



Department of Finance Automotive Services

4241 Stephanie Street • Las Vegas NV 89122
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George W. Stevens, Chief Financial Officer • David W. Johnson, Manager Automotive Services
John Boris, Assistant Manager

July 9, 2013

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

RECEIVED

JUL 17 2013

ENVIRONMENTAL PROTECTION

SUBJECT: Petition for a Variance to NRS/NAC Chapter 486A for the County of Clark

Commissioners,

The County of Clark is 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. This variance is requested for the time period of July 1, 2013 through June 30, 2014. Clark County currently has a total of 683 diesel vehicles that are governed under the state alternative fuel program. Should GDiesel become available sooner than the 12 month waiver would allow, Clark County will immediately change back to GDiesel.

Since January 2011, Clark County has been using GDiesel refined by Advanced Refining Concepts (ARC) located in Sparks Nevada. To date Clark County has consumed over 3 Million 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 Clark County 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 quarterly report on the progress of this refinery. On July 2, 2013, Clark County 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.

Clark County has expended a considerable amount of funds in cleaning all of our fuel storage tanks for the change over from Bio-Diesel to GDiesel. Clark County is in the process of adding two more fuel stations to their infrastructure, one will open by the end of July 2013 and the second one is estimated to be completed by June 2014 for a total of an additional 5,000 gallons of diesel storage. The Department of Aviation has just completed an additional 10,000 gallon diesel storage tank. In total, Clark County has the capacity to store 49,300 gallons of diesel fuel for vehicle usage.

There are only two choices in the state of Nevada in relation to alternative diesel fuel and they are Bio-Diesel and GDiesel. If Clark County 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 is not a cost we should be required to bear for the relative limited amount of time we are requesting a variance for. Since using GDiesel, Clark County has not experienced a single fuel related engine failure; the same cannot be said about Bio-diesel. Clark County experienced multiple failures during the use of Bio-diesel from fuel injectors to fuel pumps which resulted in higher operating expense for Clark County. This was a driving factor when Clark County decided to test GDiesel and sub sequentially make the decision to switch our entire diesel fleet to GDiesel as well as our emergency generators and emergency vehicles.

Attached is a letter from the Director of Clark County Department of Air Quality stating that this request would not have a significant adverse impact to the State Implementation Plan Control Strategy.

Clark County has been a leader in the use of alternative fuel vehicles and fuel in the state of Nevada. We currently have the largest hybrid fleet in the state of Nevada, 534 vehicles to date. We have tested many different types of alternative fuel such as Oxy-Diesel, which unfortunately didn't work well in the hot climate of Southern Nevada. We also performed extensive testing on GDiesel. We have been operating emergency vehicles and emergency generators on alternative fuel since January 2011 even though they are clearly exempted under NRS/NAC 486A, this will cease until GDiesel is available again. Further, we were one of the very first agencies in Nevada to incorporate the use of hybrid vehicles in the local law enforcement arena. We shared our expertise freely with other entities on how to incorporate hybrid vehicles into law enforcement without compromising their mission. With all of this being said, we respectfully request that a variance be granted for a period of no more than 12 months.

Respectfully Submitted on Behalf of the County of Clark,

David W. Johnson
Manager, Automotive Services
Clark County
4241 Stephanie Street
Las Vegas, NV 89122

Attachments: Advanced Refining Concepts, LLC Suspension Letter
Letter from Department of Air Quality, Clark County

CC: George W. Stevens, Chief Financial Officer, Clark County
Lewis Wallenmeyer, Director Department of Air Quality, Clark County
Sig Jaunarajs, Nevada Division of Environmental Protection
Melanie V. Shasha, Nevada Division of Environmental Protection



Advanced Refining Concepts, LLC

July 2, 2013

Mr. David W. Johnson
Manager, Automotive Services
Clark County
4241 Stephanie Street
Las Vegas, NV 89122

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

Dear David,

Thank you for making time to meet with me yesterday. Please also thank John 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 a circular stamp or seal.

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) 383-8984
Lewis Wallenmeyer Director

July 12, 2013

David W. Johnson, Manager
Clark County Automotive Services
Central Services
4241 Stephanie Street
Las Vegas NV 89122

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

Dear Mr. Johnson:

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 Clark County 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,

Lewis Wallenmeyer
Director

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