



Minutes for the GHG CEQA Significance Threshold Stakeholder Working Group Meeting #8

Wednesday, January 28, 2009
SCAQMD, GB, 10:00 am – 12:00 pm

1. Welcome and Introductions

Dr. Steve Smith, Supervisor of the SCAQMD's CEQA section, called the meeting to order at 10:15 a.m. and led the introductions of the working group members and SCAQMD staff.

2. Recap of Interim GHG Significance Threshold Proposal Adopted by the Governing Board

After the introductions, Dr. Smith summarized the general concepts of staff's Interim GHG Proposal that was presented to and adopted by the Governing Board on December 5, 2008. The staff proposal adopted by the Governing Board was a narrower version of the GHG proposal developed through the working group process. Staff's was summarized as follows:

• *Applicability*

The adopted Interim GHG significance threshold is applicable only to **industrial** (stationary source) projects under the following conditions:

- Only when the SCAQMD assumes lead agency role, including SCAQMD rules, regulations or plans (e.g., AQMP), and discretionary permit projects where SCAQMD has primary approval authority; and
- Not currently recommended for use by other agencies for land use projects (residential/commercial).

• *Tiered Approach*

Significance relative to GHG emissions from a project is determined using a tiered approach:

- **Tier 1:** Consider whether or not CEQA exemptions (e.g., SB 97, categorical and statutory exemptions) are applicable, if not move to Tier 2;
- **Tier 2:** Consider whether or not the proposed project is consistent with a locally adopted GHG reduction plan (§§15064(h)(3), 15125(d), or 15152 (a)) where a Final EIR has been adopted, that has an improved inventory, includes monitoring, etc., if not move to Tier 3;
- **Tier 3:** If the project's GHG emissions are less than or mitigated to less than 10,000 MTCO₂eq/yr the project is presumed to be insignificant for GHGs, if the project exceeds 10,000 MTCO₂eq/yr; move to Tier 5 (development of a Tier 3 screening significance level for residential/commercial projects has been deferred to the future);
- **Tier 4:** Compliance option efficiency standards are deferred to the future;
- **Tier 5:** Off-site mitigation for life of project (30 years), GHG emissions must be mitigated to less than the Tier 3 screening significance threshold. If the proposed project cannot meet any of the Tiers, it is presumed to be significant for GHG emissions.

- ***Methodology of Interim Proposal***

As a reminder, the goal of the SCAQMD's GHG significance threshold is to capture 90 percent of GHG emissions from district-wide new/modified stationary industrial sources. This means that 90 percent of all projects would be captured by, and must undergo a CEQA environmental analysis. The industrial source significance threshold is based on the following:

- Evaluated Annual Emission Reports for 1,297 existing facilities within the district;
- Accounted for all natural gas combustion sources;
- Ten percent of the facilities surveyed were responsible for approximately 90 percent of all GHG emissions, emitting 10,000 MTCO₂eq/yr or more;
- Although the GHG significance threshold for industrial sources is based only on operation natural gas usage at facilities evaluated, the GHG threshold adopted by the Governing Board applies to both emissions from construction and operational phases plus indirect emissions (electricity, water use, etc.).

- ***Mitigation Preferences***

The project design features and mitigation measures used to offset GHG emissions must be real, quantifiable, verifiable, and surplus¹ (beyond what is required by rule, regulation, or law). The following is SCAQMD staff's order of preference when implementing project design features and/or mitigation measures:

- Incorporate GHG emission reduction strategies as either project design features and/or on-site GHG reduction measures;
- Off-site GHG reduction projects within the neighborhood in which the project is located;
- Off-site GHG reduction projects within the jurisdiction of the SCAQMD;
- Off-site GHG reduction projects within state;
- Off-site GHG reduction projects out-of-state;
- Substitution allowed via enforceable commitment (needs further evaluation).

The rationale of this order of preference is to maximize the co-benefit potential of reducing criteria and toxic air contaminants, while maximizing a project's GHG emission reduction potential.

- ***Other Staff Recommendations and Future Activities Adopted by the Governing Board***

- Implement interim GHG significance threshold for SCAQMD projects upon adoption (12/05/08);
- Defer development of a residential/commercial sector GHG proposal;
- Participate in CARB GHG significance threshold development process;
- Continue to seek stakeholder input;

¹ A working group member suggested using the word 'additional' instead of 'surplus.' However, the word 'additional' could be confused with 'additionality,' which means a physical reduction or avoidance of emissions over what would have occurred under a business as usual scenario. This is different than surplus, which is beyond what is required by rule, regulation, or law.

- Report back to the Governing Board in March on: (1) status of CARB, CEC, and OPR proposals (CARB process delayed approximately one month); (2) residential and commercial sector GHG proposal; and (3) other enhancements;
- Report back to the Governing Board in March on Tier 4 and recommendation for residential and commercial GHG significance thresholds if not acted on by CARB board by February;
- Compile GHG emission factors and mitigation measures;
- Continue working group process in coordination with CARB effort.

Comments/Questions Regarding Adopted Interim GHG Significance Threshold

- a. A question was asked whether the list of mitigation measures was in order of preference, and if so, it should be numbered to clearly depict preference. Dr. Smith clarified that the list was presented in order of preference. This specific order maximizes the co-benefit potential of a project's mitigation measures. However, regardless of the order, all mitigation measures that are real, quantifiable, verifiable, and surplus (beyond what is required by rule, regulation, or law) would be considered valid mitigation.
- b. With regard to the CEQA requirements, a question was asked how out-of-state offsets would be applicable? Dr. Smith responded that there is existing case law that suggests that out-of-state impacts from a project may be considered in a CEQA analysis. By extension out-of-state mitigation may also be allowed, especially for GHGs to the global nature of the climate change. A stakeholder stated that the mitigation should be "getting at the problem" and there would need to be a good argument to show that the offsets were valid and enforceable. Out-of-state offsets may be challenging to enforce, while in-state offsets would be easier to monitor and verify. A comment was made that the Attorney General's Office has not taken a position on whether out-of-state offsets are appropriate. There was a consensus that the decision should be left to the lead agency's discretion.
- c. A stakeholder commented that out-of-state GHG emission offsets should be allowed. GHG emission impacts on global climate change are no different than if CO₂ is emitted in California or Nevada, so some verifiable out-of-state GHG reduction measures should be allowed. The majority of a project's impacts may be local, but the GHG emissions problem is global.
- d. It was questioned if the CARB significance threshold proposal delay would affect the SCAQMD's significance threshold process? Dr. Smith responded no, the SCAQMD will continue to use the currently adopted GHG threshold as an interim threshold for projects where it is the lead agency.
- e. It was questioned why CARB left transportation emissions out of their previously released threshold proposal? No CARB staff was on the conference call. A comment was made by a member of the group that CARB may be revising its proposal to include transportation emissions.
- f. A comment was made that CARB's residential/commercial proposal does not have the compliance option that is contained in SCAQMD's Tier 4, which was not adopted by the Board in December, 2008. The stakeholder commented that the SCAQMD should push CARB to include compliance options in their proposal. Another stakeholder commented that Tier 4 has the "most to offer" for a residential/commercial threshold and would recommend accelerating the adoption of this approach. Dr. Smith responded that once CARB's revised proposal is released, SCAQMD staff will evaluate and make comments as necessary.
- g. It was questioned if the SCAQMD could stop another lead agency from using 3,000 MT/yr as a significance threshold? Dr. Smith responded no, but staff would evaluate the rationale used to develop the 3,000 MT/yr and could submit comments if there is no firm basis for the GHG

threshold. If the basis for the lead agency's significance threshold level is to capture 90 percent of the GHG emissions in its jurisdiction, SCAQMD staff would not likely have any comments.

3. Land Use Definitions

Based on the fact that the stakeholders had requested definitions for land use projects, Dr. Smith provided definitions for industrial, residential, and commercial uses. Staff recommended using land use definitions that are generally aligned with the URBEMIS model land use definitions:

- **Industrial**
 - Characterized by production, manufacturing or fabrication activities (e.g., manufacturing, light and heavy industry, etc.), or;
 - Storage and distribution (e.g., warehouse, transfer facility, etc.).
- **Residential**
 - An area of land lawfully used, designated in a plan development order, or other final development approval for residential purposes (e.g., single family housing, apartments, townhouses, mobile homes, etc.).
- **Commercial**
 - A land use classification for the buying and selling of commodities and services (e.g., office park, medical office building, civic center, general office building, etc.);
 - Includes retail – land use for selling goods or merchandise to the ultimate consumer (e.g., discount store, supermarket, service station, hardware store, etc.);
 - For classification purposes, the following land uses are also defined as commercial: education/institution, recreation, etc.

Comments/Questions Regarding Land Use Definitions

- a. It was questioned which category would municipal projects fall under (e.g., sewage pump stations, etc.)? Dr. Smith responded that, depending on the actual type of project, they would likely be considered as industrial land uses if they have applicable stationary sources associated with them. Other projects such as community centers would fall under the commercial land use category.
- b. A comment was made that there seems to be confusion between using a land use-based approach or a sector-based approach? It was noted that it would be helpful if GHG thresholds were sector based so that they could be used to accommodate multiple land use projects. Dr. Smith responded that sector-based approaches were considered and may be appropriate since GHG contribution varies for different sectors. Further evaluation of this proposal is necessary. A comment was made that CARB may be revising their proposal to include a sector-based approach. Another comment was made cautioning the group about establishing a number of sector-based GHG significance thresholds because proposed projects could be comprised of a number of sectors. Under this scenario, which sector's threshold should apply?
- c. A question was asked whether or not a warehouse project would be subject to the industrial project GHG threshold? Dr. Smith responded yes, especially if the project included stationary source equipment requiring a permit from the SCAQMD. For definition purposes, a warehouse project is still considered to be an industrial project, even if it is not subject to SCAQMD oversight authority.

4. Addressing Technical Issues

Dr. Smith stated that future stakeholder working group meetings will also include development of work plans to address the following technical issues:

- **Calculation / Inventory Development Methodologies**
 - Compilation of emission factors for:
 - ✓ Stationary sources
 - ✓ Mobile (off-road and on-road) sources
 - ✓ Electricity by utility service territory
 - ✓ Life cycle emissions (if available).
 - Dr. Smith asked the group to think about whether members would prefer that staff provide links to resources or consolidate lists into a single online location?
- **Mitigation Measures**
 - Use a format that is consistent with current practices;
 - Potential categorization for stationary sources:
 - ✓ Fuel combustion (low carbon fuels, renewable fuels (e.g., landfill gas), carbon sequestration)
 - ✓ Energy savings (conservation, increased efficiency, load shifting)
 - Transportation / mobile strategies
 - ✓ VMT reductions
 - ✓ Low carbon fuels
 - ✓ Other potential strategies.

Dr. Smith requested input from the stakeholders for the development of the work plans and welcomed the submittal of any ideas the working group can generate.

Comments/Questions Regarding Addressing Technical Issues

- a. A stakeholder commented that coming up with calculation methodologies is key to the quantifying GHG emissions and applying mitigation measures. How do you mitigate something that is not quantified?
- b. Dr. Smith indicated that staff would establish a subgroup for developing a methodology for developing emission inventories. He recommended that the subgroup be comprised of technical members of the working group.
- c. It was questioned what sectors the inventory development methodology would be compiled for and would existing CARB methods be considered? Dr. Smith responded that the methodology would be for all sources (any project) and staff would compile information from many sources, including CARB.
- d. A comment was made that there is a hierarchy of emission sources and all must be evaluated to compile a useful inventory. However, transportation emissions should be a primary focus because it is the largest contributor. A robust “bottom up” approach was recommended versus a “top down” approach where lower level data is accounted for using a ratio. Double counting is also a potential concern during the compilation of the inventory.
- e. It was questioned what is the difference between building an emissions inventory and typical CEQA analysis? Dr. Smith responded that CEQA analysis is typically performed at the project level. When a project is relying on a GHG plan (e.g., regional plan), a total emissions inventory is needed.

5. Future URBEMIS Upgrades

Dr. Smith informed the stakeholders that an upgrade to the URBEMIS model is currently under consideration to better address GHG emissions. The concepts that are currently under consideration include the following:

- Create a more robust GHG analysis module;
- Incorporate other GHGs in addition to CO₂ (e.g., N₂O and CH₄) where emission factors are available;
- Add a module to calculate GHG emissions from electricity production based on electricity consumption from the proposed project;
- Enhance URBEMIS reports to include daily/annual GHG emissions;
- Enhance URBEMIS reports to show individual CO₂, N₂O, CH₄, as well as CO₂eq emissions.

Dr. Smith welcomed the stakeholders to submit additional enhancement suggestions for upgrading the URBEMIS model.

Comments/Questions Regarding GHG Future URBEMIS Upgrades

- a. Will the planned URBEMIS upgrades include possible GHG mitigation measures? Dr. Smith responded that it possibly will and that SCAQMD staff plans on discussing this option with the consultant.

- b. It was questioned if the new EMFAC model would be incorporated along with the planned URBEMIS upgrades? Dr. Smith responded no because it has not been released to the public. Once released, the emission factors must be validated by CARB then officially approved. It is expected that new EMFAC factors will be adopted mid to late 2010.

6. Closing Remarks

Dr. Smith indicated that the SCAQMD staff will not be bringing any proposals for adoption to the Governing Board in March; staff will simply provide a status report. Dr. Smith informed the stakeholders that the next GHG working group meeting is scheduled for February 25, 2009 (*note meeting rescheduled to March 19, 2009*) in meeting room GB at 10:00am, and in the future, staff will attempt to schedule working group meetings for PR 2301 and the GHG working group on the same day, since there are those with shared interests in both subjects.

7. Other Business – None

ATTENDANCE

MEMBERS PRESENT (9)

Greg Adams – Los Angeles County Sanitation District (LACSD)
Michael Hendrix – Chambers Group, Association of Environmental Professionals (AEP)
Daniel McGivney – Eastern Municipal Water District
Bill Piazza – Los Angeles Unified School District (LAUSD)
Janill L. Richards – California Department of Justice, Attorney General’s Office – *on conference call*
Debbie Stevens – Refineries
Jocelyn Thompson – Weston Benshoof Rochefort Rubalcava MacCuish LLP
Carla Walecka – Realtors Committee on Air Quality (RCAQ)
Michael Wang for Cathy Reheis-Boyd - Western States Petroleum Association (WSPA)

OTHERS PRESENT (13)

Leila Barker – Los Angeles Department of Water and Power (LADWP)
Dawn Chianese – Environ – *on conference call*
Gretchen Hardison – Environment Affairs, City of LA
Andy Henderson – Building Industry Association of Southern California (BIASC) – *on conference call*
Patrick Griffith – LACSD
Steve Jenkins – Michael Brandman Associates (MBA)
Sheryl Joenes – California Emergency Management Agency (CEMA)
Frances Keeler – Law Offices Keesal, Young & Logan
Lucy Lin – URS
Eric Lou – Environ – *on conference call*
Ian MacMillan – LAUSD
Haseeb Qureshi – Urban Crossroads
Darren Stroud – Valero – *on conference call*

AQMD STAFF (7)

Daniel Garcia, Air Quality Specialist
Jeff Inabinet, Air Quality Specialist
James Koizumi, Air Quality Specialist
Mike Krause, Air Quality Specialist
Barbara Radlein, Air Quality Specialist
Steve Smith, Ph.D., Program Supervisor
Jeri Voge, Senior Deputy District Counsel