CEQA GHG Guidance

June 30, 2009

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

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CEQA Requirements

CEQA requires a Lead Agency to:

- Identify and quantify project specific environmental impacts
- Determine significance of environmental impacts
- For significant impacts, implement feasible mitigation measures
- If still significant, disapprove project or approve with a “Statement of Overriding Considerations”

Why Develop CEQA GHG Guidance?

- State has made it clear that greenhouse gas (GHG) emissions impacts must be addressed during CEQA process
- CEQA requires a determination of “Significance” but there is no generally accepted guidance for determining significance of project specific GHG impacts
- OPR has only proposed general guidance
- Project proponents, lead agencies, the District and the public need clear guidance
- Therefore, District Board has directed staff to develop guidance for addressing GHG impacts

Options for Determining Significance

- Zero threshold of significance
- Numerical threshold of significance
- Performance based standards

Options for Determining Significance

Zero Threshold

- Most aggressive option regarding climate protection
- Projects not mitigated to zero GHG emissions would:
  - Be found to have significant cumulative impact
  - Require all feasible mitigation with goal of net zero
  - Require preparation of an EIR
  - Require adoption of a “Statement of Overriding Consideration”
- Issues:
  - Would result in undue regulatory burden on small projects with potentially little positive benefits
  - Could result in “Leakage”
  - ARB concludes zero thresholds are not warranted

Options for Determining Significance

Numerical Threshold

- Significant if increase in GHG emissions is above a numerical value “Bright-line”
- No mitigation required if below the “Bright line”
- Considered by District, ARB, and other air districts
- Issues:
  - Existing science does not support a “Bright-line” determination of GHG impacts on global climatic change
  - Predicated on an arbitrary cut-off point

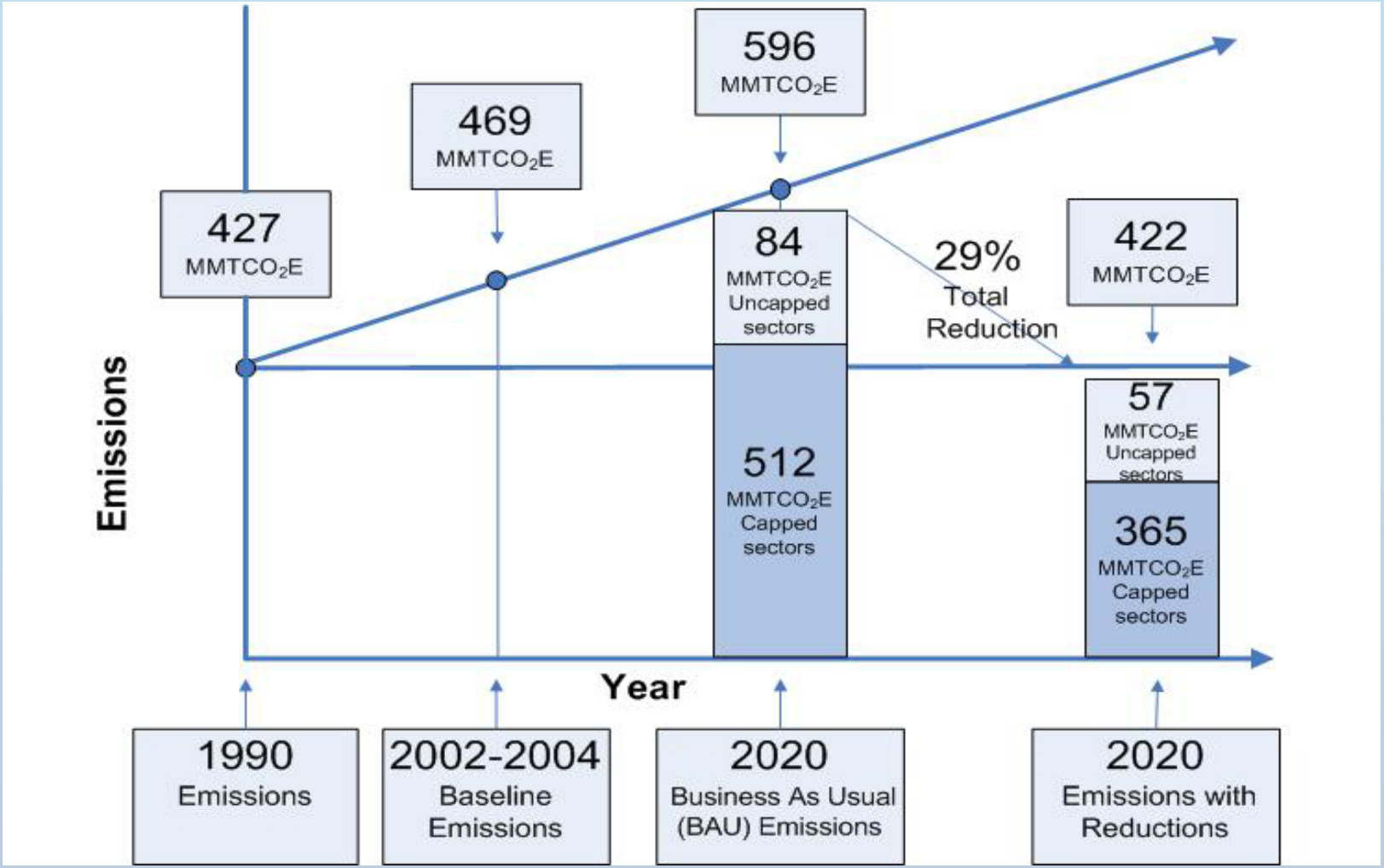
    i.e. capturing 90% of projects (Emissions inventory basis)

Options for Determining Significance

Performance Based Standards

- Less than significant if Best Performance Standard (BPS) achieved
- Reductions to be achieved based on AB 32 GHG emission reduction goals
- Benefits:
  - All projects with increased GHG required to reduce GHG impact
  - Streamline significance determination process
  - Reduce regulatory burden

AB 32 GHG Emission Reduction Target



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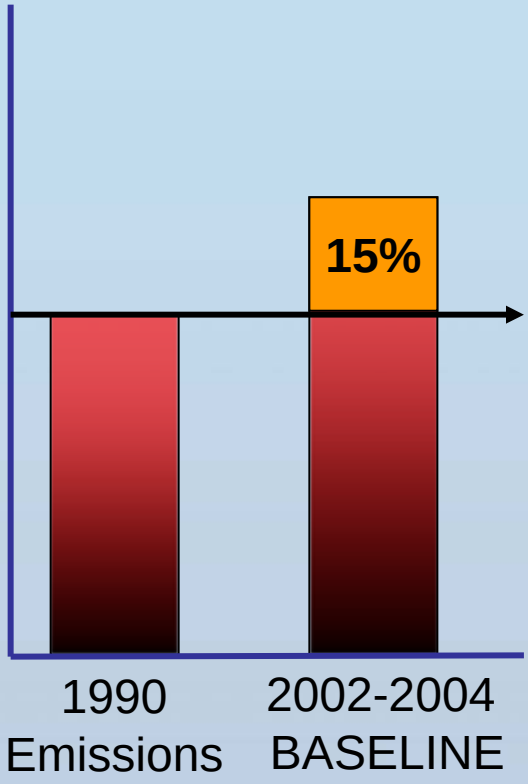
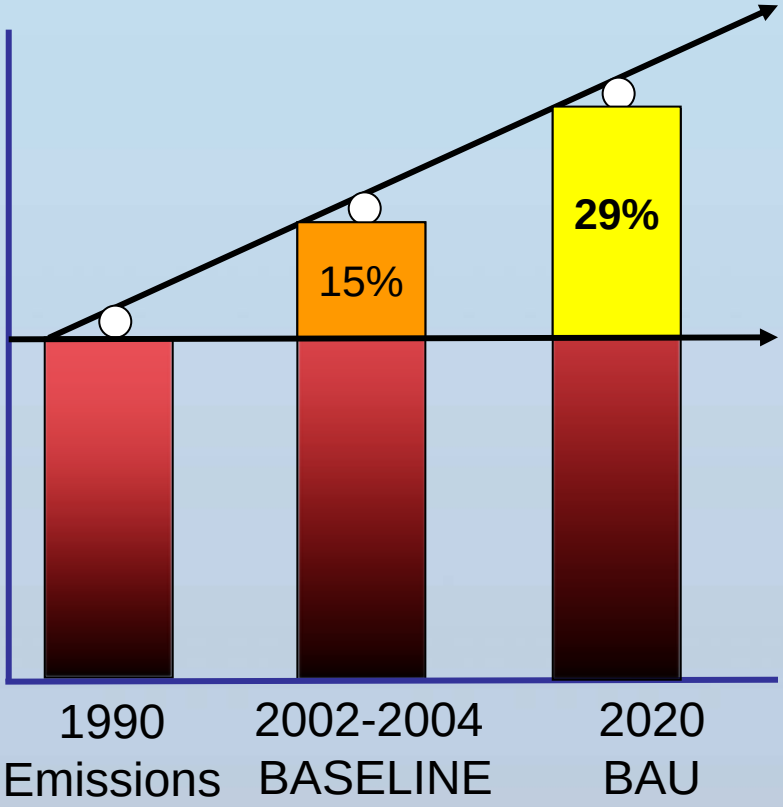
Baseline



- Baseline is a 3-year average GHG emission inventory for the 2002-2004 period
- Baseline includes emissions from all sources in existence at that time; old & new, small & large
- With no growth, the 1990 GHG target could be achieved by a 15% reduction

Business As Usual (BAU)



- BAU is a projection of the baseline emissions inventory reflecting anticipated growth by the year 2020
- ARB's 29% reduction target is from BAU
- Projects occurring after the Baseline period may already have achieved GHG reductions

District Proposal

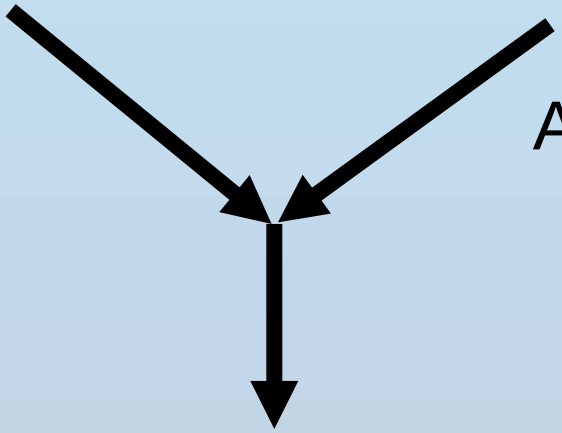
- **Projects exempt under CEQA**
  - Not subject to CEQA
- **Projects covered by an approved GHG emission reduction plan supported by a certified CEQA environmental review document**
  - No further GHG analysis required

District Proposal

- **Projects implementing BPS**
  - GHG emission reductions pre-quantified
  - No additional quantification of GHG required
  - GHG impacts less than significant
- **Projects not implementing PBS**
  - Must quantify GHG emissions
  - Must reduce or mitigate GHG emissions by 29% to be less than significant

District Proposal

Meet BPS



Quantify GHG emissions
AND
Achieve 29% GHG reduction

LESS THAN SIGNIFICANT

Otherwise

EIR REQUIRED

District Proposal

- **Projects subject to an EIR for any reason**
  - Must quantify GHG emissions
  - Must mitigate GHG emissions to the extent feasible
  - May require adoption of a “Statement of Overriding Consideration”

What Are Best Performance Standards?

BPS Stationary Source Projects (Industrial & Ag)

- Most stringent GHG emission reductions technology
- Achieved-in-Practice
- With quantified GHG emission reductions

What Are Best Performance Standards?

BPS Development Projects

- Achieved-in-Practice project elements that have quantifiable GHG reduction benefits

(Building design, project design, and land use decisions)

How Will We Establish BPS?

- BPS will be developed following a process adopted by the District Board
- Development will occur on an ongoing basis and will include a public process
- Project proponents or other members of the public may propose other technology, equipment designs, or operational/maintenance practices
- The District will work with all interested parties (industry, agriculture, lead agencies, and others) on an ongoing basis to ensure that:
  - District stays current with new and improving technologies
  - District is imposing measures than can be achieved

Current activities include:

- *San Joaquin Valley Agricultural Technical Committee*
- *CAPCOA GHG Mitigation Committee*

How Will We Establish BPS?

Stationary Source Projects

1. List all technologically feasible GHG emissions reduction measures for each class and category of equipment or operation
2. List all alternate technology
3. Select all GHG emissions reduction measures determined to be Achieved-in-Practice
4. For all identified Achieved-in-Practice technology, quantify GHG emissions reduction

How Will We Establish BPS?

Stationary Source Projects *(continued)*

5. Rank GHG emissions reduction measures by order of GHG emission reduction effectiveness
6. BPS is the most effective Achieved-in-Practice GHG emissions reduction measure
7. Designate remaining Non-Achieved-in-Practice options that are more effective than BPS as Approved Alternate Technology

Proposed BPS - Stationary Sources

Example BPS Categories

- Fossil fuel-fired boilers
- Non-emergency flares
- Non-emergency onsite electric power generation
- Non-emergency mechanical equipment driver
- Fossil fuel-fired cogeneration
- Landfill operations
- Wastewater treatment
- Oil and gas extraction, storage, transportation, and refining operations
- Direct-fired combustion heat transfer equipment
- Livestock rearing
- Land applications of manure

How Will We Establish BPS?

Development Projects

- List all Achieved-in-Practice GHG emissions reduction measures
- Quantify GHG emission reduction effectiveness

Current activity:

- *CAPCOA RFP to identify and quantify GHG reduction measures*

Proposed BPS - Development Projects

Example BPS Categories

- Bicycle/pedestrian/transit measures
- Parking measures
- Site design measures
- Mixed-use measures
- Building component measures

BPS Review Process

Two mechanisms for BPS review

- Project specific review
- Annual review

BPS Review Process

Project Specific Review

When proposed by a project proponent, evaluation of the proposed technology:

- If equivalent to adopted BPS: added to BPS list
- If superior to adopted BPS and Achieved-in-Practice: replaces adopted BPS for future projects

BPS Review Process

Annual Review

- All adopted BPS reviewed annually
- Evaluation of new technologies:
  - If new technology equivalent to adopted BPS: added to BPS list,
  - If new technology superior to adopted BPS and Achieved-in-Practice
- Revisions to BPS will only be applicable to future projects

Implementation of BPS Process

Stationary Source Projects

- Evaluation of the proposed project during District preliminary review
- If BPS is proposed:
  - No further CEQA GHG analysis required
- If BPS is NOT proposed:
  - Project proponent to quantify GHG emissions and reduce or mitigate GHG emissions by 29% to be less than significant

Implementation of BPS

Development Projects

- Lead agency to evaluate proposed project
- If project proponent proposes any combination of BPS that achieves a total GHG reduction of 29%, as compared to BAU:
  - No further CEQA GHG analysis required
- If project proponent does not propose a combination of BPS that achieves a total GHG reduction of 29%, as compared to BAU:
  - Quantify GHG emissions and reduce or mitigate to achieve a total GHG reduction of 29%

Implementation of BPS Process

Streamlining the BPS Implementation Process

- The District will work with industry, agriculture, lead agencies, and other interested parties on an ongoing basis to adopt BPS
- Provide a list of adopted BPS and other tools for use in project evaluation
- Conduct periodic review and update BPS as appropriate

Implementation of BPS Process

BPS

Development Project

Demo

CEQA GHG Guidance Schedule

- July 14, 2009: Comments due
- End of July 2009: Preparation of final guidance for addressing GHG in CEQA
- End of summer 2009: Presentation to the District Governing Board

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Questions and Comments

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