



Minutes for the GHG CEQA Significance Threshold Stakeholder Working Group Meeting #5

Wednesday, August 27, 2008
SCAQMD, GB, 10:00 am – 12:00 pm

1. Welcome and Introductions

Dr. Elaine Chang, Deputy Executive Officer, Planning, Rule Development and Area Sources (PRDAS), called the meeting to order at 10:10 a.m. and led the introductions of the working group members and AQMD staff. After the introductions, Dr. Steve Smith, Program Supervisor of the SCAQMD's CEQA section, began the staff presentation.

2. Further Discussion of GHG Emission Estimates

The presentation began with a slide listing several key bulleted points that should be evaluated in environmental assessments:

- Direct and indirect project emissions;
- Life-cycle emissions to be included to the extent technically feasible;
- Energy use for water use and electricity to be included;
- Constructions to be amortized over a 30-year period;
- All six Kyoto GHG pollutants should be analyzed; and
- A new proposal to consider whether or not facilities/sources participating in a GHG cap-and-trade program should be considered less than significant for GHGs

Comments/Questions Regarding GHG Emission Estimates

- a. A question was asked whether or not the listed items are recommendations or are they suggested topics to be discussed. Dr. Smith responded that the stakeholder working group members had provided little feedback on these topics, so staff considered them to be the current recommendations. Dr. Chang noted that SCAQMD staff welcomes feedback and that the purpose of the working group is to have an open dialogue to evaluate the current issues from all perspectives.
- b. Several working group members commented that there is not a consensus on the majority of topics presented. Dr. Smith responded that all of the items had been discussed at previous working group meetings and since few alternative proposals were submitted to staff, it is difficult to determine whether or not consensus has been reached.
- c. A comment was made that life-cycle emission tracking is likely not feasible. Dr. Smith responded that staff's initial proposal recommended that a life-cycle emissions analysis should not be evaluated for GHG emissions. Instead, only GHG emissions in California should be evaluated. This recommendation was modified based on feedback from the working group, recommended that the CEQA analysis should include a life-cycle analysis to the extent life-cycle information is available. If life-cycle information is not available then the analysis would be speculative, which would not require further analysis.
- d. A question was raised if there are emission factors for water use? A working group member stated that GHG emissions can be quantified by determining the amount of electricity it takes to pump the water to a specific project along with the blend percentages of domestic well and

imported water amounts. Emission factors may be available based on specific land use designation, which can assist in estimating water and electricity usage.

- e. A question was raised on how to quantify emissions from construction activities? Dr. Smith responded that construction emissions are typically calculated using fuel use from on- and - off-road combustion sources. Further, the URBEMIS model currently calculates CO2 emissions and in the future the model will be modified to calculate methane and nitrous oxide emissions.
- f. A question was raised if sector-based efficiency standards were going to be established? Dr. Smith responded that because of the resources needed to develop sector based efficiency standards, this task would be a future action item. The concept here is that if a new project meets the efficiency standard for the applicable sector, then the GHG impact would be considered less than significant.

3. Further Discussion of the Draft SCAQMD Staff CEQA Greenhouse Gas Significance Threshold Flow Chart

Dr. Smith presented a new version of the CEQA GHG Significance Threshold Flow Chart. Several modifications were made from the previous version including improved visual design and the addition of a water use percentage reduction requirement in Tier 3.

Comments/Questions Regarding the Draft SCAQMD Staff CEQA Greenhouse Gas Significance Threshold Flow Chart

- a. A comment was made that those who choose the Tier 5 option of providing offsets must reduce GHG emission to less than the screening level (Tier 3), instead of reducing GHG emissions by 30 percent, consistent with the Tier 4- Option 1 compliance level. The concern is that projects, especially large projects, may end up being penalized if they have to reduce GHG emissions to less than the screening level. Dr. Smith responded that the use of offset credits is the least favored option for the following reasons: (1) the credit market is not widely established, (2) it is difficult to determine the validity of the credits (how were they generated, if they are excess reductions, how long they are valid, etc.), and (3) credits are currently relatively inexpensive; therefore, developers might choose them first rather than looking for possible onsite or offsite GHG emission reduction options. The SCAQMD does not want to encourage the strategy of purchasing offsets before implementing direct emission reduction projects. Onsite mitigation is always the preferred emission reduction option, followed by offsite emission reduction projects.
- b. A comment was made that compliance with Tier 2 is the most legally defensible option. Staff concurred, as long as the GHG reduction plan includes a GHG inventory, GHG emission reduction tracking, emission reduction enforcement, etc.
- c. A comment was made that GHG emission reductions required under AB 32 (30 percent overall reduction) are sector specific, whereas GHG emission reductions under Tier 4- Option 1 are project-specific goals to reduce GHG emissions a uniform 30 percent which is the same target objective as AB 32. Therefore, clarification between sector based goals and project based goals is needed. Dr. Smith responded that staff is currently recommending a uniform percent reduction because not enough information is available to provide sector-based percent reductions. Ultimately, Tier 4 – Option 3 may address this issue if sector-based efficiency standards are developed.

- d. Clarification on the early implementation of applicable AB 32 Scoping Plan measures in Tier 4-Option 2 was requested. Dr. Chang responded that this meant compliance with the ultimate goals of AB32 in advance of the timetable set in AB 32.
- e. A request was made for the inclusion of a discussion in the staff report regarding the transition from a SCAQMD GHG significance threshold to a CARB GHG significance threshold, if adopted. It is still not known when CARB will adopt a GHG significance threshold for CEQA. Until CARB establishes a GHG significance threshold, it may be premature to discuss a transition to a CARB threshold as it may take a very different form than the SCAQMD's recommended interim GHG threshold.
- f. It was pointed out that other agencies may not be able to apply the SCAQMD significance threshold due to the vast differences in development between the various air basins. Dr. Smith clarified that the SCAQMD's goal for Tier 3 is to establish a significance threshold that would eliminate small (insignificant) projects from the process. In addition, the 6,500 MTCO₂eq./yr threshold based on the 55 lbs/day SCAQMD NO_x significance threshold annualized to provide a comparable GHG screening level. The NO_x significance threshold varies by air district, so the 6,500 MTCO₂eq./yr may not be appropriate in other air districts. Staff currently considers the 6,500 MTCO₂eq./yr a place holder and may change.
- g. A comment was made that the x and y percentages in Tier 3 need to be defined. Staff concurs and will flesh these out in the next couple of meetings.
- h. A working group member found the green "yes" lines in the flow chart confusing because they were placed behind other Tier boxes, thus, implying implementation of later tiers before being deemed less than significant. SCAQMD staff will replace the lines to make the flow chart easier to follow.

4. Further Discussion of Business As Usual (BAU)

Dr. Smith presented several slides further discussing the definition of BAU. CAPCOA's White Paper definition is the "projection of GHGs into the future based on current technologies and regulations in the absence of other reductions." CAPCOA was unclear whether or not BAU is used to establish a project's baseline.

Further, CARB has no definition of BAU in the Scoping Plan, but does provide a brief definition in the 1990 inventory document released in November 2007. The 1990 inventory document states that BAU is the following:

- BAU is an estimate of GHG emissions in the absence of policies and measures; and
- BAU is based on forecasted demographic and economic growth.

Dr. Smith noted that further definition of BAU by CARB is necessary to establish a statewide definition of BAU. Once BAU is defined by CARB, it should be used for all environmental analyses.

Using the CAPCO and CARB definitions of BAU, Dr. Smith summarized SCAQMD staff's recommendation for BAU, which includes the following:

- BAU is based on current technologies and regulatory requirements (consistent with CAPCOA and CARB);
- BAU is used to establish a project's baseline;

- BAU is used to forecast a project's future emissions (consistent with CAPCOA and CARB); and
- BAU is used to establish a no project alternative (consistent with CAPCOA and CARB).

Comments/Questions Regarding BAU

- a. A comment was made that CEQA has specific guidelines for establishing the baseline for a project and that BAU should not be used to establish the baseline.
- b. Many comments were made regarding confusion between BAU and how it may affect establishing the baseline for a variety of projects. A request was made to provide specific examples of baseline levels relative to BAU for various types of projects (residential, commercial, industrial) to provide a better understanding of the concepts. Dr. Smith responded that BAU is basically judged on a projection of future emissions based on currently known emissions. Dr. Chang added that for an existing facility, BAU is based on current emissions for the facility. An example was given for a "greenfield" project. A "greenfield" has a baseline of zero, however it's BAU is based on the projected emissions of the planned development.
- c. A working group member provided a clarification that BAU is setting a benchmark from which to reduce GHG emissions to comply with an efficiency or performance standard. BAU is not necessarily used to establish a baseline under CEQA.
- d. A working group member stated that if BAU changes over time consistent with implementing and achieving the goals of AB 32 (e.g. 30 percent reduction), Tier 4- Option 1 will eventually become too stringent and, thus, may not be a viable over the long term.
- e. A working group member requested that a workshop be established in order to review specific project case studies in order to establish criteria for establish baselines relative to BAU.
- f. A working group member expressed concern with the overall concept of BAU. Should a developer be trusted on what they "say" they will do? How can the lead agency be sure that the projected emissions of a project are not artificially inflated just to achieve a 30 percent reduction?
- g. A comment was made that BAU should reflect "normal" growth. BAU requirements should not include future "goal oriented" requirements (AB 32), so only existing requirements would be included as BAU.

5. Closing Remarks – None

6. Other Business – None

Future Action/Meeting

The next meeting is scheduled for Thursday, September 18, 2008, at 10:00 a.m. in conference room GB. **(Note: the 9/18/08 meeting was later cancelled and the next meeting is scheduled for October 22, 2008, at 10:00 a.m. in room GB.)**

ATTENDANCE

MEMBERS PRESENT (21)

Greg Adams – Los Angeles County Sanitation District (LACSD)
James Arnone – Latham & Watkins – *on conference call*
Doug Feremenga – San Bernardino County Land Use Planning Department
Michael Hendrix – Association of Environmental Professionals (AEP)
Shari Libicki – Environ International Corporation
Lena Maun-DeSantis – Port of Los Angeles – *on conference call*
Daniel McGivney – Eastern Municipal Water District
Clayton Miller – Construction Industry Air Quality Coalition (CIAQC)
Jonathan Nadler – Southern California Association of Governments (SCAG) – *on conference call*
Bill Piazza – Los Angeles Unified School District (LAUSD)
William Quinn – California Council for Environmental and Economic Balance (CCEEB)
Cathy Reheis-Boyd – Western States Petroleum Association (WSPA) – *on conference call*
Janill L. Richards – California Department of Justice, Attorney General’s Office
Terry Roberts – Office of Planning and Research (OPR)
David Somers – City of Los Angeles, Planning
Cindy Thielman-Braun for Mike Harrod - Riverside County Planning Department
Jocelyn Thompson – Weston, Benshoof, Rochefort, Rubalcava, MacCuish, Attorneys at Law
Matthew Vespa – Center for Biological Diversity
Carla Walecka – Realtors Committee on Air Quality
Lee Wallace – Sempra Energy Utilities, Southern California Gas Company, San Diego Gas & Electric
Michael Wang for Cathy Reheis-Boyd - Western States Petroleum Association (WSPA)

OTHERS PRESENT (26)

Lysa Aposhian – Los Angeles County Sanitation District (LACSD)
Leila Barker – Los Angeles Department of Water and Power (LADWP)
Marcia Baverman – Environmental Audit, Inc.
Joe Becca – Universal Studios
Jeannie Blakeslee – California Air Resources Board (CARB) – *on conference call*
Aaron Burdick – ICF International
Curtis Coleman – Law Offices of Curtis L. Coleman
Kris Flaig – Los Angeles Bureau of Sanitation, Department of Public Works – *on conference call*
Jay Golida – Los Angeles Unified School District (LAUSD) – *on conference call*
Patrick Griffith, P.E. – Los Angeles County Sanitation District (LACSD)
Andy Henderson – Building Industry Association of Southern California (BIASC)
Steve Jenkins – Michael Brandman Associates (MBA)
Leslie Krinsk – California Air Resources Board (CARB) – *on conference call*
Allan Lind - California Council for Environmental and Economic Balance (CCEEB)
Josh Margolis – Cantor Cole
Danielle Morone – Gatzke, Dillon & Balance LLP
Pang Mueller – Tesoro Corporation
Jan Nguyan – ExxonMobil
Haseeb Qureshi – Urban Crossroads – *on conference call*
Ron Ricks – BP
Zor Rothman – Grey K
Andrew Skanchy – Latham & Watkins – *on conference call*
Greg Tholen – Bay Area Air Quality Management District (BAAQMD) – *on conference call*

Sarah Weldon – AAR

Janet Whittich – California Council for Environmental and Economic Balance (CCEEB)

A. L. Wilson – Southern California Edison (SCE)

AQMD STAFF (8)

Elaine Chang, DrPH, Deputy Executive Officer

Ruby Fernandez, Deputy District Counsel

Jeff Inabinet, Air Quality Specialist

Michael Krause, Air Quality Specialist

Gordon Mize, Air Quality Specialist

Barbara Radlein, Air Quality Specialist

Steve Smith, Ph.D., Program Supervisor

Jeri Voge, Senior Deputy District Counsel