



September 1, 2011

VIA ELECTRONIC MAIL

Glenn S. Russell, PhD, RPA
Director
Planning & Development Department
County of Santa Barbara
123 E. Anapamu Street
Santa Barbara, CA 93101

Re: Climate Action Study

Dear Dr. Russell:

Thank you for your correspondence dated August 22, 2011. We appreciate the time and effort put forth by you and your staff in order to respond to our comments and questions regarding the County's Draft Climate Action Study, which was released in April 2011 (the "Study"), along with the Baseline and Forecasted GHG Emissions Inventory for the Unincorporated County prepared by Aspen Environmental Group (the "Aspen Report").

As we have been discussing generally over the past several months, we have concerns regarding methodologies and assumptions that were used in connection with the Study. Further, we believe there are certain deficiencies in the Study that may cause it to be considered an unreliable foundation for the Climate Action Plan, which the County ultimately plans to adopt. We strongly urge the County to revisit these issues prior to submitting the Study to the Board of Supervisors and seeking authorization to commence work on the Climate Action Plan.

More specifically, below please find our comments in response to your August 22nd correspondence:

- *Inconsistencies in Inventory Methodology*

We have previously commented that we believe the Aspen Report uses faulty methodology to compare 1990 and 2007 GHG emission inventories because of the inconsistencies in the two approaches. The Study relies on "top-down" inventory for 1990 versus a "detailed" inventory for 2007. Because County emissions were not tracked in 1990, the "top-down" approach uses a state-wide GHG emission inventory that is scaled to County levels based on certain emission models and estimation factors. The "detailed" inventory for 2007 was developed based on reported emissions data compiled by the Santa Barbara County Air Pollution Control District ("SBCAPCD"). We have pointed out that in order to have a meaningful comparison the inventories must be based on similar inputs and analytical methods – i.e. an "apples to apples" approach. We offered a suggestion for how the County might be able to extrapolate a 1990 "detailed"



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inventory using NOx emissions trends. In your August 22nd response, you commented that the “large differences between the detailed and top-down inventories in the 2007 results” show that the top-down method is “highly inaccurate for the unincorporated County and drawing any questions about trends is questionable.”

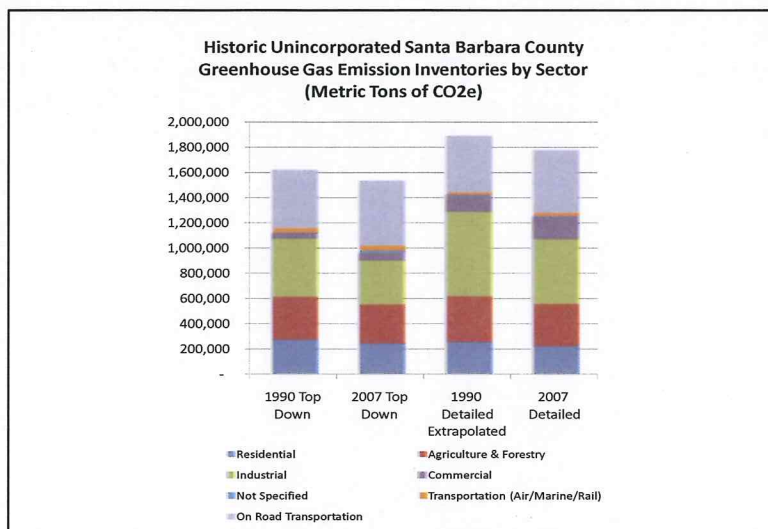
This is exactly our concern. The “large” differences between the top-down 2007 and the detailed 2007 compilations proves that one should not use the top-down 1990 and the detailed 2007 to assess change. Either a 1990 detailed study must be performed or an empirical adjustment is needed to make the comparisons methodologically equivalent. In order to illustrate this point, we have previously delivered to you revised comparisons showing a 1990 detailed study (based on extrapolated figures) as it relates to the 2007 detailed study. *See Tables #1 and #2 below.*

Table #1:

Comparison of 1990 Emissions to 2007				
Table 5 (Modified). GHG Emissions for 1990 and 2007 for the Unincorporated Santa Barbara County.				
Unincorporated County GHG Inventory	1990	2007	1990	2007
Method/Source	Top Down	Top Down	Detailed Extrapolated	Detailed
Residential	272,171	239,518	250,364	220,327
Agriculture & Forestry	345,145	314,380	373,911	340,582
Industrial	457,383	349,425	663,654	507,009
Commercial	42,270	59,795	131,944	186,647
Not Specified	6,441	18,919	-	-
Transportation (Air/Marine/Rail)	36,143	39,374	27,205	29,637
On Road Mobile	463,498	516,407	445,508	496,363
Total	1,623,051	1,537,818	1,892,585	1,780,565

Note: 1990 extrapolated details obtained by multiplying the 1990 Top Down by the ratio of 2007 Detailed to 2007 Top Down.

Table #2:



Consistent with the top-down analysis, the above Tables show that an “apples to apples” comparison of the detailed 1990 and 2007 emissions inventories support a finding that *the overall GHG emissions in the County have decreased.*

- *Reduction in Criteria Pollutants is Relevant*

Next, with respect to the relationship between GHG emissions and criteria pollutants (e.g. NOx and ROG), you indicated you have found “little correlation” between the two and, consequently, any such reductions in criteria pollutants are “inadequate for comparing GHG emission trends over time.”

We disagree and offer the following example:

In 1990, the ROG emissions in tons per year for “Petroleum Process, Storage, & Transfer:	2,759.49
In 2007, the ROG emissions in tons per year for “Petroleum Process, Storage, & Transfer:	973.84
Total reductions in tons/year:	1,785.65

This dramatic reduction was caused by the adoption and implementation of the following SBCAPCD ROG control rules:

- Rule 325: Crude Oil Production and Separation
- Rule 326: Storage of Reactive Organic Compounds
- Rule 331: Fugitive Emissions Inspection and Maintenance
- Rule 343: Petroleum Tank Degassing
- Rule 344: Petroleum Sumps, Pits, and Well Cellars
- Rule 346: Loading of Organic Liquid Cargo Vessels

The reductions were the result of inspection and repair of leaks on fugitive emission components, vapor recover at 95% efficiency on tanks and process streams, and returning the gas into service. It should be noted, however, that most of the natural gas streams captured as a result of the implementation of the above rules contain very little ROG (e.g. propane C3 and other hydrocarbons C4 and above). The majority of the constituents in these gas streams is methane and carbon dioxide (CO₂). It necessarily follows that the control of these gas streams through vapor recovery, fugitive gas leak inspection and repair programs also controls and reduces GHG emissions. This means there is a direct correlation to reductions in ROG to GHG, and such trends are appropriate to estimate GHG commissions for purposes of determining 1990 levels.

- *Increase in Enhanced Oil Recovery*

As indicated in Table #2 above, our analysis shows that industrial GHG emissions have decreased by approximately 24% between 1990 and 2007. Thus, we find your comments regarding the increase in enhanced oil recovery and gas/water injection rates in the County to be interesting. We spoke with the local representative for the Division of Oil, Gas & Geothermal Resources (“DOGGR”) and she was unable to verify this information using the records that DOGGR maintains. Accordingly, we request that you share the underlying data which you are relying upon to support these statements so that we may compare with our information and DOGGR’s data.

- *Failure to Include State Emissions Reductions*

As you acknowledge in your August 22nd letter, we have also raised concerns about the Study’s failure to include all relevant reduction measures that will be realized through implementation of the AB 32 Scoping Plan. In calculating the amount of reductions that are necessary in Santa Barbara County in order to meet CARB’s recommended target of 15% below 2007 baseline emissions, the County properly takes into account State reductions that be realized in the County as the result of AB 32 in the area of land use and SB 375 (vehicle emissions). Table 11 in the Study demonstrates that implementation of those measures alone will result in a 19.6% reduction in emissions from the Santa Barbara County 2020 Forecast. This leaves a gap of 1.5% (or 29,319 MTCO₂e) of

emissions reductions to meet the recommended goal of 15% below 2007 emissions. The Study fails, however, to recognize that several other reductions will be realized by AB 32, including, among other items, Cap-and-Trade (approximately 22 MMTCO_{2e}) and High Global Warming Potential Gas Measures (approximately 20 MMTCO_{2e}). The recognition of these sources of reductions alone will likely satisfy 100% of the County's obligations in order to meet the recommended goal of 15% of 2007. Therefore, in order to develop a meaningful threshold that does not unduly burden businesses and cause the County even more economic harm, we believe it is imperative for the County to quantify and apply all applicable reductions. We understand you are still looking into this issue in coordination with the APCD and look forward to receiving your response on this issue.

In addition to the foregoing, we also had the following general comments regarding the Study:

- *Growth Rate Assumptions*

The Aspen Report referred to several growth projection documents including SBCAG Regional Forecast, Caltrans Forecast and the CA Department of Finance Forecast. Based on these reports, it estimated that the average growth rate for Santa Barbara County for the next 25 years will be 0.6% per year. According to the Aspen Report, this means the County is expecting to permit in excess of 23,000 homes/units by 2035 within the unincorporated and incorporated areas. Based on the recent and foreseeable future economic challenges facing the County and the State, we believe it is more reasonable for the County to use a less aggressive growth rate of 0.3% a year. At a minimum, the Study (and eventual Climate Action Plan) should contain two growth scenarios so there will be a good comparison for slower grow versus the higher growth rate in the County.

The use of a slower growth rate would be consistent with CARB's recent update of its business-as-usual ("BAU") emissions projections due to the downturn in the economy. The original 2020 emissions baseline used in the 2008 Scoping Plan was 596 MMTCO_{2e}. This estimate of statewide 2020 emissions was developed using pre-recession data and reflects GHG emissions expected to occur in the absence of any reduction measures in 2010. CARB staff re-evaluated the baseline in light of the economic downturn and updated the projected 2020 BAU emissions to 507 MMTCO_{2e}. *See Supplement to the AB 32 Scoping Plan Functional Equivalent Document dated June 13, 2011.* Accordingly, the amount of reductions now necessary in order to reduce statewide emissions to the AB 32 Target of 427 MMTCO_{2e} by 2020 has been reduced from 174 MMTCO_{2e} to 80 MMTCO_{2e}. As one of the main purposes of the Study is to "set a framework for the County to comply with goals and requirements of AB 32," these changes at the state-level should be factored in to the reductions necessary within the County.

In closing, I want to restate our appreciation for the effort you and your staff continue to make responding to our concerns related to deficiencies in the Study. Given the very real implications to our local economic well-being that will be impacted by Santa Barbara County's approach to reducing GHG emissions, it is essential the Climate Action Plan be based on the most sound

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findings possible. Defining the current and future problem as accurately as we can is foundational to limiting severe unintended consequences to our quality of life, which is directly dependent on the ability to maintain and grow our businesses.

We trust you share this view and will continue to work with us and the rest of the business community to "get it right" before the County's Climate Action Plan is finalized.

Respectfully,

A handwritten signature in blue ink that reads "Bob Poole" followed by a small flourish or initials.

Bob Poole
Public and Government Affairs Manager
Santa Maria Pacific, LLC

cc: Board of Supervisors
Dave Van Mullem, Control Officer Santa Barbara County Air Pollution Control District
Chandra L. Waller, County Executive Officer