



CITY OF HENDERSON
240 Water Street
MSC 1011
Henderson, NV 89009-5050

RECEIVED

JUL 24 2013

ENVIRONMENTAL PROTECTION

July 16, 2013

State Environmental Commission
901 South Stewart Street, Suite 4001
Carson City, NV 89701

SUBJECT: Petition for a Variance to NRS/NAC Chapter 486A for the City of Henderson Nevada

Commissioners,

The City of Henderson Nevada is respectfully requesting a variance from the Alternative Fuel Program to use regular Ultra Low Sulphur Diesel #2 due to the unavailability of GDiesel in Southern Nevada for the next 12 months and the high cost of converting over to Bio-Diesel in the interim. This variance is requested for the time period of July 1, 2013 through June 30, 2014. Attached is a letter from the Director of Clark County Department of Air Quality in support of this request for this variance as they view it *should have no significant adverse effect on any current control measures or contingency measures contained in any Clark County State Implementation Plan (SIP)*.

The City of Henderson has 545 diesel vehicles that are governed under the state alternative fuel program. Since July 2011, the City of Henderson has been using GDiesel refined by Advanced Refining Concepts (ARC) located in Sparks Nevada. To date the City of Henderson has consumed over 500 thousand gallons of GDiesel which has been designated an alternative fuel by the Nevada Division of Environmental Protection. On July 1, 2013, a meeting was held between ARC and the City of Henderson where we were advised that ARC could no longer afford to transport GDiesel to Southern Nevada due to rising transportation costs and the added expense of building a refinery in Southern Nevada. ARC expressed that a new refinery should be built and operational in Southern Nevada within the next 6 to 12 months. At the meeting ARC presented the architectural plans, the parcel of property they have leased and provided a briefing as to where they were at in the building permit process with the City of North Las Vegas. ARC has agreed to provide the City of Henderson with a quarterly report on the progress of this refinery. On July 2, 2013, the City of Henderson received a letter from Advanced Refining Concepts, LLC requesting termination of their contract, which was granted. A copy of this letter from ARC is attached for your review.

There are only two choices in the state of Nevada in relation to alternative diesel fuel and they are Bio-Diesel and GDiesel. If the City of Henderson would be required to go back to utilizing Bio-Diesel we would incur additional costs when GDiesel becomes available to clean all of our fuel storage tanks again to avoid cross contamination as well as fuel filter changes for all of the vehicles and this would be an additional cost to an already tight budget. The City of Henderson has expended a considerable amount of funds in cleaning all of our fuel storage tanks for the change over from Bio-Diesel to GDiesel. The City of Henderson has the capacity to store 28,127 gallons of diesel fuel for vehicle usage. Since using GDiesel, the City of Henderson has not experienced a single fuel related engine failure; the same cannot be said about Bio-diesel.

The City of Henderson experienced multiple failures during the use of Bio-diesel from fuel injectors to fuel pumps which resulted in higher operating expense for the City of Henderson. This was a driving factor when the City of Henderson decided to test GDiesel and subsequently made the decision to switch our entire diesel fleet to GDiesel.

With all of this being said, we respectfully request that a variance be granted for a period of no more than 12 months. Should GDiesel become available sooner than the 12 month waiver would allow, the City of Henderson will immediately change back to GDiesel.

Respectfully submitted on behalf of the City of Henderson, NV.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Joe Rajchel". The signature is fluid and cursive, with the first name "Joe" and last name "Rajchel" clearly legible.

Joe Rajchel
General Services Manager
THE CITY OF HENDERSON
486 N. Gibson Road
Henderson, NV 89011

Attachments: Advanced Refining Concepts, LLC Suspension Letter
Department of Air Quality Letter of Support

CC: Bob Murnane, Director of Public Works, City of Henderson
Sig Jaunarajs, Nevada Division of Environmental Protection
Melanie V. Shasha, Nevada Division of Environmental Protection



Advanced Refining Concepts, LLC

July 2, 2013

Mr. Joe Rajchel
General Services Maintenance Manager
City of Henderson
486 N. Gibson Road
P.O. Box 95050 MSC 1011
Henderson, NV 89009-5050

Re: Notice of temporary suspension of GDiesel® delivery to Southern Nevada

Dear Joe,

Thank you for making time to meet with me yesterday. Please also thank Justin for joining the meeting.

As we discussed yesterday, due to recent and significant financial strain put onto our company through increasing delivery costs and falling subsidized benchmark pricing, we can no longer affordably sustain GDiesel deliveries to Southern Nevada. Therefore, Advanced Refining Concepts kindly requests termination of the existing contract.

Advanced Refining Concepts, LLC has planned, even before this current unfortunate situation, to embark on a longer term solution that eliminates the 450 mile supply line in total. In order to accomplish this, we set out last year to begin the process of constructing a new GDiesel® production facility on Sloan Road in Clark County. We have secured a 5 acre parcel, constructed the necessary refining equipment and are in the final stages of permitting with the City of North Las Vegas. This facility will be permitted and constructed within the next six to twelve month time frame. The output of this facility will ensure a consistent, lower cost and local GDiesel® supply into the future.

I have appreciated our positive working relationship to date and am committed to keeping you involved in the progress of our new facility through quarterly updates, invitations to public relations events regarding the facility and I or my staff will at all times be available to answer questions or concerns.

We look forward to remaining your trusted fuel supplier.

Best regards,

A handwritten signature in blue ink, appearing to read 'Peter Gunnerman', is written over the typed name.

Peter Gunnerman, Partner.

Corporate Office: 960 United Circle, Sparks, Nevada • 89431
Refining: 611 Peru Drive, McCarran, Nevada • 89434



CLARK COUNTY • DEPARTMENT OF AIR QUALITY
4701 W. Russell Road Suite 200 • Las Vegas, NV 89118-2231
(702) 455-5942 • Fax (702) 383-9994
Lewis Wallenmeyer Director

July 12, 2013

Joe Rajchel, General Service Manager
City of Henderson
486 N. Gibson Road
Henderson, NV 89009

Re: Petition for Variance from Chapter 486A of the Nevada Administrative Code

Dear Mr. Rajchel:

The following is provided as follow-up to our conversation regarding your intent to request a variance from the Nevada State Environmental Commission on the mandated usage of alternative diesel fuel for the Henderson fleet vehicles for up to 12 months.

Chapter 486A.200.3 of the Nevada Administrative Code states that the "Commission shall not issue a variance...if it determines that such a variance would have a significant adverse effect on a control measure or contingency measure." Control and contingency measures come from state implementation plans (SIPs) approved by the U.S. Environmental Protection Agency, which makes them federally enforceable and thus not eligible for a Commission waiver.

We do not currently have any such alternative diesel fuel SIP control measures in force, and do not anticipate new mobile source emissions control measures within your proposed time frame. The Department of Air Quality therefore has determined that your request should have no significant adverse effect on any current control measures or contingency measures contained in any Clark County SIP.

Sincerely,

A handwritten signature in black ink that reads "L. Wallenmeyer". The signature is written in a cursive style.

Lewis Wallenmeyer
Director

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