BOARD OF SUPERVISORS
AGENDA LETTER

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Department Name:	Planning & Development
Department No.:	053
For Agenda Of:	May 12, 2015
Placement:	Set hearing
Estimated Time:	1.5 hours on 5/19/15
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO:	Board of Supervisors	
FROM:	Department Director(s)	Planning and Development Glenn Russell, Ph.D., Director, 568-2085
	Contact Info:	Kevin Drude, Deputy Director, Energy & Minerals, 568-2519
SUBJECT:	**Adoption of a Greenhouse Gas Emissions Threshold of Significance**	

County Counsel Concurrence
As to form: Yes

Auditor-Controller Concurrence
As to form: N/A

Other Concurrence:

Recommended Actions:

On May 12, that the Board of Supervisors set a hearing on May 19, 2015 to consider the recommendation of the County Planning Commission to amend the County's *Environmental Thresholds and Guidelines Manual* as follows:

1. Make the required findings for approval of the proposed amendment, including CEQA findings (Attachment 1);
2. Determine the project is exempt from CEQA pursuant to CEQA Guideline Sections 15064.7 and 15378 of CEQA, included as Attachment 3; and
3. Adopt a Resolution to approve Case No. 15ORD-00000-00006, amending the County of Santa Barbara's *Environmental Thresholds and Guidelines Manual,* by adding a threshold of significance to guide the County's environmental analysis of greenhouse gas emissions from industrial stationary sources of a project subject to the CEQA (Attachment 2).

Summary Text:

In June, 2014, the Board of Supervisors directed staff to prepare a CEQA threshold to determine the significance of greenhouse gas (GHG) emissions from proposed industrial stationary sources subject to environmental review. CEQA provides lead agencies with broad discretion in adopting thresholds of significance, provided that adopted thresholds are based on substantial evidence. The CEQA Guidelines define a threshold of significance as:

> *"… an identifiable quantitative, qualitative or performance level of a particular environmental effect, non-compliance with which means the effect will normally be determined to be significant by the agency and compliance with which normally will be determined to be less than significant."* (§15064.7(a))

An earlier effort undertaken by the California Air Resources Board (CARB) in 2008 to develop statewide guidance for treatment of greenhouse gas (GHG), including thresholds of significance, never progressed beyond draft form. As a result, the County is left with making its own determination of an appropriate threshold. To help define this task, staff conducted a survey of various GHG thresholds applied by CEQA lead agencies to date (see Attachment E of the Planning Commission staff report, included herein as Attachment 5).

The various GHGs include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride. A metric tonne of carbon dioxide equivalent per year (MTCO2e/year) is the commonly used metric to homogenize the emissions of the various GHGs into a single measurement, based on the global warming potential of each gas. Proposed industrial stationary-source projects that exceed the threshold would have a significant cumulative impact on climate change.

Staff conducted two public workshops on February 9, 2015 and February 11, 2015 in Santa Maria and Santa Barbara, respectively, to review how CEQA lead agencies have addressed greenhouse gas emissions from industrial stationary sources in environmental documents. Subsequently, the County Planning Commission conducted two hearings on March 25, 2015 and April 9, 2015 to consider Planning and Development's recommendation of a numeric, bright-line threshold of 10,000 metric tonnes of carbon dioxide equivalent emissions per year ($MTCO_2e$/year). The underlying concept is based on choosing a non-zero threshold that is low enough to capture a substantial portion of greenhouse gas emissions from future stationary-source projects, yet high enough to exclude small projects that, in aggregation, will contribute a relatively small fraction of the cumulative statewide greenhouse gas. A 10,000 $MTCO_2e$/year is projected to capture 90.7 percent of future emissions, based on an updated list of 2013 GHG emissions from stationary sources located within the County's land-use jurisdictions wherein 8 out of 49 sources emitted more than 10,000 $MTCO_2e$ of GHGs.

Other optional thresholds that were considered include:

- Other non-zero, bright-line thresholds;
- A zero-emission threshold;
- A uniform, percentage-based reduction, based on a statewide GHG reduction target;
- Performance-based standards on project design, equipment, and operations;

- Compliance with the California Air Resources Board's (CARB) Cap-and-Trade program.

After consideration, the Planning Commission voted 3-2 to recommend adoption of a 1,000 $MTCO_2e$/year bright-line threshold, which would capture a higher rate of future greenhouse gas emissions than the 10,000 $MTCO_2e$/year threshold recommended by Planning and Development (99.2 percent versus 90.7 percent, or 25 out of 49 sources based on 2013 GHG emissions from stationary sources). The addition of possibly 17 more projects being subject to the more stringent threshold was determined by the Planning Commission to represent an acceptable administrative task. Additionally, under this threshold, the County would be taking important additional steps toward achieving additional mitigation needed to begin to reach the goal of Executive Order S 5-03.

Under the Planning Commission recommended proposal, projects with GHG emissions higher than 1,000 $MTCO_2e$/year would be obligated to reduce emissions to below 1,000 $MTCO_2e$/year through onsite measures, offsite offsets, or both to be considered a less-than-significant cumulative impact. If the applicant can demonstrate that such mitigation was infeasible, the project would be found to have a significant cumulative impact, and could be only be approved if a Statement of Overriding Considerations were adopted by the County decision maker.

Cost of onsite measures would depend upon project-specific factors and available technology at the time. Current cost of purchasing verified emission reduction credits range between $1.50 and $6.00 per metric tonne of CO_2e emissions per year (Climate Action Reserve figure for February/March 2015 and Verified Carbon Standard figure for February 2015, respectively). This compares to $12.70 per metric tonne of CO_2e emissions to purchase allowances under CARB's Cap and Trade program. Emission reduction credits are purchased annually, based upon actual GHGs emitted by a project.

California's efforts to reduce statewide GHG emissions continue to evolve. Accordingly, the recommended threshold includes a commitment to re-examine any GHG threshold adopted by the Board of Supervisors at least every five years to maintain consistency with evolving GHG reduction plans, targets, and regulations.

Background:

California's enactment of the Global Warming Solutions Act of 2006 (Assembly Bill (AB) – 32), codified at Health and Safety Code §§ 38500 *et. seq.*, set into motion several actions to reduce statewide GHG emissions to 1990 levels by the year 2020, or 431 $MMTCO_2e$ (this metric reflects CARB's latest estimate). The state is on track to meet the 2020 interim short-term target. Meanwhile, the California legislature and regulators are addressing additional actions and mid-term reduction targets necessary to continue progress towards achieving the long-term 2050 goal, set by the Governor's office through Executive Order S-3-05. That Executive Order sets a goal to reduce statewide GHG emissions to a level that is 80 percent below 1990 emissions – which was recognized in CARB's most recent scoping plan as the long-term target necessary to stabilize the climate and reduce the likelihood of catastrophic climate change. According to CARB's Scoping Plan Update: *"Emissions from 2020 to 2050 will have to decline several times faster than the rate needed to reach the 2020 emissions limit."*

Currently, the state is looking at a mid-term target, perhaps for the years 2030 and 2040, thereby setting the stage for future GHG reduction strategies that ensure continued progress toward meeting the 2050 long-term target. CARB's Environmental Justice Advisory Committee recently recommended a 2030

mid-term target of, at least, a 40 percent reduction below 1990 GHG emission levels, and a 2040 mid-term target of, at least, a 60 percent reduction below 1990 GHG emission levels.

Additionally, on April 29, 2015, Governor Brown issued Executive Order B-30-15 establishing "A new interim statewide greenhouse gas emission reduction target to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030 . . . in order to ensure California meets its target of reducing greenhouse gas emissions to 80 percent below 1990 levels by 2050."

Among statewide actions to reduce GHG emissions, the California Legislature adopted Senate Bill 97 that mandated the California Natural Resources Agency to amend the Guidelines for Implementation of the California Environmental Quality Act (CEQA Guidelines). The 2009 amendment obligates CEQA lead agencies to consider if the estimated amount of GHG emissions from a proposed project exceeds a threshold of significance, and to consider the extent to which the project complies with regulations or requirements adopted to implement a statewide, regional, or local plan for the reduction or mitigation of GHG emissions.

Climate change under CEQA differs from most other types of impacts in that, by definition, it is only examined as a cumulative impact that results not from any one project's GHG emissions, but rather from GHG emissions that have been emitted on a global scale for many decades and from many different sources. Therefore, analysis of a project's GHG emissions under CEQA focuses solely on the incremental contribution of estimated project emissions to climate change. A CEQA lead agency may determine that a project's incremental contribution to an existing cumulatively significant issue, such as climate change, is not significant based on supporting facts and analysis (§15130(a)(2)). CEQA Guidelines direct that a project's contribution to a significant cumulative impact will be rendered less than significant if the project is required to implement or fund its fair share of a mitigation measure designed to alleviate the cumulative impact (§15130(a)(3)). Such determinations must be based on analysis in the environmental document with substantial evidence to demonstrate that mitigation required of a project represents the project's "fair-share" contribution towards alleviating the cumulative impact.

In the spring of 2014, the Santa Barbara County Air Pollution Control District (APCD) staff commenced an update to the District's CEQA thresholds of significance in order to prepare a threshold of significance for GHG emissions from stationary sources. On March 25, 2015, the APCD's Community Advisory Council recommended on a split vote that the district adopt the following threshold for use when it serves as a CEQA lead agency. Proposed projects subject to the CARB's Cap-and-Trade program, or have less than 10,000 $MTCO_2e$/year of GHG emissions, are considered to have a less than significant impact on climate change. Proposed projects not subject to the Cap-and-Trade program with GHG emissions at or above 10,000 $MTCO_2e$/year would be subject to environmental review, and would be required to reduce project emissions by 15.3 percent below a Business-As-Usual (BAU) scenario to the extent feasible.

Fiscal and Facilities Impacts:

Budgeted: Yes.

The FY 2014-15 Adopted Budget includes $50,000 of one-time funding to fully fund staff and consultant costs for preparing a draft GHG threshold for consideration by County decision-makers. The Board of Supervisors approved this funding in June of 2014 during budget adoption hearings, and was

therefore not included in the recommended budget book. In the adopted budget, funding is budgeted in the Permitting Budget Program in the Program Restoration committed fund balance account. There is no impact on General Fund Contribution. Staff and consultant costs to date is approximately $34,000.

Attachments:

Attachment 1: Findings
Attachment 2: Resolution with Recommended Threshold as Exhibit A
Attachment 3: Notice of Exemption
Attachment 4: Planning Commission Action Letter dated 4-9-15 w/ Resolution 15-05
Attachment 5: Planning Commission Staff Report dated 3-18-15 and Memorandum dated 4-6-15

Authored by:

Doug Anthony

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ATTACHMENT 1

FINDINGS

CEQA FINDINGS

Findings for Adoption of Thresholds of Significance. In compliance with Section 15064.7(b) of the State of California's *Guidelines for the Implementation of the California Environmental Quality Act* (Title 14, California Code of Regulations, Chapter 3), the Board of Supervisors makes the following finding:

Thresholds of significance to be adopted for general use as part of the lead agency's environmental review process must be adopted by ordinance, resolution, rule or regulation, and developed through a public review process and be supported by substantial evidence.

The Board of Supervisors has adopted this threshold of significance by resolution, following a public review process in compliance with the County of Santa Barbara's *Guidelines for the Implementation of the California Environmental Quality Act of 1970,* §F.3.b (Process for thresholds amendment and adoption). The public review process entailed:

- Two duly noticed public workshops held on February 9, 2015, in the Board of Supervisors hearing room in Santa Maria, and on February 11, 2015, in the Planning Commission hearing room in Santa Barbara.
- Two duly noticed public hearings before the Santa Barbara County Planning Commission held on March 25, 2015, in the Planning Commission hearing room in Santa Barbara, and on April 9, 2015, in the Board of Supervisors hearing room in Santa Maria.
- One duly noticed public hearing before the Santa Barbara County Board of Supervisors held on May 19, 2015, in the Board of Supervisors hearing room in Santa Barbara.

The Board of Supervisors finds that its adoption of the threshold of significance is supported by the following considerations and substantial evidence:

(1) In adopting a threshold of significance for greenhouse gas emissions from industrial stationary sources, the Board of Supervisors has adhered to the regulatory guidance provided in Title 14, California Code of Regulations, Chapter 3: Guidelines for Implementation of the California Environment Quality Act (herein CEQA Guidelines), including:

(a) Section 15064.4(a), which directs a lead agency to make "…a good-faith effort, based to the extent possible on scientific and factual data, to describe, calculate or estimate the amount of greenhouse gas emissions resulting from a project."

(b) Section 15064.4(b), which guides lead agencies to consider, among other factors, 1) whether the project's greenhouse gas emissions exceed a threshold of significance, and 2)

the extent to which the project complies with regulations or requirements adopted to implement a statewide, regional, or local plan for the reduction or mitigation of greenhouse gas emissions.

(c) Section 15064.7(a), which encourages each public agency to develop and publish thresholds of significance that the agency uses in the determination of the significance of environmental effects.

(d) Section 15064(f), which states that a lead agency should either prepare an Environmental Impact Report (EIR) or Mitigated Negative Declaration (MND) when the agency is presented with a fair argument that a project may have a significant effect on the environment. Case law has held that the fair argument standard "establishes a low threshold for initial preparation of an EIR, which reflects a preference for resolving doubts in favor of environmental review."[1]

(2) In adopting a threshold of significance for greenhouse gas emissions from industrial stationary sources, the County considered relevant components of the California Air Resources Board's (CARB) *Climate Change Scoping Plan* (2008), and its *First Update to the Climate Change Scoping Plan* (2014), including the following components:

(a) While the California Global Warming Solutions Act of 2006 (Assembly Bill 32) sets a near-term target to reduce statewide greenhouse gas emissions to 1990 levels by the year 2020, the long-term goal established by Executive Order S-3-05 calls for a reduction of greenhouse gas emissions by 80 percent below 1990 emission levels by the year 2050. According to CARB: "Emissions from 2020 to 2050 will have to decline several times faster than the rate needed to reach the 2020 emissions limit."[2] Currently, the state is looking at one or more mid-term targets, perhaps for the years 2030 and 2040, thereby setting the stage for future greenhouse gas reduction strategies that ensure continued progress toward meeting the 2050 long-term goal.[3] CARB's Environmental Justice Advisory Committee, establishment of which was mandated by Assembly 32, recently recommended a 2030 mid-term target of, at least, a 40 percent reduction below 1990 greenhouse gas emission levels, and a 2040 mid-term target of, at least, a 60 percent reduction below 1990 greenhouse gas emission levels.[4]

(b) CARB's updated Scoping Plan identifies the role of local and regional government in helping achieve the aforementioned reduction targets as follows:

[1] Reference to *Santa Teresa Citizen Action Group v. City of San Jose* [2003] 114 Cal. App. 4th 689, cited in California Air Pollution Control Officers Association, *CEQA and Climate Change*, 2008, page 14.
[2] California Air Resources Board, *First Update to the Climate Change Scoping Plan,* 2014, page 33.
[3] *Ibid,* pages 34-44. Also Senate Bill 32 introduced by State Senator Fran Pavley on December 1, 2014.
[4] *Ibid,* page 7.

"California's local and regional governments are critical partners in meeting the State's GHG *[greenhouse gas]* goals. They have broad influence and, in some cases, sole authority over activities that contribute to GHGs and air pollutants, including industrial permitting, land use and transportation planning, zoning and urban growth decisions, implementation of building codes and other standards, and control of municipal operations."

"Local and regional governments are uniquely positioned to collaborate to affect GHG emission reductions on a larger scale. As cities and counties fall into a larger regional framework, they are working together to create synergistic relationships for reductions through land use and transportation networks, as well as within specific sectors, such as energy."[5]

(c) CARB's initial 2008 Scoping Plan called upon local governments to set greenhouse gas reduction targets of 15 percent below then-current levels by 2020. CARB's 2014 update to the Scoping Plan calls upon local governments to adopt mid-term and long-term reduction targets to promote progress towards the statewide goal of reducing emissions 80 percent below 1990 levels by 2050. "Local government reduction targets should chart a reduction trajectory that is consistent with, or exceeds, the trajectory created by statewide goals."[6] Additionally, on April 29, 2015, Governor Brown issued Executive Order B-30-15 establishing "A new interim statewide greenhouse gas emission reduction target to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030 . . . in order to ensure California meets its target of reducing greenhouse gas emissions to 80 percent below 1990 levels by 2050."

(3) In adopting a threshold of significance for greenhouse gas emissions from industrial stationary sources, the County has surveyed practices of lead agencies throughout California in addressing the potential significance of greenhouse gas emissions from stationary-source projects. The County also has consulted the California Air Pollution Control Officers Association's publication, *CEQA and Climate Change,* 2008 (herein CAPCOA White Paper). In so doing, the following considerations support the County's adoption of the subject threshold:

(a) Greenhouse gas emissions from stationary sources notably differ from other source emissions (i.e., most residential and commercial sources) in that the former largely entail "… pollutants that are directly emitted by the source, whether through a stack or as fugitive releases (such as leaks)." (CAPCOA White Paper, page 18.) Approaches and methodologies used by CEQA lead agencies that have adopted thresholds of significance

[5] *Ibid,* page 111.
[6] *Ibid,* page 113.

for greenhouse gas emissions differ in the treatment of emissions from residential and commercial development versus stationary sources. While projecting greenhouse gas emissions from future residential and commercial development in large is based upon projections of population and economic growth, projecting greenhouse gas emissions from future industrial stationary source development typically is not feasible due to complexities involved in attempting a correlation with future growth factors. Instead, thresholds for stationary source have taken one of three approaches: 1) incorporation of performance-based standards into a project; 2) incorporation of measures to reduce emissions by a prescribed percentage from a Business-As-Usual scenario to achieve compliance with Assembly Bill 32's reduction target of 1990 emission levels by the year 2020; or 3) incorporation of a numeric, bright-line threshold that captures at least 90 or 95 percent of future emissions, based on recent stationary-source emissions.

(b) Among optional approaches available to CEQA lead agencies for determining significance of a project's GHG emissions, the CAPCOA White Paper notes: "Unlike other environmental impacts, climate change is a global phenomenon in that all GHG emissions generated throughout the earth contribute to it. Consequently, both large and small GHG generators cause the impact. … A zero threshold approach is based on a belief that, 1) all GHG emissions contribute to global climate change and could be considered significant, and 2) not controlling emissions from smaller sources would be neglecting a major portion of the GHG inventory." (CAPCOA White Paper, page 27.) However, the CAPCOA White Paper also notes the following advantages of choosing a non-zero threshold instead of a zero threshold. "The practical advantages of considering non-zero thresholds for GHG significance determinations can fit into the concept regarding whether the project's GHG emissions represent a 'considerable contribution to the cumulative impact' and therefore warrant analysis. Specifying a non-zero threshold could be construed as setting a de minimis value for a cumulative impact. In effect, this would be indicating that there are certain GHG emission sources that are so small that they would not contribute substantially to the global GHG budget." (CAPCOA White Paper, page 31.) A 1,000 $MTCO_2e$/year threshold of significance incorporates this concept, as described in provision 5, below.

(c) Several air districts and two counties have adopted threshold of significance for greenhouse gas emissions wherein stationary sources are subject to a numeric, bright-line, quantitative threshold of significance, based upon a capture rate (e.g., South Coast Air Quality Management District, Bay Area Air Quality Management District, San Luis Obispo County Air Pollution Control District, and San Luis Obispo County). The underlying concept behind this approach seeks a threshold that is low enough to capture a substantial fraction of greenhouse gas emissions from future stationary-source projects, yet high enough to exclude small projects that, in aggregation, will contribute a relatively small fraction of the cumulative statewide greenhouse gas.

(4) Adoption of a threshold of significance for greenhouse gas emissions from industrial stationary sources complements the County's adoption and implementation of an Energy and Climate Action Plan that promotes reductions of greenhouse gas emissions from future residential and commercial development to achieve a 15 percent reduction from 2007 emission levels by 2020. The County anticipates updating the plan to address mid-term reduction targets in 2018. Similar to other local governments adopting climate action plans, the County has elected to achieve reductions of greenhouse gas emissions from industrial stationary sources via a quantitative, bright-line threshold.

(5) In adopting a threshold of significance for greenhouse gas emissions from industrial stationary sources, the County considered a revised database of greenhouse gas emissions in 2013 that was originally prepared by the Santa Barbara County Air Pollution Control District, whose jurisdiction covers both incorporated and unincorporated areas of the County, as well as offshore areas, Vandenberg Air Force Base and the University of California campus at Santa Barbara. County staff revised the database to focus on industrial stationary sources within the County's land-use jurisdiction where it serves as lead agency. The revised database is included herein as Table A-1. Eight of 49 total sources reported greenhouse gas emissions higher than 10,000 metric tonnes of carbon dioxide equivalent emissions per year ($MTCO_2e$/year), which is a bright-line threshold used by some air districts and other lead agencies. Another 16 sources reported greenhouse gas emissions above 1,000 $MTCO_2e$/year, but less than 10,000 $MTCO_2e$/year. Lastly, 24 sources reported emissions of less than 1,000 $MTCO_2e$/year.

Table A-1: 2013 Greenhouse Gas Emissions

	Stationary Source Name	Source CO2e (MT)	Cumulative CO2e(MT)	Capture Rate
1	Onshore processing of offshore oil/gas	352,898.4	352,898.4	
2	Onshore oil/gas development	62,295.6	415,194.0	
3	Mining/mineral processing	56,435.4	471,629.4	
4	Onshore oil/gas development	55,090.9	526,720.3	
5	Onshore oil/gas development	19,522.3	546,242.6	
6	Onshore oil/gas development	15,170.7	561,413.3	
7	Onshore oil transmission	13,458.5	574,871.8	
8	Onshore processing of offshore oil/gas	11,035.7	585,907.5	90.7%
9	Onshore oil/gas development	8,039.7	593,947.2	
10	Onshore gas storage/distribution	7,437.4	601,384.6	
11	Asphalt Plant	6,120.1	607,504.7	
12	Onshore oil/gas development	5,413.8	612,918.5	
13	Onshore oil/gas development	5,167.5	618,086.0	
14	Onshore oil/gas development	4,173.1	622,259.1	
15	Onshore oil transmission	3,704.5	625,963.6	

16	Mining/mineral processing	3,257.7	629,221.3	
17	Onshore oil/gas development	1,877.6	631,098.9	
18	Onshore oil/gas development	1,659.6	632,758.5	
19	Onshore oil/gas development	1,528.6	634,287.1	
20	Onshore oil/gas development	1,365.0	635,652.1	
21	Onshore oil transmission	1,324.5	636,976.6	
22	Onshore oil/gas development	1,188.0	638,164.6	
23	Onshore oil/gas development	1,070.6	639,235.2	
24	Onshore oil/gas development	1,053.9	640,289.1	
25	Onshore oil/gas development	1,000.3	641,289.4	99.2%
26	Onshore oil/gas development	902.5	642,191.9	
27	Onshore oil/gas development	728.3	642,920.2	
28	Onshore oil/gas development	722.2	643,642.4	
29	Onshore oil/gas development	549.0	644,191.4	
30	Onshore oil/gas development	517.0	644,708.4	
31	Onshore oil/gas development	356.1	645,064.5	
32	Onshore oil/gas development	324.4	645,388.9	
33	Mining/mineral processing	311.9	645,700.8	
34	Onshore oil/gas development	179.2	645,880.0	
35	Mining/mineral processing	79.8	645,959.8	
36	Onshore oil/gas development	75.3	646,035.1	
37	Onshore oil transmission	45.7	646,080.8	
38	Onshore oil/gas development	41.2	646,122.0	
39	Onshore oil/gas development	30.8	646,152.8	
40	Onshore oil/gas development	16.5	646,169.3	
41	Onshore oil/gas development	16.0	646,185.3	
42	Onshore oil/gas development	9.4	646,194.7	
43	Onshore oil transmission	4.5	646,199.2	
44	Onshore oil/gas development	3.2	646,202.4	
45	Onshore oil/gas development	3.1	646,205.5	
46	Onshore oil transmission	3.1	646,208.6	
47	Onshore oil/gas development	1.7	646,210.3	
48	Onshore oil/gas development	1.6	646,211.9	
49	Manufacturing	1.3	646,213.2	

(6) In adopting a threshold of significance for greenhouse gas emissions from industrial stationary sources, the County finds that a 1,000 $MTCO_2e$/year threshold is low enough to capture a substantial amount of future industrial stationary-source projects, while setting the threshold high enough to intentionally exclude small projects that, in aggregate, will contribute a relatively small amount of cumulative statewide greenhouse gas emissions. A total of 49 industrial stationary sources mostly located within the land-use jurisdiction of Santa Barbara County reported 646,213 $MTCO_2e$ of greenhouse gas emissions to the Santa

Barbara County Air Pollution Control District in 2013. Of this total, 25 sources reported greenhouse gas emissions in excess of 1,000 $MTCO_2e$, accounting for 641,289 $MTCO_2e$, or 99.2 percent of the aggregate greenhouse gas emissions from industrial stationary sources. A threshold of 1,000 $MTCO_2e$ is more appropriate than a zero threshold, because the former will assure that all feasible greenhouse gas mitigation will be implemented for a large majority of emissions, while not resulting in substantial administrative requirements for projects that individually produce only a nominal contribution towards cumulative statewide greenhouse emissions. This capture rate provides a reduction trajectory that is consistent with, or exceeds, the trajectory created by statewide goals, as called for in the CARB's updated scoping plan.[7] This threshold also takes an important step toward achieving the additional emission reductions to achieve the 2050 goal established in Executive Order S 5-03. Additionally, this threshold also takes steps toward meeting Governor Brown's Executive Order B-30-15 establishing "A new interim statewide greenhouse gas emission reduction target to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030 . . . in order to ensure California meets its target of reducing greenhouse gas emissions to 80 percent below 1990 levels by 2050."

(7) A numeric, bright-line threshold of 1,000 $MTCO_2e$/year is specifically tailored to classify the significance of greenhouse gas emissions from future industrial stationary source projects in Santa Barbara County. Projection of future oil and gas development depends mostly on international price trends of oil. Historic trends in permit applications for oil and gas production coincide with ebbs and flows in the price of oil; a stable period of higher oil prices coincides with an increase in permit applications to drill more wells. Additionally, oil and gas production represents the highest emitter of greenhouse gases from stationary sources in the County. If the price of oil increases to levels experienced just a few years ago, there is a high likelihood applications for new or modified oil and gas projects will increase significantly resulting in potentially hundreds of thousands of tons of new greenhouse gas emissions. It is not possible to address and mitigate such greenhouse gas growth with the County's Energy and Climate Action Plan. Future industrial stationary-source projects in Santa Barbara County are not directly addressed by the County's Energy and Climate Action Plan. However, CARB's Scoping Plan includes measures to provide emission reductions from larger industrial sources, including oil and gas production with combustion sources emitting over 25,000 $MTCO_2e$/year, to achieve Assembly Bill 32's target of meeting 1990 emission levels by the year 2020. For smaller, future industrial stationary-source projects in Santa Barbara County, it is appropriate to address such potential greenhouse gas growth with a bright line threshold that can be reasonably and feasibly implemented. In particular, the estimated emissions from oil and gas projects currently in the permit application process or anticipated will cause an estimated 590,921 metric tonnes of greenhouse gas emissions annually (see Table A-2).

[7] *Ibid,* page 113.

Table A-2: Projected Greenhouse Gas Emissions from Pending Permit Applications

Applicant	***Greenhouse Gas Emissions***
Pacific Coast Energy Company	39,709 $MTCO_2e$/year
ERG	265,493 $MTCO_2e$/year
AERA	285,719 $MTCO_2e$/year
TOTAL	590,921 $MTCO_2e$/year

If the price of oil goes up for any reason, additional permit applications are very likely.

(8) The threshold does not apply to GHG emissions that are generated throughout the life cycle of products that a project may produce or consume, except as identified above as a project's indirect emissions. The exemption of "life-cycle" emissions is based on the guidance provided by the California Natural Resources Agency's when it amended the CEQA Guidelines 2009 for purposes of addressing the significance of a project's GHG emissions, as stated in the following two paragraphs:

> "The amendments to Appendix F remove the term ―lifecycle. No existing regulatory definition of ―lifecycle exists. In fact, comments received during OPR's public workshop process indicate a wide variety of interpretations of that term. (Letter from Terry Rivasplata et al. to OPR, February 2, 2009, at pp. 5, 12 and Attachment; Letter from Center for Biological Diversity et al. to OPR, February 2, 2009, at pp. 17.) Thus, retention of the term ―lifecycle in Appendix F could create confusion among lead agencies regarding what Appendix F requires. Moreover, even if a standard definition of the term ―lifecycle existed, requiring such an analysis may not be consistent with CEQA. As a general matter, the term could refer to emissions beyond those that could be considered ―indirect effects of a project as that term is defined in section 15358 of the State CEQA Guidelines.
>
> Depending on the circumstances of a particular project, an example of such emissions could be those resulting from the manufacture of building materials. (CAPCOA White Paper, at pp. 50-51.) CEQA only requires analysis of impacts that are directly or indirectly attributable to the project under consideration. (State CEQA Guidelines, § 15064(d).) In some instances, materials may be manufactured for many different projects as a result of general market demand, regardless of whether one particular project proceeds. Thus, such emissions may not be caused by the project under consideration. Similarly, in this scenario, a lead agency may not be able to require mitigation for emissions that result from the manufacturing process. Mitigation can only be required for emissions that are actually caused by the project. (State CEQA Guidelines, § 15126.4(a)(4).) Conversely, other projects may spur the manufacture of certain materials, and in such cases, consideration of the indirect effects of a project resulting from the manufacture of its components may be appropriate. A lead agency must determine whether certain effects are indirect effects of a project, and where substantial evidence supports a fair argument that such effects are attributable to a project, that evidence must be considered. However, to avoid potential confusion regarding the scope of indirect effects that must be analyzed, the term lifecycle has been removed from Appendix F."[8]

[8] California Natural Resources Agency, *FINAL STATEMENT OF REASONS FOR REGULATORY ACTION – Amendments to the State CEQA Guidelines Addressing Analysis and Mitigation of Greenhouse Gas Emissions Pursuant to SB97,* December 2009,page 71-72.

ATTACHMENT 2

RESOLUTION

RESOLUTION OF THE SANTA BARBARA COUNTY BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF AMENDING THE COUNTY'S ENVIRONMENTAL THRESHOLDS AND GUIDELINES MANUAL TO ADD A THRESHOLD TO DETERMINE THE CUMULATIVE SIGNIFICANCE OF GREENHOUSE EMISSIONS FROM INDUSTRIAL STATIONARY-SOURCE PROJECTS SUBJECT TO ENVIRONMENTAL REVIEW

RESOLUTION NO.: 15 –

WITH REFERENCE TO THE FOLLOWING:

A. The California Natural Resources Agency amended the *Guidelines for the Implementation of the California Environmental Quality Act* in 2009, requiring lead agencies to estimate a project's greenhouse emissions, determine if the project's emissions exceed a threshold, and determine if the project is consistent with a state, regional, or local greenhouse gas reduction plan.

B. In June of 2014, the County Board of Supervisors directed the Planning and Development Department to draft a threshold of significance for greenhouse gas emissions from industrial stationary sources for the Board's consideration.

C. The Planning and Development Department drafted a threshold of significance and, in compliance with the County's *Guidelines for County Guidelines for the Implementation of CEQA* conducted two hearings before the County Planning Commission, whose recommendation was transmitted to the Board of Supervisors.

D. The County Board of Supervisors finds that it is in the public health and safety interest of the residents of the County of Santa Barbara to amend the County's *Environmental Thresholds and Guidelines Manual*, by adding a new Chapter 11, Greenhouse Gas Threshold, and renumbering the current Chapter 11 and all subsequent chapters, beginning with the number 12, as written in Exhibit A to this Resolution.

E. The proposed amendment is consistent with and implements the policies of the Santa Barbara County Comprehensive Plan (including the Coastal Land Use Plan) and Chapter 35, Zoning, of the Santa Barbara County Code (including the Coastal Zoning Ordinance and the Montecito and County Land Use and Development Codes).

NOW, THEREFORE, IT IS HEREBY RESOLVED as follows:

1. The above recitations are true and correct.

2. In compliance with Santa Barbara County's *Guidelines for the Implementation of the California Environmental Quality Act of 1970,* §F.3.b (Process for thresholds amendment and adoption), the Board of Supervisors of the County of Santa Barbara, State of California approves and adopts the aforementioned amendment to the County's *Environmental Thresholds and Guidelines Manual*.

3. The Chair of Board of Supervisors is hereby authorized and directed to sign and certify all documents and other materials in accordance with this Resolution.

PASSED, APPROVED AND ADOPTED this 19th day of May, 2015, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____
JANET WOLF, CHAIR
BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA

ATTEST:

MONA MIYASATO, COUNTY EXECUTIVE OFFICER
CLEAR OF THE BOARD

By _____
Deputy Clerk

APPROVED AS TO FORM:

MICHAEL GHIZZONI
COUNTY COUNSEL

By _____
Deputy County Counsel

Exhibit A

County Environmental Thresholds and Guidelines Manual

11. GREENHOUSE GAS EMISSIONS

Introduction

This chapter provides CEQA lead agencies with a quantitative criterion by which to determine if greenhouse gas (GHG) emissions from applicable industrial stationary sources that are subject to discretionary approval will have a significant cumulative effect on climate change. Among statewide actions to reduce greenhouse gas emissions, the California Natural Resources Agency amended the Guidelines for Implementation of the California Environmental Quality Act (CEQA Guidelines) in 2009. The amendment requires CEQA lead agencies to *"...make a good-faith effort, based to the extent possible on scientific and factual data, to describe, calculate, or estimate the amount of greenhouse gas emissions resulting from a project"* unless the lead agency determines that the project is exempt from CEQA (CEQA Guidelines §15064.4). The amendment further obligates lead agencies to consider if the estimated amount of greenhouse gas emissions from a proposed project exceeds a threshold of significance, and to consider the extent to which the project complies with regulations or requirements adopted to implement a statewide, regional, or local plan for the reduction or mitigation of GHG emissions.

Climate change under CEQA differs from most other types of impacts in that, by definition, it is only examined as a cumulative impact that results not from any one project's GHG emissions, but rather from GHG emissions *"... generated globally over many decades by a vast number of different sources."*[9] Therefore, analysis of a project's GHG emissions under CEQA focuses solely on the incremental contribution of estimated project emissions to climate change. A CEQA lead agency may determine that a project's incremental contribution to an existing cumulatively significant issue, such as climate change, is not significant based on supporting facts and analysis (§15130(a)(2)). CEQA Guidelines direct that a project's contribution to a significant cumulative impact will be rendered less than significant if the project is required to implement or fund its fair share of a mitigation measure designed to alleviate the cumulative impact (§15130(a)(3)). Such determinations must be based on analysis in the environmental document with substantial evidence to demonstrate that mitigation required of a project represents the project's "fair-share" contribution towards alleviating the cumulative impact.

[9] Kostka, Stephen I. and Michael H. Ziechke, *Practice Under California Environmental Quality Act,* Second Edition, Volume 2, (Oakland, CA: 2013, Continuing Education of the BAR, §20.83; California Natural Resources Agency, *Notice of Public Hearings and Notice of {Proposed Amendment of Regulation Implementing the California Environmental Quality Act,* 2009; Hegerl, GC. *et. al,* "Chapter 9: Understanding and Attributing Climate Change," *Climate Change 2007: The Physical Basis,* Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel of Climate Change (Cambridge: Cambridge University Press, 2007.

Threshold for Industrial Stationary Sources

Applicability

- The threshold applies to the following greenhouse gases, per the California Health and Safety Code §38505(g), and any other gas that the California Air Resources Board recognizes as a greenhouse gas in the future: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3). The County recognizes that environmental documents will primarily focus on the first three chemicals, because the latter four are unlikely candidates to be associated with projects subject to this threshold.
- The threshold applies to industrial stationary sources subject to discretionary approvals by the County, where the County is the CEQA lead agency. The County encourages other CEQA lead agencies and NEPA lead agencies to use this threshold, where the County is a CEQA responsible agency for a project.
- The threshold applies to both direct and indirect emissions of greenhouse gases, where protocols to support calculation of such emissions are available.
    - Direct emissions encompass the project's complete operations, including greenhouse gases emitted from a location within California from all stationary and mobile sources, involved in the operation, including off-road equipment, as well as removal of trees and other vegetation.
    - Indirect emissions encompass greenhouse gases that are emitted:
        - To provide the project with electricity, including generation and transmission;
        - To supply the project with water, including water treatment;
        - To transport and treat solid and liquid waste produced from the project's operations and water to the project's operations and the emissions to transport and process solid.
- Construction-related emissions are to be accounted for in the year that they occur.
- The threshold does not apply to greenhouse gases that are emitted throughout the life cycle of products that a project may produce or consume, except as identified above as a project's indirect emissions.
- The threshold does not apply to residential or commercial development.

Quantification of Greenhouse Gas Emissions

- The environmental document shall first quantify and disclose a project's greenhouse gas emissions by individual greenhouse gas and then convert the project's emissions to metric tonnes of carbon dioxide equivalent per year (MTCO2e/year), based on the global warming potential of each gas.
- Renewable energy projects, such as solar and wind projects, may be credited for greenhouse gas emissions that would otherwise be emitted by natural gas-fueled electrical generation, based on consistency with California greenhouse gas reduction strategies to increase statewide reliance on renewable energy.

Numeric Bright-Line Threshold

All industrial stationary-source projects shall be subject to a numeric, bright-line threshold of 1,000 $MTCO_2e$/year to determine if greenhouse gas emissions constitute a significant cumulative impact. Annual GHG emissions that are equivalent to or exceed the threshold are determined to have a significant cumulative impact on global climate change unless mitigated. For the purpose of addressing the potential for unmitigated incremental growth, the combined GHG emissions from one or more previous discretionary permit project approvals after adoption of this threshold will be considered in the environmental review of all subsequent discretionary permit applications that, as determined by the County, constitute separate parts or phases of the previously approved projects, including but not limited to:

- Any series of oil and gas production projects under common ownership or control, including related processing and transport operations that are located within the same State-designated oil field, or represent an expansion of any State-designated oil field.
- Any series of surface mining projects under common ownership or control, including related processing and transport operations, that are located within the same individually designated Surface Mining and Reclamation Act (SMARA) operation, or represent an expansion of any individually designated SMARA operation.

Mitigation

Projects found to result in a significant cumulative impact would be required to reduce their greenhouse gas emissions to the applicable threshold, where feasible, through onsite reductions and/or offsite reduction programs approved by the County.

Periodic Revisions

The Director of Planning and Development shall re-examine this threshold at least every five years to ensure its consistency with evolving GHG reduction progress, plans, targets and regulations. As necessary, the Director will recommend amendments and updates to the Board for consideration.

Relation to County Energy and Climate Action Plan

This threshold represents one of several cohesive efforts undertaken by Santa Barbara County to reduce GHG emissions. Those efforts include the Energy and Climate Action Plan (ECAP), which seeks to reduce countywide emissions by 15 percent below the 2007 baseline emissions inventory by the year 2020. The ECAP constitutes a local GHG reduction plan that, pursuant to CEQA Guidelines §15183.5(b), allows a CEQA lead agency to determine whether a future project's incremental contribution to the cumulative effect of climate is significant or not, based upon compliance with requirements of the reduction plan.

This threshold and the ECAP are intended to complement one another during implementation. Permit approval of future industrial stationary source projects would need to demonstrate compliance with the reduction measures of the ECAP that may be applicable to the project, as

well as mitigation measures to achieve reductions of emissions to a level below the recommended threshold of significance where feasible. Quantifiable measures to reduce a project's GHG emissions in compliance with the ECAP may also count towards GHG reductions under this threshold.

ATTACHMENT 3

NOTICE OF EXEMPTION

TO: Santa Barbara County Clerk of the Board of Supervisors

FROM: Kevin Drude, Deputy Director, Planning and Development Department

The project or activity identified below is determined to be exempt from further environmental review requirements of the California Environmental Quality Act (CEQA) of 1970, as defined in the State and County Guidelines for the Implementation of CEQA.

Case No.: 15ORD-00000-00006

Location: Countywide

Project Title: Greenhouse Gas Threshold of Significance

Project Description: The project entails adoption of a new chapter 11, Greenhouse Gas Threshold, to the County's *Environmental Thresholds and Guidelines Manual.* The project establishes a threshold of 1,000 metric tonnes of carbon dioxide equivalent per year for industrial stationary sources. Any increases in emissions from proposed discretionary development after the effective date of the threshold, that are equivalent to or exceed the threshold is determined to have a significant cumulative impact on global climate change.

Name of Public Agency Approving Project: County of Santa Barbara

Name of Person or Agency Carrying Out Project: Planning & Development Department

Exempt Status:
_____Ministerial
_____Statutory Exemption
_____Categorical Exemption
_____Emergency Project
_____Declared Emergency
__**X**__Other

Cite specific CEQA and/or CEQA Guideline Section: §§15064.7 & 15378

Reasons to support exemption findings:

The adoption of thresholds of significance pursuant to CEQA Guidelines section 15064.7 is not itself a "project" requiring CEQA review, because the CEQA Guidelines, §15064.7, prescribe a process that public agencies must follow to adopt thresholds of significance, and prior CEQA review is not part of the process.

Lead Agency Contact Person: Doug Anthony

Department/Division Representative: Kevin Drude, Deputy Director

Phone #: (805) 568-2519

Date: May 19, 2015

Acceptance Date: _____

Distribution: Hearing Support Staff

Date Filed by County Clerk: _____.

Attachment 4

Santa Barbara County Planning Commission Resolution 15-05

Attachment 5

Planning Commission Staff Memorandum and Staff Report