



**Community Advisory Council Briefing
May 11, 2011**

**Revisions to APCD
Environmental Review Guidelines**

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Revisions to the Environmental Review Guidelines

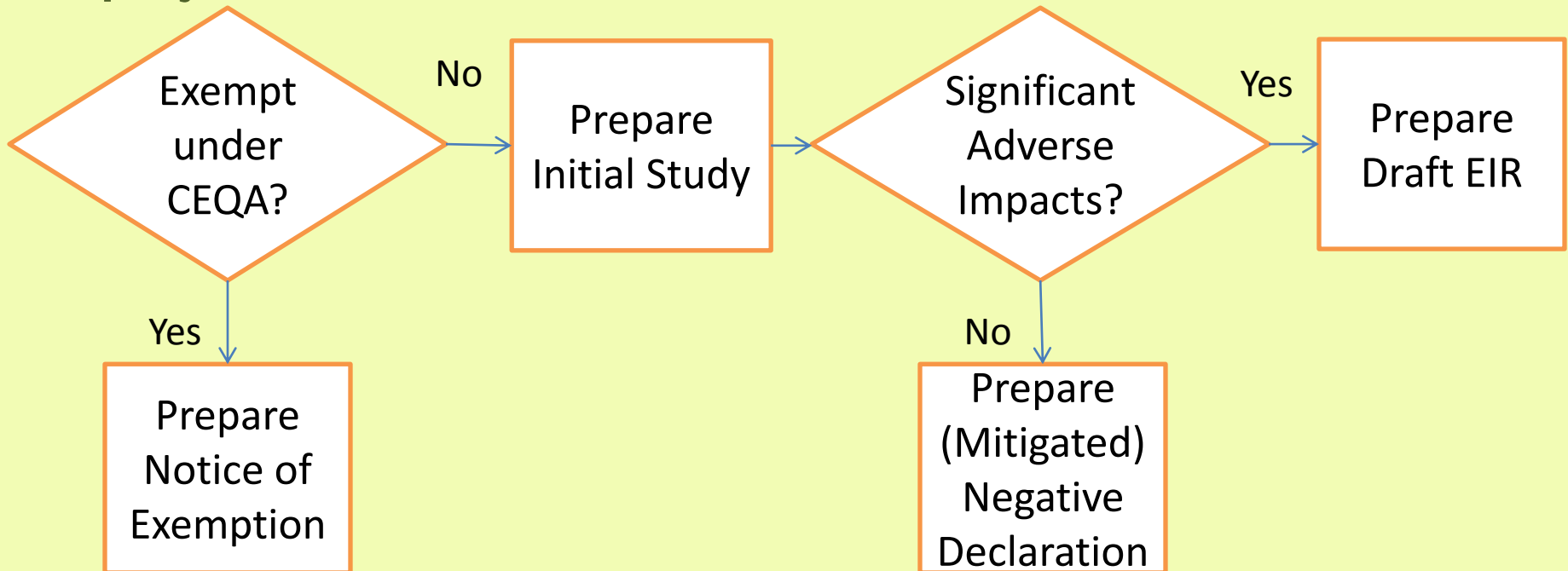
- Add GHG threshold to significance criteria for cumulative impacts
- Clarify that criteria pollutant thresholds are aligned with offset rule levels
- Revise Appendix A exemptions list
- Other updates to reflect current CEQA practice

Summary of GHG Thresholds

- Need for CEQA significance threshold
- CEQA significance approaches considered
- Approaches other Districts have chosen
- Analysis of SB County stationary source emissions
- Proposed approach and its benefits
- Workshops, meetings and feedback received to date
- Feedback from CAC

California Environmental Quality Act (CEQA)

- Purpose: public disclosure, inform decision makers, *provide for an analysis of alternatives to avoid impacts*
- A CEQA determination is required for all “discretionary projects” in California



APCD's Implementation of CEQA

- APCD has multiple roles under CEQA:
 - Lead Agency (plans, rules, sometimes permits)
 - Responsible Agency
 - Concerned/Trustee Agency
- *APCD Environmental Review Guidelines* set our significance thresholds for air quality impacts only
- CEQA lead agencies may choose to use these thresholds, or their own

Staff proposes to adopt stationary source thresholds for GHG's, as we have done for criteria pollutants

How is significance determined for air quality impacts under CEQA?

- **Air Districts typically apply emissions-based thresholds for criteria pollutants (ozone-forming pollutants – ROC & NOx). Allows for:**
 - **public disclosure and mitigation of impacts related to large, significant sources of air pollutants**
 - **an analysis of alternatives to avoid potentially significant impacts (required by CEQA)**

The Need for GHG Thresholds

- Lead agencies are now legally required to quantify GHGs and make a significance determination
- Currently, individual jurisdictions are applying varying significance criteria, project-by-project
 - Need fairness and consistency
 - Creates uncertainty in permitting process (cost, timelines)
 - Potential for legal challenges- less defensible

The Need for GHG Thresholds

March 2010 CEQA Guidelines revisions require, for all discretionary projects:

- Quantification
- Significance determination
- Mitigation (if impacts deemed significant)

When assessing significance a lead agency may consider:

- Change in GHG emissions as compared to existing setting
- Whether emissions exceed a threshold of significance
- Whether project complies with a local, regional, or statewide plan for reduction of GHG emissions

The Need for GHG Thresholds

Summary of CEQA Guidelines Section 15064.7, Thresholds of Significance:

“(a) Each public agency is encouraged to develop and publish thresholds of significance of environmental effects...compliance with which means the effect normally will be determined to be less than significant.”

“(b) Thresholds of significance...must be adopted by ordinance, resolution, rule, or regulations, and developed through a public review process and be supported by substantial evidence.”

“(c) When adopting thresholds of significance, a lead agency may consider thresholds of significance previously adopted or recommended by other public agencies or recommended by experts, provided the decision of the lead agency to adopt such thresholds is supported by substantial evidence.”

GHG Significance Approaches

Threshold Type	Description
AB 32 Targets (30%/80% Reduction)	A 30%/80% reduction corresponds to the AB32 Scoping Plan reduction targets for 2020/2050. One variant is a 50% reduction for new projects.
Numeric Threshold	Establishes a quantitative value above which emissions are significant
a) % Capture	Threshold based on capturing X% of emissions from discretionary projects
b) Bright line	Threshold set at a defined amount of metric tons (i.e. 10,000 or 25,000)
Zero Threshold	All project GHG emissions are significant and must be mitigated
No Threshold	Significance determination is case-by-case
Best Performance Standards	Establish industry-specific standards that result in overall GHG reduction aligned with AB 32 goals

Other District Approaches

Bay Area AQMD – adopted June 2010:

- Stationary sources - 10,000 MTCO₂e/yr threshold (interim)
- Commercial/residential - 1,100 MTCO₂e/yr

South Coast AQMD- adopted December 2008:

- Stationary sources - 10,000 MTCO₂e/yr threshold (interim)
- Commercial/residential projects – none yet

San Joaquin Valley APCD – adopted December 2009:

- Stationary sources – industry-specific best performance standards or 29% reduction from “business as usual” forecasted emissions
- Commercial/residential projects – guidance for program that utilizes BPS or 29% reduction from BAU

Proposed Approach and Benefits

APCD Staff has been leaning towards a numerical threshold of significance approach

- Consistent with other agencies
- Defensible
- Potential to mitigate a large quantity of GHGs, more so if large projects are proposed.
- Smaller projects not subject to GHG analysis under CEQA
- Retain flexibility in mitigation
- Provides for more fairness and certainty

District Evaluation of Threshold Approaches

- Numeric threshold consistent with CEQA statute and has clear benefit
- District is following the lead of Bay Area AQMD, and has done data analysis to show that a 10,000 MTCO₂e/yr stationary source threshold has merit for SB County
- San Joaquin Valley APCD approach raises legal concerns and falls short of CEQA requirements for alternatives analysis and mitigation of large, significant projects.

Datasets Developed and Analyzed

- Developed Santa Barbara County stationary source datasets comparable to those analyzed by Bay Area and South Coast AQMDs
- For CEQA significance purposes, a facility's potential to emit (PTE) is the appropriate dataset.
 - Potential to Emit for new permit applications received 2005 to June 2010 (stationary combustion sources)
- Observed the amount of GHG emissions that were “captured” at various numeric threshold values

Dataset = PTE CO₂e for Projects

(permit applications processed from 2005 – 6/2010)

10K MT/yr Threshold

	Projects Above 10K	Projects Below 10K
# of Permits	6	84
% of Permits	6.7%	93.3%
MTCO ₂ e/yr	198,786	160,139
% MTCO ₂ e/yr	55.4%	44.6%

Dataset observations and trends

- Historical project data may not reflect new trends in stationary source permit applications
- Some oil and gas projects on the horizon with potential for large GHG emissions
- Two hypothetical future projects added to the analysis raises capture rate to 68.5 %.

Future Scenario

CO2e amounts above threshold

Addition of
two projects
totaling
150,000
MTCO2e



	Projects Above 10K	Projects Below 10K
# of Permits	8	84
% of Permits	8.7%	91.3%
% MTCO2e/yr	68.5%	31.5%

Projects Above Threshold

- Projects generally exceeding an individual or combined power rating of **20 MMBtu/hr** or greater such as:
 - Production Flares
 - Steam Generators
 - Thermal Oxidizers
 - Furnaces
 - Boilers

Workshops and Meetings

Stationary Source GHG Threshold

Coastal Oil & Gas Operator's Group Feb 15, 2011 18 attendees

Public Workshop Buellton Feb 24, 2011 19 attendees

Other meetings

- SB County Planning & Development
- Tri-County Climate Roundtable Discussion
- Western States Petroleum Association

Comments/Feedback from Workshops

- Coordinate closely with SB County Planning & Development
- Why is a local agency pursuing a threshold when GHGs are a global pollutant?
- Threshold of 10,000 is too low – will be costly to mitigate
- Threshold of 10,000 is too high – “zero threshold” approach ensures complete mitigation and no project contribution to global climate change.

Comments/Feedback from Workshops

- Threshold should be low enough to ensure a 90% capture
- Threshold should correspond to AB 32 levels (i.e., 25,000 MTCO₂e/yr corresponds to Cap-and-Trade and Mandatory Reporting)
- Willing to abide by numeric threshold, provided there are flexible mitigation options and mitigation options are clearly defined.
- Why not look at other approaches in CAPCOA White Paper (*CEQA and Climate Change*, January 2008)?

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PTE Threshold Analysis with Varying Thresholds

	5K CO2e Threshold	10K CO2e Threshold	15K CO2e Threshold	20K CO2e Threshold	25K CO2e Threshold
Permits over CO2e Threshold	15	6	5	4	2
Permits under CO2e Threshold	75	84	85	86	88
% of Permits over CO2e Threshold	16.7%	6.7%	5.6%	4.4%	2.2%
% of Permits under CO2e Threshold	83.3%	93.3%	94.4%	95.6%	97.8%
MTCO2e/yr above threshold	253,687	198,786	188,074	169,561	121,543
% MTCO2e/yr above threshold	70.7%	55.4%	52.4%	47.2%	33.9%
Total MTCO2e/yr	358,925				

Next Steps

- Consider input from Community Advisory Council
- Further develop substantial evidence to support thresholds
- Refine mitigation options, develop case study?
- Additional workshop and/or CAC meetings if necessary
- Bring a draft proposal to District CAC
- Eventually bring revisions to Environmental Review Guidelines to Board for adoption

Mitigation Options

GHG emission reductions must be **quantifiable, verifiable, and not required** by regulation

Prioritization scheme:

1. Reduce GHGs onsite with efficiency improvements, etc.
2. Emission reductions at other regulated facilities under the same ownership
3. Applicant may purchase emission reduction credits. APCD will develop GHG credit rule.