NSPS 40 CFR part 60, Subpart XX and XXa

CAA section 111 governs the establishment of standards of performance for stationary sources. CAA section 111(b)(1)(A) requires the EPA Administrator to list categories of stationary sources that in the Administrator's judgement cause or contribute significantly to air pollution that may reasonably be anticipated to endanger public health or welfare. The EPA must then issue performance standards for new, modified, or reconstructed sources in each source category pursuant to CAA section 111(b)(1)(B). These standards are referred to as new source performance standards, or NSPS. The EPA has the authority under CAA section 111(b) to define the scope of the source categories, determine the pollutants for which standards should be developed, set the emission level of the standards, and distinguish among classes, type, and sizes within categories in establishing the standards.

Section 111(b)(1)(B) of the CAA requires the EPA to "at least every 8 years review and, if appropriate, revise" new source performance standards. Section 111(a)(1) of the CAA provides that performance standards are to "reflect the degree of emission limitation achievable through the application of the best system of emission reduction which (taking into account the cost of achieving such reduction and any non-air quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated." We refer to this level of control as the best system of emission reduction or "BSER." The term "standard of performance" in CAA 111(a)(1) makes clear that the EPA is to determine both the BSER for the regulated sources in the source category and the degree of emission limitation achievable

through application of the BSER. The EPA must then, under CAA section 111(b)(1)(B), promulgate standards of performance for new sources that reflect that level of stringency. The NSPS for Bulk Gasoline Terminals was promulgated in 1983. The 2024 final rule constituted a review of the NSPS and promulgated 40 CFR part 60, subpart XXa.

1.3. Proposed Requirements

The proposed action includes a variety of revisions and technical corrections to the 2024 final rule. These include revisions to the monitoring, performance testing, and other compliance requirements for thermal oxidation systems and open flares controlling VOC emissions from bulk gasoline distribution terminal loading racks (under both the NSPS and NESHAP). The proposed action also contains revisions to the vapor pressure standards for cargo tanks, technical clarifications to recordkeeping requirements related to cargo tanks (under both the NSPS and NESHAP), the leak detection and repair compliance dates under NSPS XXa, and the modifications that trigger applicability of NSPS subpart XXa. The EPA is also seeking comment on a variety of issues, including whether to update the frequency of leak detection and repair requirements for pipeline pumping stations under the Area Source NESHAP. For more details on the proposed changes to the requirements of the 2024 final rule and the issues on which the EPA is seeking comment, see the preamble of this proposed action. The EPA expects there will be compliance costs savings associated with the revisions to performance testing and monitoring requirements for thermal oxidation systems and flares. The EPA does not expect emissions changes or cost changes associated with the revisions to the cargo tank vapor pressure standards. These provisions and the associated cost and emission impact estimates are the subject of the next section.

2. Emission, Cost, and Economic Impacts

This EIA analyzes the estimated changes to cost and emissions impacts expected to occur due to the proposed revisions to the requirements for gasoline distribution facilities contained in the 2024 final rule. The baseline for this analysis is the counterfactual world in which the 2024 final rule remains in effect. All impacts are estimated incremental to this baseline. In this baseline scenario, the EPA assumes full compliance with the 2024 final rule is required and achieved by all affected facilities by the applicable compliance deadlines.

Promulgation of a final rule associated with this proposed action is assumed to occur by early 2027. Compliance deadlines in 2024 final rule for the NESHAP requirements go into effect on May 8, 2027, and are not modified by this proposed action. Changes to the NSPS would become effective on the promulgation date of the upcoming final rule. Given this, the timeframe of the analysis covers the period 2027 through 2041, which allows the presentation of 15 years of impact estimates and runs through the end of the analytical timeframe presented in the Regulatory Impact Analysis (RIA) for the 2024 final rule.[8] This section presents impact estimates for the revisions to performance testing and monitoring requirements for thermal oxidation systems and open flares.

The cost savings estimated for this proposed action (discussed in Section 2.2) arise from revisions to the existing performance testing and monitoring requirements for thermal oxidation systems and open flares used to control VOC emissions from bulk gasoline distribution terminal loading racks. The current performance testing requirements for thermal oxidation systems require operators to complete initial and subsequent performance evaluations that demonstrate the system's ability to process gasoline vapors and meet the relevant emission limits under high gasoline throughput conditions. This performance testing requirement involves a six-hour

[8] U.S. EPA. *Regulatory Impact Analysis for the Final National Emission Standards for Hazardous Air Pollutants: Gasoline Distribution Technology Review and Standards of Performance for Bulk Gasoline Terminals Review*. EPA-HQ-OAR-2020-0371. Available at: https://www.regulations.gov/document/EPA-HQ-OAR-2020-0371-0148.

performance test conducted while loading at least 80,000 gallons of gasoline.[9] The monitoring requirements entail monitoring certain system parameters to ensure continuous compliance. The current parametric monitoring requirements allow operators to either monitor the combustion zone temperature or comply with alternative flare monitoring provisions consistent with the Petroleum Refinery NESHAP (40 CFR part 63, subpart CC).[10,11] The performance test is used to determine the combustion zone temperature that must be maintained under that parametric monitoring option, but facilities must conduct the performance test to verify compliance regardless of which parametric monitoring option is used.

The flare monitoring alternative entails monitoring the combustion zone net heating value (NHV) and the NHV dilution parameter (NHV_{dil}). As an alternative to direct NHV monitoring, facilities with consistent-composition gas streams may elect to show compliance with the NHV requirement based on an NHV assessment based on a 14-day sampling demonstration (one gas sample collected per day) that determines minimum gasoline loading rates and minimum ratio of gasoline to total liquid loading rates that would ensure sufficient NHV to comply with the flare monitoring provisions. Operators of open flares are required to meet the flare monitoring provisions in the Petroleum Refinery NESHAP. The technical memorandum *Updated Monitoring Options and Costs for Gasoline Distribution Facilities* (included in the docket for the 2024 final rule) describes the performance testing and monitoring requirements for thermal oxidation systems and open flares contained in the 2024 final rule in detail.[12]

This proposed action revises the performance test requirement and monitoring requirements for thermal oxidation systems and updates the NHV assessment that establishes operating parameters under the alternative flare monitoring requirements. The EPA is co-proposing two options for determining the operating temperature of thermal oxidations systems. Option 1 proposes a shorter performance test (three hours rather than six hours) and allows

[9] If the 80,000-gallon criteria is not met, operators may either extend the test to meet the 80,000 gallon threshold or repeat the test the following day.

[10] https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-63/subpart-CC.

[11] 10 mg total organic compounds per liter of gasoline loaded (TOC/L) for major sources of HAP, 35 mg TOC/L for area sources of HAP.

[12] Coburn, Jeff. (February 2, 2023). *Updated Monitoring Options and Costs for Gasoline Distribution Facilities*. EPA-HQ-OAR-2020-0371. Available at: https://www.regulations.gov/document/EPA-HQ-OAR-2020-0371-0137.

facilities to conduct the performance test under normal gasoline loading conditions to establish site-specific temperature operating limits. Option 2 retains the original performance test requirements and sets a minimum operating temperature of 400°F for all thermal oxidation systems required to meet either the Area Source or Major Source NESHAP emission limits. The EPA is also proposing to allow facilities to collect the 14 gas samples necessary to demonstrate NHV as quickly as possible provided that samples are collected no less than 20 minutes apart.

The EPA is proposing to require facilities to establish and maintain a maximum allowable air assist rate for thermal oxidation systems. Compliance with this provision would require short daily inspections of a thermal oxidation system's fan and damper settings. The daily inspections have costs.

Finally, the EPA is proposing to revise the vapor tightness requirements for gasoline cargo tanks. The proposed revisions would allow owners and operators of all gasoline cargo tanks that load liquid product at a gasoline loading rack affected facility to meet the annual certification test requirements by complying with the maximum allowable pressure or vacuum change as was required by NESHAP subpart R prior to the promulgation of the May 2024 Final Rule.

For more details on the revisions to performance testing and monitoring requirements and the associated cost savings estimates, see the memorandum *Monitoring Cost Revisions for Gasoline Distribution Reconsideration* (hereafter "the Monitoring Cost Memo"), available in the docket for the proposed action.[13] The cost savings estimates contained in the Monitoring Cost Memo are presented in detail in Section 2.2 below.

2.1. Emissions Impacts

The proposed amendments include technical corrections to compliance testing and monitoring requirements in the 2024 final rule and a revision of the cargo tank vapor pressure standard. The proposed revision of the vapor tightness requirements for cargo tanks is not expected to result in emissions changes because the 2024 final rule standard is now considered to

[13] Coburn, Jeff. (2025). *Monitoring Cost Revisions for Gasoline Distribution Reconsideration*. EPA Docket No. EPA-HQ-OAR-2020-0371.

be infeasible. Other amendments do not impact the stringency of the emission standards set by the 2024 final rule. The EPA does not expect these technical corrections to compliance testing and monitoring requirements to impact compliance with the emission limits established in the 2024 final rule. Therefore, this reconsideration is not expected to impact emissions at gasoline distribution facilities. To the extent that the revisions to the testing and monitoring requirements may make exceedance of the relevant emission limits more or less likely, these impacts have not been quantified for this proposed action. The EPA expects any such impacts to be negligible.

2.2. Cost Impacts

This section presents the estimated cost savings associated with the proposed action. As described in the beginning of this chapter, these cost savings are associated with revisions to performance testing and monitoring requirements for bulk gasoline terminals that operate thermal oxidation systems or open flares to control loading rack emissions. For more detail on the specific revisions to monitoring requirements, see the preamble of the proposed rule and the associated Monitoring Cost Memo (included in the docket for this proposed action). A 2024-dollar year is used for all cost savings estimates presented in the section.

The EPA estimated costs savings due to revised performance testing and monitoring requirements for bulk gasoline terminals that control loading rack emissions with thermal oxidation systems or open flares. The analysis assumes that only large area source bulk gasoline terminals use thermal oxidation systems or open flares to control loading rack emissions. This is because, for major source facilities with more VOC emissions and newer bulk terminals that must achieve the stricter NSPS XXa emission limits, the EPA estimated in its analysis of the 2024 final rule that it is lower cost to control emissions using vapor recovery units, which capture gasoline vapor and reduce the loss of salable gasoline. This analysis is described in the memorandum *Updated Control Options for Loading Racks at Gasoline Distribution Facilities*, included in the docket for the 2024 final rule.[14] The estimated count of large area source bulk gasoline terminals operating open flares nationwide is 8; the estimated count of large area source bulk gasoline terminals operating thermal oxidation systems is 170.

[14] Coburn, Jeff. (2023). Memorandum to Brenda Shine, EPA/OAQPS. *Updated Control Options for Loading Racks at Gasoline Distribution Facilities*. EPA-HQ-OAR-2020-0371. Available at: https://www.regulations.gov/document/EPA-HQ-OAR-2020-0371-0134.

The estimated cost savings are based on two items: reduced NHV assessment costs for open flare operators (required to demonstrate the NHV for parametric monitoring) and streamlined performance evaluation requirements, including shorter-duration testing, for thermal oxidation systems that allow facilities to determine a site-specific temperature operating limit (Option 1). The EPA is co-proposing Option 2, which sets a minimum operating temperature of 400°F for all thermal oxidation systems and retains current performance testing requirements. Option 2 does not include a change to the length of the required performance test.

In projecting the costs of the 2024 final rule, the EPA estimated that 80 percent (136 out of an estimated 170 facilities) of large area source bulk gasoline terminals operating thermal oxidation systems would use the alternative flare monitoring requirements rather than monitor the combustion zone temperature. The EPA expects that the changes to the temperature monitoring requirements described by both Option 1 and Option 2 would produce a lower cost option for facilities, compared to the NHV assessment. Therefore, the EPA expects those facilities – that otherwise would, under the requirements of the 2024 final rule, use the alternative flare monitoring requirements and conduct the associated NHV assessment – to elect to show compliance using the temperature monitoring option, under the current proposal, instead. Since Option 1 also reduces performance testing costs, Option 1 is the lower cost option. All cost savings estimates presented in this section are based on Option 1. Option 2 reflects the same cost changes as Option 1, with the exception that Option 2 does not include cost savings from shorter-duration performance testing.

The estimated cost of conducting a 14-day NHV assessment is approximately $6,000. Allowing facilities to shorten the time of sample collection for the 14 gas samples from one sample per day to one sample every 20 minutes is estimated to save approximately $340 per NHV assessment.

Flare operators are expected to save about $2,700 per year nationwide from reduced sampling costs for each round of gas sampling ($340 per affected facility per year, assuming one assessment in a given year).

Thermal oxidation system operators are expected to save about $820,000 for each avoided NHV assessment ($6,000 per affected facility), and an additional $740,000 every 5 years

from shorter-duration performance test requirements ($4,400 per affected facility) associated with Option 1 for the testing requirements for thermal oxidation systems. Facilities conducting NHV monitoring are required to sample at least twice initially (once while loading summer gasoline and once while loading winter gasoline). Re-testing is required whenever a facility alters operations in a way that may alter NHV (other than switching between summer and winter gasoline). This assessment could take place only twice (once for summer gasoline and once for winter gasoline) every two to three years. For the purposes of estimating cost savings in this EIA, we assume facilities would conduct (in the absence of this proposed action) gas sampling to determine their NHV once on average per year in order to reassess each gasoline type every two years.

The EPA is also proposing to require facilities to establish and maintain a maximum allowable air assist rate for thermal oxidation systems and flares. Compliance with this provision would require short daily inspections of a thermal oxidation system's fan and damper settings. The EPA estimates that these daily inspections would cost about $1,400 per facility per year. This is about $250,000 per year industrywide (assuming 170 thermal oxidation systems and 8 flares). This is the only provision of the proposed action that is expected to increase costs for gasoline distribution facilities relative to the 2024 final rule.

Table 1 shows the industrywide private cost savings for Option 1 and Option 2. The cost item labelled "NHV Monitoring Savings" includes the savings to both open flare (8 total) and affected thermal oxidation system operators (136 total). The table also includes the costs associated with the daily inspection of air assist rates. These costs are presented as negative numbers in Table 1. Cost savings are associated with streamlined performance testing and presented over 5 years and annualized over 5 years to reflect the required frequency of performance testing. Cost savings are annualized using the current bank prime rate (7.00%) as a proxy for the weighted average cost of capital faced by firms operating gasoline distribution facilities.[15]

[15] Commerce Bank. *Current Prime Rate*. https://www.commercebank.com/about-us/prime-rate-update. Accessed 12/2/2025.

Table 1: Summary of Industrywide Private Cost Savings (2024 dollars)

Cost Item	Timeframe	Option 1 Cost Savings	Option 2 Cost Savings
NHV Monitoring Savings	Paid Every Year	$880,000	$880,000
Performance Testing Savings	Paid Every 5 Years	$740,000	N/A
Performance Testing Savings	Annualized	$180,000	N/A
Daily Inspection Costs	Paid Every Year	-$270,000	-$270,000
Total Annualized Cost Savings	**Annualized**	**$790,000**	**$610,000**

Note: Numbers are rounded to two significant digits. Values may not sum due to rounding. All numbers presented on an annual end-of-period basis.

Table 2 shows the undiscounted compliance cost savings relative to the baseline over the analytical timeframe of this EIA (2027 to 2041). The column "Gas-Sampling to Determine NHV" encompasses cost savings for both open flare and thermal oxidation system operators. This period covers three rounds of performance testing costs and 15 years of NHV assessment cost savings and daily air assist rate inspection costs.

Industrywide compliance cost savings total about $11 million dollars across the period, with about $2.2 million from shorter duration performance testing, $13 million from reduced costs of NHV assessment, and $3.8 million in cost increases from proposed daily inspection requirements to monitor the air assist rate. The discounted social cost savings (using compliance costs savings as a proxy), present value (PV), and equivalent annualized value (EAV) for this proposed action, calculated using both a 3 percent and 7 percent social discount rate, are in Table 3. The choice of social discount rates reflects the guidance of OMB Circular A-4, which suggests a 3 percent rate to represent the social rate of time preference (i.e., the rate at which society discounts future consumption) and a 7 percent rate to represent the opportunity cost of capital.[16] EAVs are annualized over fifteen years to reflect the length of the analytical timeframe used in this EIA. The EAV are calculated to represent constant cost saving flows occurring in each period from 2027 to 2041 that, when discounted to 2025, are equal in PV to the original stream of cost savings. This proposed action is estimated to result in a PV of $9.1 million of cost savings ($0.81 million EAV) using a 3 percent social discount rate and a PV of $6.9 million of cost savings ($0.87 million EAV) using a 7 percent social discount rate. Figures in these tables are

[16] OMB. Circular No. A-4. September 17, 2003. https://www.federalregister.gov/documents/2003/10/09/03-25606/circular-a-4-regulatory-analysis. Accessed 3/19/2025.

rounded to two significant digits. For this reason, the PV contained in Table 3 may not exactly equal the discounted cost savings summed over all years.

Table 2: Undiscounted Compliance Cost Savings for the Proposed Action (millions of 2024$)

Year	Shorter-Duration Performance Testing	Gas-Sampling to Determine NHV	Daily Air assist Rate Inspections	Total
2027	$0.74	$1.6	-$0.25	$2.1
2028	$0	$0.82	-$0.25	$0.57
2029	$0	$0.82	-$0.25	$0.57
2030	$0	$0.82	-$0.25	$0.57
2031	$0	$0.82	-$0.25	$0.57
2032	$0.74	$0.82	-$0.25	$1.3
2033	$0	$0.82	-$0.25	$0.57
2034	$0	$0.82	-$0.25	$0.57
2035	$0	$0.82	-$0.25	$0.57
2036	$0	$0.82	-$0.25	$0.57
2037	$0.74	$0.82	-$0.25	$1.3
2038	$0	$0.82	-$0.25	$0.57
2039	$0	$0.82	-$0.25	$0.57
2040	$0	$0.82	-$0.25	$0.57
2041	$0	$0.82	-$0.25	$0.57

Table 3: Present Value, Equivalent Annualized Value, and Discounted Compliance Cost Savings for the Proposed Action (millions of 2024 dollars)

Year	Discount Rate	
	3%	7%
2027	$2.0	$1.8
2028	$0.52	$0.46
2029	$0.50	$0.43
2030	$0.49	$0.40
2031	$0.47	$0.38
2032	$1.1	$0.81
2033	$0.44	$0.33
2034	$0.43	$0.31
2035	$0.42	$0.29
2036	$0.41	$0.27
2037	$0.91	$0.58
2038	$0.38	$0.23
2039	$0.37	$0.22
2040	$0.36	$0.20
2041	$0.35	$0.19
PV	**$9.1**	**$6.9**
EAV	**$0.81**	**$0.87**

The proposed revision of the vapor tightness requirements for gasoline cargo tanks is not expected to result in compliance cost changes because the 2024 final rule standard is now considered to be infeasible.

2.3. Small Entity Impacts

The Regulatory Flexibility Act (RFA; 5 U.S.C. §601 et seq.), as amended by the Small Business Regulatory Enforcement Fairness Act (Public Law No. 104121), provides that whenever an agency publishes a proposed rule, it must prepare and make available an initial regulatory flexibility analysis (IRFA), unless it certifies that the rule, if promulgated, will not have a significant economic impact on a substantial number of small entities (5 U.S.C. §605[b]). Small entities include small businesses, small organizations, and small governmental jurisdictions. An IRFA describes the economic impact of the rule on small entities and any significant alternatives to the rule that would accomplish the objectives of the rule while minimizing significant economic impacts on small entities. An agency may certify that a rule will not have a significant economic impact on a substantial number of small entities if the rule

relieves regulatory burden, has no net burden or otherwise has a positive economic effect on the small entities subject to the rule.

For purposes of assessing the impacts of this action on small entities, a small entity is defined as: (1) a small business as defined by the Small Business Administration's (SBA) regulations at 13 CFR 121.201; (2) a small governmental jurisdiction that is a government of a city, county, town, school district or special district with a population of less than 50,000; and (3) a small organization that is any not-for-profit enterprise that is independently owned and operated and is not dominant in its field. Businesses in the Gasoline Distribution source category predominately have NAICS codes 424710 (Petroleum Bulk Stations and Terminals) and 486910 (Pipeline Transportation of Refined Petroleum Products). For the SBA small business size standard definition for each NAICS classification, see Table 4.

Table 4: SBA Size Standards by NAICS Code

NAICS Codes	NAICS Industry Description	Size Standards (in no. of employees)
424710	Petroleum Bulk Stations and Terminals	225
486910	Pipeline Transportation of Refined Petroleum Products	1,500

Sources: U.S. Small Business Administration, Table of Standards, Effective March 17, 2023. https://www.sba.gov/document/support--table-size-standards. Accessed October 20, 2025.

For the 2024 final rule, to characterize the small businesses present in the industry, the EPA constructed a facility list from a variety of sources, determined the ultimate parent company for each facility on this list (if possible), and collected data on employment and revenue for each ultimate parent company. A summary of this information, reproduced from the Regulatory Impact Analysis (RIA) for the 2024 final rule, is contained in Table 5 below.[17]

[17] U.S. EPA. (May 8, 2024). *Regulatory Impact Analysis for the Final National Emission Standards for Hazardous Air Pollutants: Gasoline Distribution Technology Review and Standards of Performance for Bulk Gasoline Terminals Review*. EPA-HQ-OAR-2020-0371-0148. Available at: https://www.regulations.gov/document/EPA-HQ-OAR-2020-0371-0148.

Table 5: Summary Statistics of Potentially Affected Entities, 2024 Final Rule

Rule	Size	No. of Ultimate Parent Companies	Number of Facilities	Mean Revenue (million 2021$)	Median Revenue (million 2021$)
MACT R	Small	2	2	$12	$12
	Not Small	38	116	$43,000	$7,700
GACT 6B	Small	116	181	$100	$26
	Not Small	146	1,406	$24,000	$2,300
NSPS XX	Small	0	0	N/A	N/A
	Not Small	8	11	$72,000	$19,000
All	Small	117	183	$100	$25
	Not Small	151	1,522	$24,000	$2,300

Source: Gasoline Distribution 2024 Final Rule RIA.

The estimated annualized compliance cost for a large area source bulk gasoline terminal facility operating an open flare is approximately $1,100 ($1,400 for daily inspections and $340 in cost savings from reduced NHV assessment costs). The estimated annualized compliance net cost savings (including daily inspections) for a large area source bulk gasoline terminal facility operating a thermal oxidation system is approximately $4,400. Most affected facilities will accrue cost savings from the proposed revision to the 2024 final rule.

The proposed reconsideration is deregulatory and either reduces the burden of compliance with the 2024 final rule or, for the small number of facilities operating open flares, very slightly increases it. Therefore, the proposed reconsideration is not expected to have a significant economic impact on a substantial number of small entities. It is therefore not necessary to prepare an IRFA for the proposed action.

2.4. Uncertainties and Limitations

There is uncertainty associated with the compliance cost estimates included in this EIA. The EPA summarizes the key elements here.

- **Compliance Costs**: There is uncertainty associated with the costs necessary to conduct periodic compliance testing and monitor emissions control systems for compliance with the applicable emission standards. Estimates of these costs comprise the costs of the proposed action and the baseline level of cost against which the cost savings associated with this proposed action are measured. To the

extent these costs were over or underestimated in the analysis for this proposed action or the 2024 final rule, the cost savings estimated for proposed action may be over or underestimated as well.

- **Projection Methods and Assumptions**: The number of facilities in operation is assumed to be constant over the analysis period. Further, the cost savings estimated in this EIA rely on an estimate of the number of bulk gasoline terminals facilities operating open flares and thermal oxidation systems. If the number of these units in operation is higher or lower than estimated, the cost savings in this EIA may be under or overestimated as a result.