

Effective to: March 15, 2026

1. ALON operates a renewable diesel production facility in Kern County, California.
2. The subject equipment consists of a 233 MMBtu/hr specialized furnace for a hydrogen generation unit.
3. The operation of the subject equipment is authorized by duly issued District Permits.

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BACKGROUND

Alon Bakersfield Refining (ALON) operates a hydrogen generation unit which includes a 233 MMBtu/hr specialized furnace that provides heat to convert methane and steam into hydrogen. The hydrogen is used as part of a chemical reaction that converts fats, oils, and grease into renewable diesel, naphtha, propane, and butane. Once the hydrogen unit is started up it must be run continuously. If it is shut down, the entire renewable fuels production process must be shut down. NOx emissions from the furnace are controlled by a Selective Catalyst Reduction (SCR) system and emissions are monitored by a Continuous Emissions Monitoring System (CEMS).

ALON plans to shut down the furnace to conduct scheduled maintenance. The furnace permit allows for 2 hours of operation with excess NOx emissions during start-up and shutdown periods. Due to the complexity of the furnace, ALON must adjust the temperature slowly during start-up and shutdown in order to avoid damaging the refractory and the burners. ALON has attached a detailed description with their petition, which indicates a shutdown time of up to 9 hours and a start-up time of up to 96 hours. During the extended start-up and shutdown, the SCR will not operate when the exhaust stream drops below a certain temperature. This will result in increased NOx emissions. Therefore, ALON is requesting a non-consecutive 105-hour period to exceed the 2-hour shutdown/start-up time and to operate with excess NOx emissions during the shutdown, and subsequent start-up of the furnace after the scheduled maintenance is completed.

RULE REQUIREMENTS

1. The equipment subject to this variance is regulated by the following District Rules:
 - A. 2070 – *Standards for Granting Applications*
 - B. 2201 – *New and Modified Stationary Source Review Rule*
 - C. 2520 – *Federally Mandated Operating Permits*
 - D. 4305 – *Boilers, Steam Generators, and Process Heaters – Phase 2*
 - E. 4306 – *Boilers, Steam Gens, and Process Heaters*
 - F. 4320 – *Advanced Emissions Reduction for Boilers, Steam Gen & Process Heaters Greater than 5.0 MMBTU/HR*
2. District Rules 2070 and 2520 require that the subject equipment be operated in accordance with conditions specified in the applicable permits. District Rules 2201, 4305, 4306, and 4320 establish operating parameters and emissions limits for the equipment.

FINDINGS OF FACT

Pursuant to California Health & Safety Code § 42352, the following findings have been made:

1. ***That the petitioner for a variance is, or will be, in violation of Section 41701 or of any rule, regulation, or order of the District.***

The Hearing Board finds that ALON will be in violation of applicable requirements of District Rules 2070, 2201, 2520, 4305, 4306 and 4320, in addition to the applicable conditions of

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the subject permits when the furnace shutdown and start-up times exceed 2 hr/day and when they operate with excess NO_x emissions during the extended shutdown and start-up times.

2. ***That, due to conditions beyond the reasonable control of the petitioner, requiring compliance would result in either (1) an arbitrary or unreasonable taking of property, or (2) the practical closing and elimination of a lawful business.***

The Hearing Board ALON is currently in the process of recommissioning a furnace that is critical for their plans to convert to a renewable fuels production facility. In order to safely and efficiently operate the furnace ALON must rebuild the refractory and tune the burners. Requiring them to stay in compliance would risk damaging the new refractory, and it would be unreasonable to not allow them to tune the burners prior to recommissioning a furnace that has been out of service.

3. ***That the closing or taking would be without a corresponding benefit in reducing air contaminants.***

The Hearing Board finds that once the shutdown procedure is complete, the furnace will not operate until the maintenance work is done and ALON commences the start-up procedures.

4. ***That the applicant for the variance has given consideration to curtailing operations of the source in lieu of obtaining a variance.***

The Hearing Board finds that once the shutdown procedure is complete, the furnace will not operate until the maintenance work is done and ALON commences the start-up procedures.

5. ***During the period the variance is in effect, that the applicant will reduce excess emissions to the maximum extent feasible.***

The Hearing Board finds that ALON will take all practicable measures to shut down and start-up the furnace in a manner that will minimize the possibility of excess emissions.

6. ***During the period the variance is in effect, that the applicant will monitor or otherwise quantify emission levels from the source, if requested to do so by the District, and report these emissions levels to the District pursuant to a schedule established by the District.***

The Hearing Board finds that the subject furnace is equipped with an operating and functional CEMS that will monitor all emissions during the variance period. The information will be made available to the District upon request.

GENERAL COMMENTS

The Hearing Board also finds that a nuisance as defined in District Rule 4102 is not expected to occur as a result of this variance. Nor would continued operations likely create an immediate threat or hazard to public health or safety.

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It should be noted that the US Environmental Protection Agency (EPA), which monitors major sources, might not recognize this variance. ALON should be aware that the EPA could take enforcement action on this matter if it deems such action is appropriate.

CONCLUSIONS AND ORDER

NOW, THEREFORE, the SOUTHERN REGION HEARING BOARD ORDERS that a short variance be granted to ALON, subject to the following conditions:

1. The requested variance period would be for a non-consecutive 105-hour period to occur sometime between January 6, 2026, and March 15, 2026, inclusive. If granted, the short variance would allow ALON to exceed the 2-hour shutdown/start-up time and to operate with excess NOx emissions during the shutdown, and subsequent start-up of the furnace after the scheduled maintenance is completed.
2. Variance relief shall be granted from the applicable requirements of District Rules 2070, 2201, 2520 4305, 4306 and 4320 in addition to the following conditions of the listed permits to operate:

S-33-0-3	Condition 5
S-33-55-25	Conditions 13, 14, 15, and 16
3. The variance shall allow ALON to exceed the 2-hour shutdown/start-up time and to operate with excess NOx emissions during the shutdown, and subsequent start-up of the furnace after the scheduled maintenance is completed.
4. Excess emissions during this variance period shall not exceed **646 pounds of NOx**.
5. Excess emissions fee will be assessed at the conclusion of the variance at \$3.00 per pound. Additionally, should the total excess emissions exceed one ton (2,000 pounds), the facility shall pay \$3.75 for each pound of total excess emissions. Payment of the excess/mitigation emission fees shall occur within 30 days after the end of the variance. Payment shall be made to the District and shall be directed to the "Miscellaneous Incentive Grant – Hearing Board," account.
6. Should the facility experience operational conditions likely to cause a public nuisance, ALON shall cease the operations causing the problems and take all necessary actions to abate the problem immediately.
7. A Federal Title V deviation report shall be submitted to the District within 10 days each time a Federal Title V permit condition is violated. It should be noted that multiple deviation reports may need to be submitted during this variance period. The deviation reports must be sent to the facility inspector.
8. At the conclusion of this variance ALON must be in compliance with all their permit conditions and applicable District Rules. If ALON will not achieve compliance prior to conclusion of this variance they must contact the District as soon as practicable and before the variance period ends.

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9. By March 30, 2026, or no later than 15 calendar days after ALON completes the maintenance, whichever occurs first, ALON shall submit to the District a summary report. If the report due date should fall on a date the District is closed, it shall be due the next day the District is open. The report shall include the following:
- A. A summary of the activities conducted during the variance period;
 - B. The date(s), time(s), and total duration the permitted equipment was out of compliance;
 - C. The total amount of excess emissions during the variance period;
 - D. The required certification of truth, accuracy, and completeness, signed by the designated responsible official of the Corporation, as required by Sections 9.13.1 and 10.0 of District Rule 2520 – *Federally Mandated Operating Permits*.
10. All reports and notifications shall be submitted to the attention of:
- Shannon Moore, Air Quality Specialist
SJVAPCD, Compliance Department
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Telephone: (559) 230-5874
E-mail: shannon.moore@valleyair.org
11. Failure to comply with any condition of this variance may render the variance null and void with the possibility of enforcement action taken that may include monetary penalties.

MOTION: Weber

SECOND: Dunn

Ayes: Stovall, Dunn, Weber

Noes: None

Abstained: None

Recused: None

Absent: Dr. Na, Penner

THE FOREGOING DECISION IS APPROVED:

DocuSigned by:



John Stovall, Chair
Hearing Board – Southern Region
San Joaquin Valley APCD

1/21/2026

Date

ATTEST:

Signed by:



Katrina Rojas, Deputy Clerk to the Boards

1/27/2026

Date



San Joaquin Valley

AIR POLLUTION CONTROL DISTRICT

PROOF OF SERVICE

I, Bailey Chavez, declare:

I am a resident of the State of California and over the age of 18 years, and not a party to the within action; my business address is San Joaquin Valley Air Pollution Control District, 1990 E. Gettysburg, Fresno, California 93726.

On January 29, 2026, I served the within documents:

ORDER GRANTING A VARIANCE – DOCKET No. S-25-33S

☒ by placing the document(s) listed above in a sealed envelope, and placing the same for mailing in the United States mail at Fresno, California, in accordance with the company's ordinary practices, and addressed as set forth below.

☒ based on an agreement of the parties with email addresses below, to accept service by transmitting via email the above listed document(s) to the email addresses set forth below on this date before 5 p.m.

☐ by personally delivering the document(s) listed above to the person(s) at the address(s) set forth below:

Matthew Jalali
Alon Bakersfield Refining
6451 Rosedale Highway
Bakersfield, CA 93308
matthew.jalali@bkrenewablefuels.com

Roshni Brahmhatt
USEPA Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901
AEO_R9@epa.gov
CARB – Enforcement Division
PO Box 2815
Sacramento, CA 95814
variance@arb.ca.gov

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 29, 2026, at Fresno, California.


Bailey Chavez
Office Assistant II

Northern Region Office
4800 Enterprise Way
Modesto, CA 95356-8718
(209) 557-6400 ♦ FAX (209) 557-6475

Central Region Office
1990 East Gettysburg Avenue
Fresno, CA 93726-0244
(559) 230-6000 ♦ FAX (559) 230-6062
www.valleyair.org

Southern Region Office
34946 Flyover Court
Bakersfield, CA 93308-9725
(661) 392-5500 ♦ FAX (661) 392-5585