



GHG and CEQA Workshop - Questions and Discussion Notes Santa Barbara – December 3, 2014

Public Comment = PC

Staff Response = SR

PC: (referencing Slide 33) I don't have any problems with the process that you have here. But on the benchmark, I think we want to take a look at the defining of that benchmark. That is indeed an AB 32 ARB benchmark, but the benchmarks are defined a little differently than you suggest here. That's actually an "average minus ten percent" because the AB 32 program had a ten percent reduction off of that. So, you may want to use that number, but you may want to explain the benchmark itself, because you are doing a reduction from that performance, which is the baseline.

SR: (Refer to the 4 page Supplemental Document) It is a 90% of (I don't want to use the term BAU)... that value was the actual value that was codified in the Cap and Trade regulation as the benchmark.

SR: It's on Page 2 of the supplemental document, and it shows the population of projects; we acknowledge that it is a pretty efficient level that they have set it at.

PC: I have a lot of questions, but I will just read two right now. The first question I have is, when will we see an actual draft of the guidelines for us to provide comments back to you? And, will that draft include the proposed exemptions that you have identified as Appendix A? Because we didn't see that for this workshop. To really provide the kind of substantive comments that you are looking for it would be helpful for me to see the proposed guidelines and the document that's going to go to the Board. So that way, I can get my arms around it and provide some real good comments back. I will provide comments to the 4 options that have been provided today. Can you give me an idea on when we can see an actual draft guidelines document?

SR: One thing to keep in mind is, where we go with the thresholds, after we get input back and refine our thinking and see where we land, that's going to really inform us as to how that CEQA document has to shape up. So, it's kind of a stepwise function here. Our goal would be to take whatever options or guidance we have to our Community Advisory Council. And at that point, I would envision we would take Appendix A and any changes associated with that there, and there is an opportunity for public comment as part of that process. So there is still a public component and review of that and anything we take to our CAC would be available, as we would post it for the CAC meeting.

PC: As it is now, I don't know what exemptions you are proposing. You mentioned it in the workshop here, but I haven't see anything.

SR: We have existing exemptions in Appendix A, and those might shift around based on whatever the GHG significance levels become. So, I can't really provide you anything meaningful at this point.

PC: My question is, when do you think you will be able to provide something meaningful with regards to a draft CEQA guidelines document and an Appendix, for stakeholders to review?

SR: We are soliciting written comments up until Jan. 9 and then after that we're planning to go to work and move forward.



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PC: The second question I have is, here was a comment made on or around Slide 11 about offsets versus energy efficiency and you indicated that offsets would be considered as a last resort. So, I was hoping you could expand on that a little bit because, if I'm a facility and I'm going to get a permit and the APCD is going to be a lead agency and my permit action is going to trigger CEQA mitigation for greenhouse gas, it might not trigger for criteria pollutants, but it could potentially trigger for greenhouse gas. Now, the understanding I got from your statement was that the option to mitigate through offsets would be not looked at favorably in lieu of doing some sort of energy efficiency for other related projects or unrelated infrastructure within my facility. Is that something you could expand on?

SR: Let's find exactly what you're referencing (other commenters identified that it was in a bullet on Slide 11 and also on Slide 40).

That was actually summarizing a comment that we heard from the public; that wasn't a statement that we made. We always have a preference for onsite, but there is no non-allowance of it.

PC: So if the option is there to mitigate through offsets, then that's something that the facility can look at, rather than, "well you have to do this first before we're going to look at offsets"?

SR: Yeah, we might establish a hierarchy in a guidance document or even in a condition of approval.

PC: So again, if I'm mitigating my greenhouse gases, the idea is to get it below the threshold, right? It doesn't matter how I do that, whether I do it through energy efficient equipment at my facility or through available offsets. As long as I'm mitigating below and getting the greenhouse gas reductions, that's really the goal, isn't it?

SR: Right, but we can still set a priority list as to how we would envision that occurring, and there might be options within that list. We've heard a lot of input from decision makers on some of the more recent projects that there is a really strong desire to focus on local mitigation and onsite measures that could be incorporated, if they are feasible to incorporate into the project design. We don't have a hard and fast procedure.

PC: Will that be clarified in the CEQA guidelines, this hierarchy that you are discussing/proposing?

SR: We would probably express a preference for it. All air districts do express a preference because of our mission to reduce criteria pollutants along with GHGs. So if there is co-benefits we would always prefer it.

So this obviously came up with the Santa Maria Energy EIR and what it boils down to is, yes, local mitigation is preferred. But also there is a cost and fairness balance that go with this. So I don't know if we want to tie ourselves to a hierarchy at this time, I think that it is something that needs to be looked at as the CEQA document unfolds. That's my preference, I can't say that's the way it is going to be. The Santa Maria Energy EIR went through not this agency, but the County Planning & Development agency. So, that's the way it turned out there. As a responsible agency, we did have input on that.

PC: I like that you are talking about, if you do have to do offset or mitigation, it's based on your actuals, as opposed to your potential to emit. Because a lot of projects start out with a high throughput and over



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time they do decline. But it can go up and down, but the actuals I think is very important. The other thing is that you can offset over time, on an annual basis, as opposed to the whole 30 years of the project up front. Because again you don't know, 20 years from now, what you are actually going to be emitting. So I appreciate you guys incorporating that in here. But I think it's important, if there is going to be offsets, that you define what constitutes an offset. Especially if you're not in the Cap and Trade Program. And then last, as the Cap and Trade Program changes, then you should be adjusting your program equivalently, so that you don't have two obligations: one for Santa Barbara County APCD and then one for Cap and Trade, which are duplicative.

SR: So you are kind of commenting on that point that was raised in our slides about going back and revising our percentage, if there is a "business as usual" type percentage, if that was an option.

PC: You don't want to go back and get caught in two different programs and have dueling offsets or even double offsets based on how the programs are working because you are in fact reducing your impacts.

SR: Well that's what we were trying to show in those slides, those graphics, is that it's an overlay. Some CEQA thresholds we are looking at might require more mitigation than Cap and Trade, but Cap and Trade is integrated into that.

PC: But if you're already in the Cap and Trade Program, are you going to have to do that mitigation obligation and Santa Barbara County obligation? Double? Or is it going to be...

SR: No. We're saying, for the CEQA mitigation, if the source is a Cap and Trade subject entity, the reductions required as part of Cap and Trade can fulfill a portion of the CEQA mitigation option. And so those bars in those graphs try to depict that. Some are bright blue, and some are light blue. The bright blue was the portion from Cap and Trade that would count towards the overall CEQA mitigation.

PC: A technicality: under Cap and Trade right now, if you had a compliance obligation in the first year of the compliance period- say you were 28,000 tons - but the second year you dropped below it. You are still in Cap and Trade for two more years.

SR: So that's an interesting point. If we look at that annually, through a monitoring and mitigation type program, you would still be in the Cap and Trade Program. Yeah that's an odd one, so we have to look at how to define how Cap and Trade mitigation applies in that case. So you have to demonstrate three years you are below a threshold.

PC: You have to demonstrate three years below the threshold.

PC: If you look at one of your tables that has the process on it, it doesn't matter which one, if you are going to have to do an environmental document and you say "yes" and you drop down to that second box where it says "CEQA document" and then you have, in parentheses, "MND or EIR", I'm going to say 99% of the time, if it's less than significant, then it's a Mitigated Negative Declaration. It's not an EIR. So when you slide over to "no, it's potentially significant," that's when you do your EIR.



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SR: Yeah, that would be required for that impact specifically we just don't know if an EIR is required for other impact areas.

PC: I would just rather stay with this issue and not confuse it. If this is your threshold for greenhouse gas emissions, it's going to be a threshold that's going to be a Negative Declaration or a determination to do an ND if GHG is the only issue. If you exceed it, then you're going to an EIR. So you might want to change this graphic a little bit to say "EIR is potentially significant," that's when you're going to analyze it. But, the last point is, the next step is adoption of EIR via statement of overriding considerations if you exceed the threshold. And then, the last point is, how many EIRs have you processed, if this is going to be the APCD's greenhouse gas threshold?

SR: We haven't done any EIRs as a CEQA lead agency for this impact. We haven't adopted a threshold, we have been doing it case by case up until now. But we have never had a project under our lead agency action that has led to an EIR.

PC: My question is on the same point and actually goes a little further than this. If you go to Slide 29 it's a little simpler process flow diagram. So I was looking at it as, the question in the very first box where we start from is not whether the project is exempt from CEQA, but rather whether the project is subject to CEQA at all. And it has kind of been reversed because if the project is subject to CEQA we are going to go to the right; if it is not subject to CEQA then no further analysis of course. If we are going to say yes, it is subject to CEQA then we are going to move to the right and it says that "GHG emissions from the stationary source - this is presuming that all other impacts are less than significant - are less than (if this were the threshold) 10,000 tons, then it's less than significant. So to me, that means this project would be exempt. It's below a threshold of significance, it's not causing any significant impact, why are we writing a MND or an EIR there? It seems to me that that would be a project that's exempt. And if the project has emissions that do exceed the 10,000 ton threshold, then yes, and the question is can you mitigate them to less than significance, yes, you would do that with a MND. Can you not mitigate them to less than significance? And you are going to have to adopt a statement of overriding considerations as part of your EIR, then no. I thought that these diagrams were confusing, I didn't think they made sense in the way I would apply CEQA.

SR: You are assuming it is a project that only has GHG issues.

PC: Yes, exactly.

SR: We didn't really approach this with that assumption.

PC: I think for these thresholds that is how you should do it.

SR: I think that's a good comment. If understand what you're saying I appreciate your point of view. Because I know that South Coast has used that rationale on a couple of their projects that they were a lead agency on. So I understand what you're saying, and that's an interesting comment.

At the beginning I did say, "if CEQA is required...for all discretionary actions". So we were assuming this was a discretionary action where CEQA applies, so that's why we didn't include that in our flow chart.



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PC: Then how do you make sense out of this process flow diagram because if the emissions are less than 10,000 tons, which is, in this scenario, the suggested threshold, how do you classify that impact?

SR: *I see what you are saying we can make it more deliberate, we kind of made a little summary and we can make it have a little bit more steps in it.*

PC: Can you go to Slide 37, it's the 3rd bullet point that I'm confused with. It says that for Option 4 – when you are actually in a stage when you are looking at a BAU scenario. I think the 3rd bullet point says that "it assumes that the BAU emission scenario would equate to the project GHG emissions as proposed in the permit application." Are you then saying that there is no separation between the hypothetical baseline, if the project was built in 2006, and it being built today? I'm not quite sure what you are going to. Because, it's the separation between the two that you apply the 15.3% to, to see if you are significant.

SR: *We are proposing a "business as usual" that isn't tied to a 2006 baseline.*

PC: What is your BAU emission scenario?

SR: *It is exactly what it says here, it is what is proposed in the permit application. We are trying to avoid the concept that... (a commenter said, "The straw man concern?") Yes, and the case law that says that you can't look at a hypothetical future scenario that would never be permitted. So we're trying to avoid that.*

PC: I do think that, if you are conflating baseline, and a hypothetical scenario. I do think if you look at the Newhall Ranch case in particular, the appellate court takes that to task, and clarifies the fact that the hypothetical baseline for the analysis is not the same baseline that they are talking about under CEQA, where you can run afoul. We can have some discussion on this. But (referencing an OPR comment letter) and to that case for support that this hypothetical baseline argument is not a CEQA argument it is just the mechanics of the analysis. And I would be happy to talk to you about that. But again there is quite a bit of case law out there that supports a BAU analysis. So I guess what you are saying is that there is no separation between the two and then you apply 15% reduction?

SR: *Are we saying that we would consider project emissions, those that were in excess of baseline so baseline is inherently included in the...*

PC: Let's flip to the actual graphs themselves. For example, on page 39 we have the first example 4a. It's showing a declining cap, but why is it declining 15%? Are those actual project emissions declining 15%?

SR: *No, I wouldn't even use the term cap, we are just trying to show a project where the emissions over time each year gradually go down to a level that's below the 10,000 screening. That's why we are showing the actual emissions decreasing. It could have been a constant line, maybe we should have showed as a constant line. We're not trying to show a declining cap.*

PC: It's just an assumption that that project happened to have a declining cap?



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SR: I wouldn't even use the term cap. It's declining emissions over time, so your obligation is still 15% of your emissions, but it gets less and less over time until you drop below that screening threshold. So that's what we are trying to show here. So it's a 15% reduction from what you are actually proposing not a 15% reduction from something you might have proposed that would be emitting more.

PC: So let's make this a more normal project that's not subject to Cap and Trade, so the actual emissions line would be across, and then you would have mitigation below that bar.

SR: Yes, so if you assume the green line to be constant and the black line to be constant then the mitigation would just be the delta between the two.

PC: Yeah, I guess I'm just confused about this idea of, you treat your hypothetical baseline in the project the same. Because that's not what this BAU analysis is really all about.

PC: (Referring to Slide 27 and 30) On the Zero Threshold and the Bright Line you almost have exactly the same line there under actual emissions. But then you also state the same thing, a "large project." But then when you go to Slide 36, all of a sudden the emissions go above 40,000, and you mention an inefficient project, I'm assuming a large inefficient project. Normally when you are making comparisons, which one is better or which one should be chosen, you have to choose between the same thing. And right now, for me, this one appears dirtier because it is "inefficient". And the other two, which I like (the Zero and Bright Line), are "efficient." And then in last one, also when you go from the reductions in BAU and the project is larger, all of a sudden the amount of emissions go to 50,000. Your line is not at 40,000, it jumps up to 50,000. So in essence, for me, we are not comparing apples and apples.

SR: So you would prefer if the large project was always at the same number for our examples?

PC: You should mention what happens when you are reducing from the BAU and the project is at 40,000 MT so what is going to happen? Is it going to go beyond that? Because here I am seeing...

SR: I'm not sure why we chose a different value. I hear you. You would like to see a large project with the same amount of emissions for all examples.

PC: Yes, you should do that.

SR: It may have just been for scaling purposes. We are trying to convey a lot in this image, it may have just looked better once you got the level up a little bit.

SR: And I think we were illustrating them each individually, versus thinking about a comparison between them. So we could go back and it make it more of a comparison between the options versus just illustrating what the one option itself is doing. That's how we were going about it first.

SR: We could have our small project and apply all the thresholds to the small project and it would be a fixed amount, like maybe 12,000 MT. And the large would always be a fixed amount.

PC: Now we are trying to discuss which of the 4 presented you guys would want to go with. And for me I think the public needs to have the same standard.



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SR: Yes, we can standardize them.

PC: Well I'm trying to understand BAU. And my understanding of BAU, as it is interpreted through AB 32, is it's a combination of things. One of which is, they included the baseline emissions in the 2006 inventory. And then, they project going forward "business as usual" (in other words, growth). And that's where they come back, then, to this 15.3. Or in the case of the assumption in 2050 with 80%, of 35. These are apples and oranges. You are completely taking out the "business as usual", the projected growth that is inherently put in to AB 32 Scoping Plan going forward. Am I missing something here?

SR: I think it is hard to relate the Scoping Plan methodology to a project level basis. I don't think it is a parallel.

PC: Well don't they take the assumption of growth in all these industries when they do that, projected growth? That's why they had to go through in 2011 and revise that, based on the recession. Because their projection modelings were not accurate, because of a reduction of business growth. How is it irrelevant?

SR: Well it was for various reasons that they did that, but they do account for growth.

PC: Let me just jump in for a second, because I think that the "business as usual" analysis, the reduction from "business as usual" to show consistency with AB 32, is really a direct outgrowth of the Scoping Plan. It's an application of the Scoping Plan to something at the project level. You look at transportation sources, you look at direct sources, you look at waste sources, you look at the whole ball of wax from your project, and what you do is actually your hypothetical baseline is "If the project was built before AB 32 was promulgated." It really looks at the progress that the state has already made to reduce GHG emissions. And then it looks at the project and says, well what more does it have to do, to meet 2020 obligations. So I wish I had the Scoping Plan in front of me...

SR: Well I understand how the Scoping Plan works. To me it is, if you can provide comment on how that relates to project level emissions. We would really appreciate that. We have been struggling with that. How would you grow out your project emissions to build a business as usual if it's like some of these examples we've provided? How do you project that growth?

PC: It's really elementary. What you do is, you look at your different project sources of emissions - transportation, specific sources, etc., and you put it into CalEEMod, and you push the button, and it tells you.

SR: Stationary sources aren't really addressed by CalEEMod unfortunately. Those are more land use type - commercial and residential. I see where you are coming from, and we look forward to your comments.

PC: If you just look at the SME example, that was a BAU analysis, and we can talk about it later but the example is right there.

PC: From our point of view, we don't even want you to be considering the "business as usual", or number 3 either, the Performance-Based Standard. These are options that don't capture very many greenhouse gas emissions at all. We have consistently argued for a Zero Threshold. This is really the best



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approach to ensure that new projects do their fair share to not contribute to worsening climate change. And if this isn't feasible, then one of the Bright Line Thresholds should be considered. Even 10,000 metric tons is very high. It was adopted in San Luis Obispo and in South Coast and Bay Area because they looked at a 90-95 capture rate and that's how they got the 10,000. When the Air District here looked at this a few years ago, I think the 10,000 threshold only captured maybe half of the emissions. So that's one of my questions, if you could look at what would a 10,000 Bright Line Threshold and what would a 1,000 Bright Line Threshold capture in terms of Santa Barbara County emissions. I think that would be very beneficial. 10,000 metric tons is the pollution from 2,000 cars (the average car). That's a huge amount of pollution they shouldn't be able to just put that into the air.

PC: I just want a clarification on this BAU thing. Are you, in acting as a special agency regarding these options, are you talking about project emissions or BAU? Because that dictates what kind of comment we'll make. Because BAU is one comment, and then project emissions is another comment. Is it BAU?

SR: That was the terminology we were going to use, it's supported by case law. But again each case has a little bit different approach, and some cases have actually defined what BAU should be. But we think for stationary source projects that probably just what you are asking for in your permit application should be your "business as usual." But, we would appreciate hearing if you think for stationary sources that the "business as usual" scenario should be done some other way, we would like to hear that.

PC: No I'm just wondering if you want a definition of BAU in the comment.

SR: Yeah, how do you determine that? It was certainly not a simple analysis when we looked at the Santa Maria Energy EIR. We hashed and rehashed, what is "business as usual" for this type of project? And, it's difficult - to project that forward.

PC: When we are talking about the questions at the very end, whether we should be looking at the 15% or the 35% goals, or whether we should revise these percentages as the state revises their plan, I guess my comment is that, I think that some of the comments from the public, they're just trying to outthink the room, or maybe outthink the state. We have a statewide program to meet certain goals in terms of GHG, and I just caution us that, why don't we stick with the folks that are doing millions of dollars of research, and implementing a big program, and if they decide to revise the program based on updated data, it makes sense to revise our approach as well.

SR: Yeah good input, we are seeking that input.

Yeah, let me talk about that for a second. Going beyond 2020, that is a head scratcher. How to get there, how to do that. And so, this is a way of possibly doing that. Sacramento has just put out their proposal and it does have an update, maybe a 5 year look back to see what it is and make the adjustments. It's a possibility. Please give us your comments on that.

PC: What we really need to focus on here with the 15% versus the 35% is, if the state has already defined levels for combustion and 80% of greenhouse gas emissions in this country are from sources of combustion. And that is heavily regulated at the state level in Air Toxic Control Measures. You can no longer buy dirty back-up generators - they have to be super-ultra clean. We can't buy one that's dirty.



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And so, we are already able to achieve a much cleaner engine. But we can't go to 35% today because we can't buy that engine. We can't handcuff ourselves to something we cannot achieve today.

PC: Sort of building on that, understanding that then if you do have to mitigate for what's not available with technology, we need to define what appropriate mitigation processes will be acceptable before we can even agree to what our deduction is going to be. It's sort of like the emission reduction credit program for the rest of the... NOx and ROC. What if there is nothing available down the road, when everybody is mitigating right and left? You really have to start thinking about that. Because what she's saying is, there may not be any other technologies to be more fuel efficient in some areas.

SR: We are thinking about that. In fact we have a project with the Bren School going on right now, to look at potential options for mitigation.

PC: Well I'm just thinking, are there voluntary credits, that are being done elsewhere in the country, that will be acceptable? And, is it the Climate Action Reserve? Is that going to be appropriate verification? Then people can start arguing about what is acceptable.

SR: Well we started talking about this upfront in terms of providing guidance on that. And I would assume that, coupled with our threshold, we would have some guidance on that.

PC: You have to because you can't be arguing that on a project-by-project basis within a CEQA forum. You have to have some...like, how much is it going to cost me to do this mitigation? Or at least some kind of a range.

SR: It's a valid comment.

PC: It's not that we are saying we don't want to do it, it is just the mechanisms and you don't want to spend 3 years fighting over what is a proper offset.

SR: We haven't developed any magic bullets yet, so there has to be some flexibility.

PC: Well, that's just my comment for thinking about a holistic program that is going to work.

SR: Good comment.

PC: I see in all the slides the Bright Line at 10,000 metric tons, so screen at 10,000 metric tons. I know there are some districts in the state that talk about 10,000 metric tons as their CEQA threshold, there are other districts in the state that have 25,000 metric tons as their CEQA mitigation threshold. So, is the 10,000 that I'm seeing in the handouts here, is that a "Bright Line," or is that something that is also open to public comment? One gentleman suggested a lower number, I'm suggesting a higher number.

SR: We are open to that input.

PC: So the 10,000 is not a set value. It is just what you assigned for the purposes of your examples, correct?



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SR: We have thrown it out there in our slides because it is very commonly used as a screening threshold. A lot of districts have officially adopted it, and some districts are using it, and it is being used by our local agencies to screen out projects. It is one number that we could use.

We threw out a range based on input we heard and zero is kind of the lowest bright line, so that's out there.

PC: So it is still open to comment?

SR: It is not set, open to comment.

PC: I'm worried about a couple things, like how can a level be insignificant? How is insignificance measured? Is that a percentage of the total of the district pollution? You have a figure for the whole thing, and then you say this is less than 1% of that total, so it's insignificant? How do you define insignificance?

SR: Are you talking about a specific option?

PC: No.

SR: That's exactly the question at hand, really. How are we going to define significance?

PC: You don't know yet.

SR: We have set out 4 different options of mechanisms to determine whether a project is significant.

SR: That's what the threshold does, it explains how you are going to determine what that significant level is.

PC: I know how they do it for traffic intersections. That is clear to me. This needs to be worked out entirely. A couple comments, you have these targets set, rules and regulations set by "the District." That means by the county, right?

SR: Actually no, we are a special district.

PC: How many of these things are there in CA?

SR: There are 35 Air Quality Districts.

PC: Thirty-five? That troubles me, anyway I think it's troublesome to some other people. That you can have very disparate situations across 35 and then it leads to businesses saying for example "Well I'm going there, I'm not going there." And that is a very unhealthy situation for California. I just wanted to vent on that. I don't have a solution to it, but I do think that taking our guidance and having some central control from Sacramento is absolutely essential here. If we are all going to be divided up into 35 little things I don't think ultimately it is going to work. I breathe the air in California, not just in my backyard.

SR: I agree. I have actually asked Sacramento to do just that, but they are very hesitant because they see CEQA as a local decision, not a statewide decision. And so they want it hashed out like we are hashing it



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out, right here today. That's the only answer I have for you. I think it would be better, but it is just not going to come.

PC: I agree with you completely and from what I read, apparently the County of Santa Barbara Planning and Development, they have a Long Range Planning Division, and they develop a Climate Action Strategy and also will do an Action Plan. Why cannot we work together with them and get the same numbers? Because when you are being exposed, it is not just - okay, this is exposure here in Santa Barbara. We are being exposed to whatever is pollution in Santa Maria, in LA, it all comes down. So it has to be general. You have to kind of like avoid an epidemic, by talking with everybody, and vaccinate people around.

SR: Well as an air quality agency and as other air quality agencies in the state have already done, and are in the process of doing, or will do, it's our obligation to set a greenhouse gas threshold. We are the experts on greenhouse gas thresholds. That does not mean that other lead agencies can't decide that they don't want to use that one, and use something else.

PC: It's because we are too strict? Or because we are too lenient?

SR: It depends on that other lead agency and how they view what we come up with.

PC: And then one last question. In the supplementary explanation of the Performance-Based Measure approach, it states in one paragraph, "If the reported actual metric ton per year of CO₂ exceeds the significance threshold, then mitigation will be required for that year down to the significance threshold." What I was going to ask is, is then the company that is doing that, are they going to be fined? Or, are they just going to say you need to reduce your threshold, and then be nice? Because, if there are no fines, most likely people are going to continue to do the same. And for me, sometimes the fines, you can use them for mitigation or for something else.

SR: If that were a threshold approach that was ultimately pursued and we were a lead agency, those conditions in the CEQA documents that we were issuing and our Board approved, would have enforceable conditions in them. And then, they would be carried into our permits, which are enforceable. So there would be an avenue or for whatever the appropriate enforcement was, to go out and get those offsets.

PC: I'm trying to gain some perspective here, understanding that this is the threshold that you apply when you are the lead agency, what are those occasions? If you can't quantify it, how many times a year, can you give me some examples?

SR: Well for stationary source projects we aren't very often a lead agency.

SR: Typically we are not, for development projects. That would go to the county or the cities. But if there is an existing facility that has already been developed, an oil field or wherever, then that project potentially we would be the lead agency for that, if it is already consistent with the lead agency's prior planning approval. So there are some occasions. Like Vandenberg Air Force Base, we would be the lead agency. The Imerys Mine in Lompoc, where a lot of times we are the lead agency there because there is



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nothing else for the typical lead agency to do. So, we have occasion to be lead agency, but mostly we are responsible.

PC: For a follow-up, there is the opportunity for other agencies - planning agencies, State Lands Commission for projects offshore - to employ the threshold goal. What strikes me as a little bit difficult in this manner. In the county for example, it's obligated to look at all the GHG emissions of the project that's operational, not just what comes from those stationary sources. And I noticed that other air districts, when they do develop the threshold, they at least come up - sometimes they have two Bright Line Thresholds. For example, Bay Area – they have 10,000 for stationary source components and they have 1,100 for the rest of the emissions from the project, including the use of electricity and indirect. So just curious, how other local agencies who may want to use the threshold, how do they translate that into what they need to have a defensible document that captures, if it is an oil project, the truck trips, the construction related impacts, the emissions, etcetera? If you could at least consider, if you are not going down that road, providing some guidance.

SR: I think our guidance, if we are not going to go down that road. Our guidance would be to suggest that lead agencies could incorporate those ancillary emissions into the total emissions projection and then the mitigation would just be adjusted accordingly. It wouldn't really impact what our threshold level would be. Those other sorts of emissions aren't considered in setting the threshold, they are just part of what the mitigation obligation would be, and so that could be adjusted by other agencies.

SR: I think we have commented on Land Use Projects where we are a responsible agency we have always said you should quantify all your indirect source emissions. We have consistently said that. We were just trying to highlight that a lot of our lead agency discretion is really just for, say, a point source. We are not making a decision of the land use, we are just making a decision of replacing some of the equipment or adding a piece of equipment. The other land use decision has already been made. It is just a little different situation.

PC: Following up on that, but when you are the lead agency and you are preparing the CEQA document and you are really focused on the stationary source emissions. If you are looking at the boiler, what's the efficiency gain since 2006 and now? Not that much on the boiler, right. So if you are just looking at the stationary source itself it doesn't move that much. But, aren't you also going to have a transportation section of your CEQA document?

SR: Oh yes.

PC: And then do you count up the air emissions, and those were also put on to the boiler? I would think that you would also take your GHG emissions and account for those? There's the solid waste section, there's the construction section, right? Where you are assuming construction emissions and all that. See that's where I think with the BAU analysis, you can't just focus on the stationary equipment if you are building the entire CEQA document as the lead agency, because once you have the transportation section that would account for that. That's kind of what I was waving my hands about.

SR: If I am clarifying, we have a guidance document called "Scope and Content of Environmental Impact" that says this is how you do CEQA, this is how you quantify all your GHG emissions and we have a lot of



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input into the CalEEMod and looking at all those different indirect sources. We give that guidance to lead agencies and say you need to consider that in your land use approval. It's just that when it comes down to us being a lead agency we are not generally doing the whole land use approval.

PC: Well I get it. But you are saying as lead agency...

SR: We are producing this document for others to use. So I think that point is very important.

PC: When you have a - we all know Santa Barbara County, in the world, is geographically unique, with certain industries. But when you have a small stationary source or heavy transportation or other impact that has greenhouse gas impacts, somehow your statement has to say, well...it's unclear what is subject to mitigation, whether it is just the stationary source, I understand here that when you are the lead agency that you only deal with stationary sources, but somehow you have to give the agency some additional...

SR: When we are a responsible agency we give a lot of guidance about that, what sort of emissions that they put in the impact analysis. But when we undertake our lead agency action, we will have to look at the whole of our decision.

PC: But then how about cumulative emissions, like at UCSB? That's usually things that are skipped over. The county is evolving, and somehow the GHG impacts and we folks, and yourselves, on climate change...I don't know whether it's a different project for the CAC, or something else, but cumulative and indirect impacts mitigation needs to be discussed.

SR: So if it is UCSB, they would be the lead agency. Unless they didn't do CEQA for that project, and then we might end up being the lead agency.

SR: So I'm not sure what your point is for us to just consider that further...

PC: Your project statement is, "consider revisions to the APCD Environmental Review Guidelines." But everybody in the county looks toward you as the experts. And you say you throw it out with every EIR.

SR: It is a different document she is talking about... yeah we have two different documents: one is more of a broader...

PC: But we are getting down to mitigation and you are the only document that talks about mitigation. Is indirect and area sources...

SR: CEQA says you have to look at direct and indirect related to your approval. So if our approval involves indirect sources, CEQA says we need to include that.

PC: For the purpose of this meeting, my vote is 4. Either 3 or 4. We need to tie this somehow to AB 32. We need to tie it to something that is reasonable. There is no way that Santa Barbara County can leap to Zero Threshold. That is unacceptable for the industry, unacceptable for homebuilders, unacceptable for the city, county, hospitals, everyone. So we need to stay in the real world, and it's either 3 or 4. And, tying it to what is happening at the state level, tying it to the opportunities for Cap and Trade and offsets that currently exist, because right now there are no mitigation measures certified in Santa Barbara



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County for GHG. So, for the foreseeable future we need to stay with something that currently exists that has had success. So my vote is for looking with you on either 3 or 4 as the options.

SR: Just to add to what we are after here, we are still seeking input on any specific options as to why or why not they might be preferable. And since option 3 is a relatively new option, any specific input on that would be really helpful.

PC: I just want to build on the previous comment. But I have a different take because I want to look at – you've got your bigger projects over 25,000 metric tons - and then, you have the subset between 10,000 and 25,000. I don't think that the mitigation obligation should be higher for a smaller project than it should be for a larger project. So, I would support a bright line but then have the reduction amount equivalent to what the Cap and Trade Program is. If you are going to have a bright line at 10,000, then your mitigation obligation is going to be the same percentage of your project emissions as Cap and Trade.

SR: We actually explored that option and there are some legal complications with an option like that. It essentially translates into a sliding threshold. If I understand what you are suggesting and so...

PC: So can you expand just a little on that? Sliding...

SR: Well, it looks a lot like a regulation. Basically, we are trying to mimic what the Cap and Trade is achieving for sources over 25,000, at that level between 10,000 and 25,000. And, if you are going to do a regulation, you should do a regulation, that's sort of the feedback we got. So that was one concern, and also just having a threshold that changes over time is a concern. So setting it at a fixed percentage was kind of deemed more appropriate for this type of a decision. And if we need to go change the percentage, instead of it changing every year, if we need to change that percentage we go back our Board and revise our threshold. That was sort of the feedback that we got.

PC: Well then keep it at 25,000 and then just keep it all at the state level.

PC: What is the decision making process and timeline?

SR: We don't have a goal for when we are going to get to the CAC, but that's why we want your feedback soon so we can set a timeline for getting it to our Advisory Council.

PC: I just want to follow-up on that comment, I think it really begs the recognition of Cap and Trade as a mitigation program. So anything above 25,000 in the State of California falls under this mitigation program. You have to account for your emissions, you have to provide your allowances. What we are proposing here is something where, in Santa Barbara County where 10,000 is significant, but the state doesn't pick-up mitigation until 25,000. So how does Santa Barbara fill in the gap? You could easily just establish your bright line test at 25,000 to be consistent with the state of California. I'm not proposing that necessarily, but I'm just trying to say that those folks in between 10,000 and 25,000, yeah you are right, they are not subject to Cap and Trade mitigation, maybe Santa Barbara mitigation, I don't know, but Cap and Trade is a mitigation program that should be recognized.

SR: Going back, I'm sorry I can't give you a date.



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PC: So it goes to CAC and then it will eventually go to the Board? Who makes this call?

SR: The advisory council – we'll go to them with our proposal - and they will make a recommendation to proceed with an option to the Board.

PC: I just had a question about that process, so who at the District decides which threshold to go with? So you are going to give a recommendation on one particular threshold option?

SR: We are going to narrow it down to two.

PC: So the way it works is we go through this whole process and then the district will come up with two based on feedback and it won't be in a vacuum, it will be very transparent. Is there going to be another workshop? Or a stakeholders meeting?

SR: We will probably have two CAC meetings. One of them will be a workshop/CAC meeting combination.

PC: And so the CAC will pick 1 of the 2, but it will be an open CAC meeting where the public can attend and influence the meeting?

SR: Yes, well every CAC meeting has a public comment component.

PC: I just had a little clarification in this process that does not preclude you standing up at the CAC or the Board and recommend another option.

PC: And the legal reasoning you anecdotally put out there about the problems with using BAU assumption in that gap between 10,000 and 25,000, could you formalize that in a letter and spit it out to me? I'm having difficulty understanding that, is that a legal opinion from somebody?

SR: Well, if I understood the commenter, it wasn't a BAU, it was following a Cap and Trade ratchet down approach.

PC: But then you have a problem with tying that gap of those folks between 10,000 and 25,000 who are in limbo who don't qualify for Cap and Trade but who might be deemed significant if you set a 10,000 or 0 threshold...that the reduction, the state is saying to meet its goals, but there is no problem with that?

SR: No I think our examples indicate that, right?

SR: It would be a straight 15%.

PC: It is just an immediate and continual, but the problem is what instruments can be used to do the mitigation? That's a big problem for small sources.

PC: I would also like to see a pollution prevention element here. Pollution prevention is a win-win for business, for the District, for the air, and the principle behind it is that if someone wants to go implement a better technology - say I want to go buy a boiler and replace my boilers with one that meets South Coast Standards - then I would like to see something that gives me a bonus or a credit or



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something that encourages me, not discourages, but encourages, so mitigates costs, something that will encourage businesses to go with the cleanest technology.

SR: Well, I think a threshold...

PC: A win-win. Not a threshold. No not punitive, not a prohibitory rule. A bonus, a plus.

SR: I'm just saying inherently a threshold helps businesses make that decision.

PC: Well that's not what I'm talking about, that's not pollution prevention. You are not putting a little bonus in there, something that would give someone the added incentive fiscally to go with cleaner technology.

SR: So you are talking about a fiscal incentive, a monetary incentive?

PC: Something where they go, "I get better approval, I don't have offsets required because I'm going with South Coast cleaner technology." Something that gives people an incentive to go with the cleanest possible technology.

SR: For greenhouse gases, yeah I'm not sure if going with South Coast technology will help with greenhouse gases, but if want to put in a super-efficient piece of equipment that will help you with your emissions. But you are proposing some sort of incentive...

Good comment.