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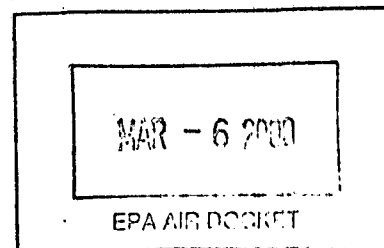
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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 68

[FRL-6550-1]

RIN 2050-AE74

**Amendments to the List of Regulated Substances and Thresholds for Accidental Release Prevention; Flammable Substances Used as Fuel or Held for Sale as Fuel at Retail Facilities****AGENCY:** Environmental Protection Agency (EPA).**ACTION:** Final rule.

SUMMARY: EPA is modifying its chemical accident prevention regulations at 40 CFR part 68 to conform to the fuels provision of the recently enacted Chemical Safety Information, Site Security and Fuels Regulatory Relief Act (PL 106-40). In accordance with the new law, today's rule revises the 40 CFR part 68 list of regulated flammable substances to exclude those substances when used as a fuel or held for sale as a fuel at a retail facility. EPA is also withdrawing a previous proposal concerning flammable substances, since the new law resolves the issue addressed by the proposal.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: *Docket.* Supporting material used in developing the final rule is contained in Docket No. A-99-36. The docket is available for public inspection and copying between 8:00 am and 5:30 pm, Monday through Friday (except government holidays) at EPA's Air Docket, Room 1500, Waterside Mall, 401 M Street, SW, Washington, DC 20460; phone number: 202-260-7548. A reasonable fee may be charged for copying.

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I. Introduction and Background

A. Statutory Authority

This rule is being issued under section 112(r) of the Clean Air Act (CAA) as amended by the Chemical Safety Information, Site Security and Fuels Regulatory Relief Act (the Act), which President Clinton signed into law on August 5, 1999. Section 2 of the Act immediately removed EPA's authority to "list a flammable substance when used as a fuel or held for sale as a fuel at a retail facility ... solely because of the explosive or flammable properties of the substance, unless a fire or explosion caused by the substance will result in acute adverse health effects from human exposure to the substance, including the unburned fuel or its combustion byproducts, other than those caused by the heat of the fire or impact of the explosion."

The Act defines "retail facility" as "a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program."

B. Background on Chemical Accident Prevention Regulations

CAA section 112(r) contains requirements for the prevention and mitigation of accidental chemical releases. The focus is on those chemicals that pose the greatest risk to public health

and the environment in the event of an accidental release. Section 112(r)(3) mandates that EPA identify at least 100 such chemicals and promulgate a list of "regulated substances" with threshold quantities. Section 112(r)(7) directs EPA to issue regulations requiring stationary sources that contain more than a threshold quantity of a regulated substance to develop and implement a risk management program and submit a risk management plan (RMP).

EPA promulgated the initial list of regulated substances on January 31, 1994 (59 FR 4478) (the "List Rule"). The Agency identified two categories of regulated substances -- toxic and flammable -- and listed substances accordingly. EPA included 77 chemicals on the toxic substances list based on each chemical's acute toxicity and several other factors --the chemical's physical state, physical/chemical properties and accident history-- relevant to the likelihood that an accidental release of the chemical would lead to significant offsite consequences. The Agency also placed 63 substances on the flammable substances list, including vinyl chloride, a substance mandated for listing by Congress. EPA selected chemicals for the flammable substances list based on their flammability rating and the other factors related to likelihood of significant offsite consequences.

Of the originally listed substances, 14 met the criteria for both toxic and flammable substances (arsine, cyanogen chloride, diborane, ethylene oxide, formaldehyde, furan, hydrocyanic acid, hydrogen selenide, hydrogen sulfide, methyl chloride, methyl mercaptan, phosphine, propyleneimine, and propylene oxide). EPA placed these 14 substances on only the toxic substances list, because their toxicity poses the greater threat to human health and the environment.

Following promulgation of the List Rule, EPA issued a rule establishing the accidental

release prevention requirements on June 20, 1996 (61 FR 31668) ("the RMP Rule"). Together these rules are codified at 40 CFR part 68.

In accordance with section 112(r)(7), the RMP rule requires that any stationary source with more than a threshold quantity of a regulated substance in a process develop and implement a risk management program and submit an RMP describing the source's program as well as its five-year accident history and potential offsite consequences. The rule further provides that RMPs be submitted by June 21, 1999 for sources with more than a threshold quantity of a regulated substance in a process by that date, or within a specified time of the source first exceeding the applicable threshold.

EPA has amended the List and RMP Rules several times. On August 25, 1997 (62 FR 45132), EPA amended the List Rule to change the listed concentration of hydrochloric acid. On January 6, 1998 (63 FR 640), EPA again amended the List Rule to delist Division 1.1 explosives (classified by the Department of Transportation (DOT)), to clarify certain provisions related to regulated flammable substances, and to clarify the transportation exemption. EPA amended the RMP Rule on January 6, 1999 (64 FR 964) to add several mandatory and optional RMP data elements, to establish procedures for protecting confidential business information, to adopt a new industry classification system and to make technical corrections and clarifications. EPA also amended the RMP Rule on May 26, 1999 (64 FR 28696) to modify the requirements for conducting worst case release scenario analyses for flammable substances and to clarify its interpretation of CAA sections 112(1) and 112(r)(11) as they relate to DOT requirements under the Federal Hazardous Transportation Law.

II. Discussion of Modification

A. *Affected Substances*

The new Act provides that EPA shall not list a flammable substance when used as a fuel,¹ or held for sale as a fuel at a retail facility solely because of its explosive or flammable properties, except under certain circumstances. The purpose of today's rule is to revise the List Rule as needed to conform to the Act.

As described above, the List Rule currently contains two lists -- one of toxic substances and one of flammable substances. The toxic substances list contains those chemicals that meet the criteria listing as toxic substances, even if they also meet the criteria for listing as flammable substances. Accordingly, every chemical on the toxic substances list was listed for its toxicity at least and not solely because of its explosive or flammable properties. The substances on the toxics list are thus not affected by the new Act.

The substances on the flammables list, on the other hand, are listed "solely" because they meet a certain flammability rating, taking other risk factors into account. In deciding what flammable substances to list, EPA concentrated on those substances that have the potential to result in significant offsite consequences. Accidents involving flammable substances may lead to vapor cloud explosions, vapor cloud fires, boiling liquid expanding vapor explosions (BLEVEs), pool fires, and jet fires, depending on the type of substance involved and the circumstances of the accident. Historically, flammable substance accidents having significant

¹EPA has received a number of questions as to whether the fuel use exclusion is available only to retail facilities. EPA believes that the statute and legislative history are clear that the fuel use exclusion is available to any facility that uses a flammable substance as a fuel.

offsite impacts involved either vapor cloud explosions at refineries and chemical plants, or BLEVEs at sources storing large quantities of flammable substances. Vapor cloud explosions produce blast waves that potentially can cause offsite damage and kill or injure people. High overpressure levels can cause death or injury as a direct result of an explosion; such effects generally occur close to the site of an explosion. People can also be killed or injured because of indirect effects of the blast (e.g., collapse of buildings, flying glass or debris); these effects can occur farther from the site of the blast.

By contrast, the effects of vapor cloud fires, in which the vapor cloud burns but does not explode, are limited primarily to the area covered by the burning cloud. BLEVEs, which generally involve the rupture of a container, can cause container fragments to be thrown substantial distances; such fragments have the potential to cause damage and injury.

Thermal radiation is the primary hazard of pool and jet fires. The potential effects of thermal radiation generally do not extend for as great a distance as those of blast waves and are related to the duration of exposure; people at some distance from a fire would likely be able to escape.

Based on this analysis and available accident history data, the Agency concluded that vapor cloud explosions and BLEVEs pose the greatest potential hazard from flammable substances to the public and environment. For purposes of the List Rule, EPA consequently focused on those chemicals with the potential to result in vapor cloud explosions or BLEVEs in the event of an accidental release. The Agency determined that chemicals meeting the highest flammability rating of the National Fire Protection Agency (NFPA) had this potential and used that rating as the principal criterion for including chemicals on the flammable substances list.

The other factors EPA considered in listing flammable substances -- physical state, physical/chemical properties and accident history -- all relate to a chemical's potential to be accidentally released in a way that could lead to a vapor cloud explosion or BLEVE. In short, the Agency included chemicals on the flammable substances list "solely" because of their explosive potential, a basis now disallowed by the new Act for flammable substances when used as a fuel or held for sale as a fuel at a retail facility.

The new Act nevertheless allows EPA to list a flammable substance when used as a fuel, or held for sale as a fuel where a fire or explosion caused by the substance will result in acute adverse health effects from human exposure to the substance or its combustion byproducts. EPA believes, however, that no listed substances on the flammable substances list is a candidate for this exception. As noted above, flammable substances that meet the listing criteria for toxic substances are on the toxic substances list only. Therefore, none of the chemicals on the flammable substances list will qualify for the exception based on acute health effects from exposure to the substance itself.

Further, combustion byproducts are generally not relevant to listing flammable substances. For hydrocarbons, including the listed flammable substances commonly used as fuels, typical combustion products include water vapor, carbon dioxide, carbon monoxide, and relatively small amounts of other oxidized inorganic substances and do not meet the listing criteria for toxic substances. Several other listed flammable substances may result in combustion byproducts that meet the listing criteria for toxic substances, but these substances are not commonly used as fuels. Further, any toxic combustion byproducts will be a fraction of the total mass and not likely to exceed the applicable threshold for coverage by the RMP rule. Quantities

below the threshold are unlikely to have significant offsite consequences.

For these reasons, EPA believes that none of the listed flammable substances meet the new statute's test for listing fuels. Consequently, all of the listed flammable substances are potentially affected by the Act.

B. Use or Sale as a Fuel

The Act prohibits the listing of flammable substances "when used as a fuel or held for sale as a fuel at a retail facility." In limiting EPA's authority to list flammable substances used as a fuel, or sold as a fuel at retail facilities, Congress sought greater consistency between the RMP program and the Process Safety Management (PSM) Standard implemented by the Occupational Health and Safety Administration (OSHA). OSHA's PSM Standard is the workplace counterpart of EPA's RMP program. PSM requirements protect workers from accidental releases of highly hazardous substances in the workplace, while the RMP rule protects the public and environment from the offsite consequences of those releases.

The PSM and RMP programs are similar in many ways, covering mostly the same chemicals. Establishments subject to the PSM Standard must comply with the prevention program requirements which are the same as the RMP rule's Program 3 requirements (subpart D of the Part 68 regulations). However, OSHA provides an exemption from the PSM Standard for hydrocarbon fuels used solely for workplace consumption as a fuel (e.g., propane used for comfort heating), if such fuels are not part of a process containing another highly hazardous chemical covered by the standard. It also exempts such substances when sold by retail facilities.

The two prongs of the limitation on EPA's authority to list flammable substances (i.e., use as a fuel or held for sale as a fuel by a retail facility) largely follow the OSHA exemptions

relating to fuel. EPA will therefore look to OSHA precedent and coordinate with OSHA in interpreting and applying the limitations to the extent they parallel OSHA's exemptions. For example, the new Act does not define the term "fuel," but OSHA has given "fuel" its ordinary meaning in applying the PSM fuel-related exemptions. Webster's Ninth New Collegiate Dictionary (1990) defines fuel as "a material used to produce heat or power by burning," and EPA has no reason to believe that "fuel" as used by the new Act should be defined differently.

Using the ordinary meaning of fuel, EPA reviewed the chemicals on its flammable substances list to determine which are used as fuel. Several of the listed substances are typically used as fuel, including propane, liquified petroleum gas (propane and/or butane often with small amounts of propylene and butylene); hydrogen; and gaseous natural gas (methane). EPA is aware of the possibility of other flammable substances being used as a fuel in particular circumstances. The following is a list of regulated flammable substances that EPA believes have been used as a fuel.

TABLE 1. LIST OF COMMON FUELS

Chemical name	CAS No.
Acetylene [Ethyne]	74-86-2
Butane	106-97-8
1-Butene	106-98-9
2-Butene	107-01-7
Butene	25167-67-3
2-Butene-cis	590-18-1
2-Butene-trans [2-Butene, (E)]	624-64-6
Ethane	74-84-0
Ethylene [Ethene]	74-85-1
Hydrogen	1333-74-0
Isobutane [Propane, 2-methyl-]	75-28-5

Chemical name	CAS No.
Isopentane [Butane, 2-methyl-]	78-78-4
Methane	74-82-8
Pentane	109-66-0
1-Pentene	109-67-1
2-Pentene, (E)-	646-04-8
2-Pentene, (Z)-	627-20-3
Propane	74-98-6
Propylene	115-07-1

At the same time, all of the substances listed above are sometimes used as feedstock chemicals instead of fuel. Further, every listed flammable substance has the potential to be used as fuel, since it may be burned to create heat or power. Consequently, the List Rule cannot be conformed to the new law by deleting particular chemicals from the flammable substances list. Instead, EPA has added a provision to part 68, Subpart F (listing regulated substances) that excludes flammable substances when used as a fuel, or held for sale as a fuel at a retail facility from the list of regulated substances. The Agency has also annotated both versions of the flammable substances list (one version lists the substances alphabetically, the other by Chemical Abstract Service (CAS) number) to indicate that any flammable substance, when used as a fuel, or held for sale as a fuel at a retail facility, is excluded from the list.

As previously mentioned, the Act defines a "retail facility" as a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program. The income test portion of the definition follows the definition of "retail facility" used by the OSHA in enforcing its PSM Standard (OSHA Directive CPL2-2.45A CH-1- Process Safety

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Procedures): "an establishment that would otherwise be subject to the PSM standard at which more than half of the income is obtained from direct sales to end users."

The effect of the income test portion of the new Act's retail facility definition is to provide relief to the same facilities that qualify for OSHA's retail facility exemption, and conversely, to require facilities that do not qualify for OSHA's exemption, and thus are subject to the PSM program, to also be subject to the RMP program, provided no other exemption applies. EPA will consequently coordinate its interpretation and application of the income test portion of the retail facility definition with OSHA.

The second portion of the retail facility definition -- concerning cylinder exchange programs -- goes beyond that developed by OSHA and so provides greater relief than the OSHA retail facility exemption. In general, cylinder exchange programs represent a link between major retailers (for example, hardware stores, home centers and convenience stores) and propane distributors. The retailer typically provides space outdoors and manages transactions with end users such as homeowners; the propane distributor typically provides racks, filled cylinders, promotional materials, and training to the retailer's employees. Propane distributors may have several markets, including cylinder exchange; temporary heat during construction; commercial cooking, heating, and water heating; fuel to power vehicles, forklifts, and tractors; agricultural drying and heating; and others.

For propane or other fuel distributors which meet the definition of retail facility through either direct sales to end users or a cylinder exchange program, the fuel they hold is no longer covered by the RMP rule. For propane or other fuel distributors that do not meet the definition,

the fuel they hold is not exempted from the RMP rule by the new law or today's action. EPA has added to part 68 a definition of "retail facility" that mirrors the statutory definition.

III. Previous Actions Related to Fuels

A. Previous Proposed Rule and Administrative Stay

After promulgating the RMP rule, EPA became aware that a significant number of small, commercial sources use regulated flammable substances, particularly propane, as fuel in quantities in excess of the applicable threshold quantity (10,000 lbs in a process). As a result, these small sources, including farms, restaurants, hotels, and other commercial operations, were covered by the RMP requirements. Many of these sources are in rural locations where accidental releases are less likely to have significant offsite consequences. In light of the purpose of section 112(r) -- to focus comprehensive accident prevention requirements on the most potentially dangerous sources -- EPA reexamined whether farms and other small fuel users should be covered by the RMP rule.

On May 28, 1999, EPA issued a proposed amendment to the List Rule to create an exemption from threshold quantity determinations for processes containing 67,000 pounds or less of a listed flammable hydrocarbon fuel (64 FR 29171). EPA estimated that the proposed amendment, if promulgated, would reduce the universe of regulated sources from 69,485 to 50,300. At the same time (64 FR 29167), EPA published a temporary stay of the effectiveness of the RMP rule for those sources that would be exempted under the proposal. This stay, which expired on December 21, 1999, was in addition to, and did not affect, a stay of the rule for propane processes entered by the U.S. Court of Appeals for the D.C. Circuit (See *Litigation and Court Stay*).

While EPA was seeking comment on the proposed rule, Congress also studied the fuel issue and considered ways to provide regulatory relief to fuel users and retailers. Congress was concerned that the RMP rule placed a significant regulatory burden on facilities that were not previously covered by the OSHA PSM Standard. Congress decided to amend section 112(r) of the CAA to remove EPA's authority to list any flammable substance when used as a fuel, or held for sale as a fuel at a retail facility, except under specified circumstances.

While the new law and EPA's proposed rule and temporary stay all offer regulatory relief with respect to fuels, the new law reaches farther than EPA's actions. The new law provides relief for all fuels, not just hydrocarbon fuels. It also removes fuels from the RMP program regardless of the amount a stationary source uses or holds for retail sale, whereas EPA's proposal and stay only affects sources having no more than 67,000 lbs of fuel in a process. The new law does limit relief for fuel sellers to fuel retailers, whereas EPA's stay does not distinguish between types of fuel sellers. However, EPA believes that virtually no fuel wholesaler qualifies for the Agency's stay because wholesalers typically hold fuel in quantities far greater than 67,000 lbs. Even if a few wholesalers would have benefitted from EPA's proposed rule, the Agency believes that Congress has addressed the issue of how to provide regulatory relief to fuel users and sellers, and that EPA should thus implement Congress' approach without making exceptions to it.

Therefore, EPA is today withdrawing the proposed rule as it takes final action to amend the List Rule to conform to the new law. As previously mentioned, EPA's temporary stay of effectiveness expired on December 21, 1999.

B. Litigation and Court Stay

Following promulgation of the RMP rule in 1996, several petitions for judicial review of

the rule were filed, including one by the National Propane Gas Association (NPGA). At NPGA's request, the U.S. Court of Appeals for the District of Columbia Circuit entered a temporary stay of the RMP rule as it applies to propane (*Chlorine Institute v. Environmental Protection Agency*, No. 96-1279, and consolidated cases (Nos. 96-1284, 96-1288, and 96-1290), Order of April 27, 1999). The judicial stay meant that any stationary source, or process at a stationary source, subject to the RMP rule only by virtue of propane was not subject to the RMP rule requirements, including those calling for a hazard assessment, accident prevention program, emergency response planning, and submission of (or inclusion in) an RMP by June 21, 1999.

On Jan. 5, 2000, the Court lifted its temporary stay in response to a joint motion by EPA and NPGA to dismiss the case and lift the stay. As of that date, part 68, as revised by the Act, is in effect with respect to any facility having more than the 10,000 pounds of propane in a process unless the facility uses the propane as a fuel or sells the propane as a retail facility. Facilities that use propane in their manufacturing processes or hold propane for purposes other than on-site fuel use at a non-retail facility must immediately come into compliance with Section 112(r) of the CAA.

IV. RMP's Submitted Prior to Today's Action

EPA has received about 1,966 RMP's that address one or more of the 19 listed flammable substances that EPA has identified as likely to be used as a fuel. EPA cannot unilaterally delete any of the RMP's submitted for flammable substances from the RMP database, however, because the determination of whether a facility is eligible for the exclusion is based on information which is not reported to EPA, namely, whether a facility uses the flammable substance as a fuel or holds it for retail sale. Instead, EPA plans to send a letter to each of the

1,966 facilities to notify them of the exclusion, to ask them to evaluate their eligibility for the exclusion, and to describe the process the facilities should use to request a withdrawal of or to update these RMP's.

For about 950 of the 1,966 RMP's that reported a potential flammable fuel, only one chemical is reported. For these cases, the facilities will be asked to evaluate whether they qualify for the exclusion based on use or retail sales. If they determine that they do not qualify, no further action is required. If they determine that they do qualify, they may request that EPA withdraw their submission and EPA will delete it from the RMP database. Facilities will have the option of using the form that EPA developed to facilitate the withdrawal or simply stating their request in a letter. Alternatively, facilities can leave the RMP as a voluntary submission in the database and need not take further action.

The balance of the RMP's reported more than one substance. About 200 RMP's reported a toxic chemical substance in addition to the potential flammable fuel. For these cases, the facilities will be asked to evaluate whether their flammable substance qualifies for the exclusion based on use or retail sales. If they determine that they do not qualify, no further action is required. If they determine that they do qualify, they may resubmit their RMP, reporting only on the toxic substances. Alternatively, facilities can leave the original RMP including the flammable fuel submission in the database and need not take further action.

About 745 RMP's reported multiple flammable substances. For these cases, the facilities will be asked to evaluate whether each reported flammable substance qualifies for the exclusion based on use or retail sales. If they determine that none of their reported flammable substances qualify, no further action is required. If they determine that all of the reported substances

qualify, they may request that EPA withdraw their submission and EPA will delete it from the RMP database. Facilities will have the option of using the formal withdrawal process or simply sending a letter. Alternatively, facilities can leave the RMP as a voluntary submission in the database and need not take further action. If they determine that only some of the flammable substances reported qualify, they will need to check their flammable worst case scenario and off-site consequence analysis (OCA). If their original worst case analysis is based on a flammable substance that is excluded, the facility should revise their RMP to provide appropriate OCA. Within its enforcement discretion, EPA plans to treat this similarly to the existing requirement to revise RMP's within 6 months of a process change, giving facilities 6 months to revise their RMP's. If their original worst case analysis is based on a flammable substance that is not excluded, the facility won't need to update their RMP, except as part of the regular reporting cycle.

V. Rationale for Issuance of Rule Without Prior Notice

Section 553 of the Administrative Procedure Act, 5 U.S.C. 553(b)(B), provides that, when an agency for good cause finds that notice and public procedure are impracticable, unnecessary or contrary to the public interest, the agency may issue a rule without providing notice and an opportunity for public comment.

EPA is taking this action without prior notice and opportunity to comment. As previously mentioned, section 2 of the new Act, which took effect on August 5, 1999, immediately removed EPA's authority to list flammable substances when used as a fuel, or held for sale as a fuel at a retail facility. Consequently, EPA's regulation containing the list of regulated substances subject to the RMP rule needs to be modified to reflect the new law.

EPA has determined that there is good cause for making today's rule final without prior proposal and opportunity for comment because the Agency is codifying legislation which focuses clearly on a particular set of regulations and requires little interpretation by the Agency. In addition, EPA believes it is in the public interest to issue the revised list as soon as possible, to avoid confusion about the coverage of the RMP rule. As of August 5, 1999, there is no statutory basis for extending the RMP rule to listed flammable substances when used as a fuel, or held for sale as a fuel at a retail facility, except under certain circumstances. The Agency's rule should therefore be revised to reflect the change in authority as soon as possible. A comment period is unnecessary because today's action is nondiscretionary. A comment period would also be contrary to the public interest because the resulting delay would contribute to confusion about the coverage of the RMP rule. Thus, notice and public procedure are unnecessary and contrary to the public interest. EPA finds that this constitutes good cause under 5 U.S.C. 553(b)(B).

The Agency is also issuing this rule with an immediate effective date. Since its effect is to relieve a restriction (i.e., the requirement to comply with the RMP rule), EPA may make it effective upon promulgation. Further, EPA believes it is in the public interest to make it immediately effective, for the same reasons given above for dispensing with prior notice and comment.

VI. Summary of Revisions to Rule

This section summarizes the changes to the rule.

Section 68.3 , Definitions, has been revised to add a definition of retail facility, as defined in the new law.

Section 68.126 has been added to create an exclusion for regulated flammable substances

used as fuel or held for sale as fuel at retail facilities. The exclusion is derived from the new law.

In Section 68.130, footnotes have been added to Tables 3 and 4. These two tables list the regulated flammable substances and their threshold quantities. Table 3 lists the regulated flammable substances in alphabetical order while Table 4 lists them in CAS number order. The footnotes remind the reader of the exclusion for regulated flammable substances. The reference to each footnote appears as an asterisk following the term "flammable substance" in the titles of Tables 3 and 4.

VII. Administrative Requirements

A. Docket

The docket is an organized and complete file of all the information considered by the EPA in the development of this rulemaking. The docket is a dynamic file, because it allows members of the public and industries involved to readily identify and locate documents so that they can effectively participate in the rulemaking process. Along with the proposed and promulgated rules and their preambles, the contents of the docket serve as the record in the case of judicial review. (See section 307(d)(7)(A) of the CAA.) The official record for this rulemaking has been established under Docket A-99-36, and is available for inspection from 8:00 a.m. to 5:30 p.m., Monday through Friday, excluding legal holidays. The official rulemaking record is located at the address in ADDRESSES at the beginning of this document.

B. Executive Order 12866

Under Executive Order 12866 (58 FR 51735, October 4, 1993), the Agency must determine whether the regulatory action is "significant" and therefore subject to OMB review and the requirements of the Executive Order. The Order defines "significant regulatory action" as

one that is likely to result in a rule that may:

- (1) have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order."

It has been determined that this rule is not a "significant regulatory action" under the terms of Executive Order 12866 and is therefore not subject to OMB review.

C. Executive Order 13045

Executive Order 13045: "Protection of Children from Environmental Health Risks and Safety Risks," (62 FR 19885, April 23, 1997), applies to any rule that: (1) is determined to be "economically significant" as defined under E.O. 12866, and (2) concerns an environmental health or safety risk that EPA has reason to believe may have a disproportionate effect on children. If the regulatory action meets both criteria, the Agency must evaluate the environmental health or safety effects of the planned rule on children, and explain why the planned regulation is preferable to other potentially effective and reasonably feasible alternatives considered by the Agency.

EPA interprets E.O. 13045 as applying only to those regulatory actions that are based on health or safety risks, such that the analysis required under Section 5-501 of the Order has the

potential to influence the regulation.

This action is not subject to this Executive Order because it is not economically significant as defined in E.O. 12866, and because it does not establish an environmental standard intended to mitigate health or safety risks.

D. Executive Order 13084

Under Executive Order 13084, EPA may not issue a regulation that is not required by statute, that significantly or uniquely affects the communities of Indian tribal governments, and that imposes substantial direct compliance costs on those communities, unless the Federal government provides the funds necessary to pay the direct compliance costs incurred by the tribal governments, or EPA consults with those governments.

If EPA complies by consulting, Executive Order 13084 requires EPA to provide to the Office of Management and Budget, in a separately identified section of the preamble to the rule, a description of the extent of EPA's prior consultation with representatives of affected tribal governments, a summary of the nature of their concerns, and a statement supporting the need to issue the regulation. In addition, Executive Order 13084 requires EPA to develop an effective process permitting elected officials and other representatives of Indian tribal governments "to provide meaningful and timely input in the development of regulatory policies on matters that significantly or uniquely affect their communities."

Today's rule does not significantly or uniquely affect the communities of Indian tribal governments. This action reduces burden on flammable fuel users, which may include some sources owned or operated by Indian tribal governments. Accordingly, the requirements of section 3(b) of Executive Order 13084 do not apply to this rule.

E. Executive Order 13132

Executive Order 13132, entitled "Federalism" (64 FR 43255, August 10, 1999), requires EPA to develop an accountable process to ensure "meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications." "Policies that have federalism implications" is defined in the Executive Order to include regulations that have "substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government."

Under Section 6 of Executive Order 13132, EPA may not issue a regulation that has federalism implications, that imposes substantial direct compliance costs, and that is not required by statute, unless the Federal government provides the funds necessary to pay the direct compliance costs incurred by State and local governments, or EPA consults with State and local officials early in the process of developing the proposed regulation. EPA also may not issue a regulation that has federalism implications and that preempts State law, unless the Agency consults with State and local officials early in the process of developing the proposed regulation.

This final rule does not have federalism implications. It will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government, as specified in Executive Order 13132. Today's rule reduces the burden for those state, local, or tribal governments that may own or operate sources that use flammable fuels. Thus, the requirements of section 6 of the Executive Order do not apply to this rule.

F. Regulatory Flexibility Act (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), 5 USC 601 et. seq.

Under the Regulatory Flexibility Act (RFA) of 1980 (5 U.S.C. 601, et seq.), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), the Agency is required to give special consideration to the effect of Federal regulations on small entities and to consider regulatory options that might mitigate any such impacts. Small entities include small businesses, small not-for-profit enterprises, and small governmental jurisdictions.

Today's final rule is not subject to RFA, which generally requires an agency to prepare a regulatory flexibility analysis for any rule that will have a significant economic impact on a substantial number of small entities. The RFA applies only to rules subject to notice-and-comment rulemaking requirements under the Administrative Procedure Act (APA) or any other statute. The rule is subject to the APA, but as described in Section IV of this preamble, the Agency has invoked the "good cause" exemption under APA Section 553(b), which does not require notice and comment. Although this final rule is not subject to the RFA, EPA nonetheless has assessed the potential of this rule to adversely impact small entities subject to the rule. EPA does not believe the rule will adversely impact small entities. This action excludes flammable substances when used as a fuel, or held for sale as a fuel at a retail facility from the list of substances regulated by 40 CFR part 68, which will reduce burden on many small entities that otherwise would be covered by these requirements.

G. Paperwork Reduction Act

This action does not impose any new information collection burden. The Office of Management and Budget (OMB) has previously approved the information collection requirements

contained in the existing regulations 40 CFR part 68 under the provisions of the Paperwork Reduction Act, 44 U.S.C. 3501 et seq. and has assigned OMB control number 2050-0144 (EPA ICR No.1656.06). EPA estimates a burden hour reduction of 70,400 hours.

Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An Agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR part 9 and 48 CFR Chapter 15.

H. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), PL 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. Under section 202 of the UMRA, EPA generally must prepare a written statement, including a cost-benefit analysis, for proposed and final rules with "Federal mandates" that may result in expenditures to State, local, and tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. Before promulgating an EPA rule for which a written statement is needed, section 205 of the UMRA

generally requires EPA to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, most cost-effective or least burdensome alternative that achieves the objectives of the rule. The provisions of section 205 do not apply when they are inconsistent with applicable law. Moreover, section 205 allows EPA to adopt an alternative other than the least costly, most cost-effective or least burdensome alternative if the Administrator publishes with the final rule an explanation why that alternative was not adopted.

Before EPA establishes any regulatory requirements that may significantly or uniquely affect small governments, including tribal governments, it must have developed under section 203 of the UMRA a small government agency plan. The plan must provide for notifying potentially affected small governments, enabling officials of affected small governments to have meaningful and timely input in the development of EPA regulatory proposals with significant Federal intergovernmental mandates, and informing, educating, and advising small governments on compliance with the regulatory requirements.

Because the Agency has made a "good cause" finding that this action is not subject to notice-and-comment requirements under the Administrative Procedures Act or any or any other statute (see Section IV of this preamble), it is not subject to sections 202 and 205 of the Unfunded Mandates Reform Act of 1995 (UMRA) (Pub. L. 104-4).

Pursuant to Section 203 of UMRA, EPA has determined that this rule contains no regulatory requirements that might significantly or uniquely affect small governments. This rule does not contain any additional requirements, rather it reduces the burden on small government sources that use flammable substances as fuel.

I. National Technology Transfer and Advancement Act

Section 12(d) of the National Technology Transfer and Advancement Act of 1995 ("NTTAA"), PL 104-113, § 12(d) (15 U.S.C. 272 note) directs EPA to use voluntary consensus standards in its regulatory activities unless to do so would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g., materials specifications, test methods, sampling procedures, and business practices) that are developed or adopted by voluntary consensus standards bodies. The NTTAA directs EPA to provide Congress, through OMB, explanations when the Agency decides not to use available and applicable voluntary consensus standards.

This action does not involve technical standards. Therefore, EPA did not consider the use of any voluntary consensus standards.

J. Congressional Review Act


The Congressional Review Act, 5 U.S.C. §801 et seq., as added by the Small Business Regulatory Enforcement Fairness Act of 1996, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. EPA will submit a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States prior to publication of the rule in the Federal Register. A "major rule" cannot take effect until 60 days after it is published in the Federal Register. This action is not a "major rule" as defined by 5 U.S.C. §804(2). It takes effect today.

**Amendments to the List of Regulated Substances and Thresholds for Accidental Release
Prevention; Flammable Substances Used as Fuel or Held for Sale as Fuel at Retail Facilities,
Page 27 of 29.**

List of Subjects in 40 CFR Part 68

Environmental protection, Chemicals, Chemical accident prevention.

Dated: MAR 3 2000



Carol M. Browner,
Administrator.

For the reasons stated in the preamble, EPA amends 40 CFR part 68 as follows:

PART 68- [AMENDED]

1. The authority section for part 68 is revised to read as follows:

Authority: 42 U.S.C 7412(r), 7601 (a) (1)

Section 68.126 also issued under Sec. 2, Pub. L. 106-40, _____ Stat_____.

2. Subpart A, Section 68.3 is amended to add the following definition:

* * * * *

Retail facility means a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program.

* * * * *

3. Section 68.126 is added to Subpart F to read as follows:

* * * * *

§68.126 Exclusion.

Flammable Substances Used as Fuel or Held for Sale as Fuel at Retail Facilities.

A flammable substances listed in Tables 3 and 4 of this section is nevertheless excluded from all provisions of this part when the substance is used as a fuel or held for sale as a fuel at a retail facility.

* * * * *

4. The title to Table 3 in Section 68.130 is revised to read as follows:

Table 3 to Section 68.130.--List of Regulated Flammable Substances* and Threshold Quantities
for Accidental Release Prevention
[Alphabetical Order-63 Substances]

5. The footnotes to Table 3 in Section 68.130 are amended to read as follows:

* A flammable substance when used as a fuel or held for sale as a fuel at a retail facility is excluded from all provisions of this part (see §68.126).

NOTE: Basis for Listing:

- a Mandated for listing by Congress.
- f Flammable gas.
- g Volatile flammable liquid.

6. The title to Table 4 in Section 68.130 is revised to read as follows:

Table 4 to Section 68.130.--List of Regulated Flammable Substances* and Threshold Quantities
for Accidental Release Prevention
[CAS Number Order-63 Substances]

7. The footnotes to Table 4 in Section 68.130 are amended to read as follows:

* A flammable substance when used as a fuel or held for sale as a fuel at a retail facility is excluded from all provisions of this part (see §68.126).

NOTE: Basis for Listing: a Mandated for listing by Congress. f Flammable gas. g Volatile flammable liquid.