South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

Subject: **NOTICE OF PREPARATION OF A DRAFT PROGRAM ENVIRONMENTAL ASSESSMENT**

Project Title: **PROPOSED AMENDED RULE 1309.1 - PRIORITY RESERVE**

In accordance with the California Environmental Quality Act (CEQA), the South Coast Air Quality Management District (SCAQMD), as the Lead Agency, has prepared this Notice of Preparation (NOP) and Initial Study (IS). This NOP/IS serves two purposes: 1) to solicit information on the scope of the environmental analysis for the proposed project, and 2) to notify the public that the SCAQMD will prepare a Draft Program Environmental Assessment (PEA) to further assess potential environmental impacts that may result from implementing the proposed project.

This letter, NOP and the attached IS are not SCAQMD applications or forms requiring a response from you. Their purpose is simply to provide information to you on the above project. If the proposed project has no bearing on you or your organization, no action on your part is necessary.

Comments focusing on issues relative to the environmental analysis for the proposed project should be addressed to Mr. Michael Krause (c/o Planning/CEQA) at the address shown above, or sent by FAX to (909) 396-3324 or by e-mail to mkrause@aqmd.gov . Comments must be received no later than 5:00 PM on April 24, 2007. If submitting comments, please include your name and phone number. Questions relative to the rule amendments should be directed to Mr. Shams Hasan at (909) 396-2338.

The Public Hearing for the proposed amendments is scheduled for July 13, 2007 (subject to change).

Date: March 23, 2007 **Signature:** Steve Smith

Steve Smith, Ph.D.
Program Supervisor

Reference: California Code of Regulations, Title 14, Sections 15082 and 15375

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
21865 Copley Drive, Diamond Bar, CA 91765-4182

NOTICE OF PREPARATION OF A DRAFT PROGRAM ENVIRONMENTAL ASSESSMENT

Project Title:

Initial Study: Proposed Amended Rule 1309.1 - Priority Reserve

Project Location:

South Coast Air Quality Management District: the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties) and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

The program to be considered in the current and future proposed amendments to Rule 1309.1 include providing temporary access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts for new electric generating facilities (EGF) with applications deemed complete between 2005 and 2008 provided they pay the appropriate mitigation fee and meet all the other rule requirements. Further, EGF projects downwind to the district in non-attainment areas would be able to access SCAQMD's Priority Reserve VOC account. Future amendments currently under consideration would allow certain energy projects access to the Priority Reserve provided they pay the appropriate mitigation fee and meet all the other rule requirements. Future amendments also being considered would allow biosolids processing facilities, which were not previously allowed to access, to qualify for permanent access to the Priority Reserve and would not be subject to mitigation fee requirements. The potential adverse air quality impact from the proposed amendments could exceed significance if the mitigation fees collected to fund emission reduction projects are unable to produce emission reductions in an amount equal to the amount of credits used by newly eligible projects. In addition, this potential shortfall of emission reductions is expected to exceed the SCAQMD's PM10, SOx and CO daily operational significance thresholds.

Lead Agency:	**Division:**
South Coast Air Quality Management District	Planning, Rule Development and Area Sources

Initial Study and all supporting documentation are available at:	**or by calling:**	**Initial Study is available by accessing the SCAQMD website at:**
SCAQMD Headquarters 21865 Copley Drive Diamond Bar, CA 91765	(909) 396-2039	http://www.aqmd.gov/ceqa/aqmd.html

The Public Notice of Preparation is provided through the following:

☑ Los Angeles Times (March 23, 2007) ☑ SCAQMD Website ☑ SCAQMD Mailing List

Initial Study Review Period:

March 23, 2007 – April 24, 2007

Scheduled Public Meeting Dates (subject to change):

SCAQMD Governing Board Hearing: July 13, 2007

Send CEQA Comments to:	**Phone:**	**Email:**	**Fax Number:**
Mr. Michael Krause	(909) 396-2706	mkrause@aqmd.gov	(909) 396-3324
Direct Questions on Amendments:	**Phone:**	**Email:**	**Fax Number:**
Mr. Shams Hasan	(909) 396-2338	shasan@aqmd.gov	(909) 396-3324

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Initial Study:

Proposed Amended Rule 1309.1 - Priority Reserve

March 23, 2007

SCAQMD No. 070323MK

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

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INTRODUCTION

The California Legislature created the South Coast Air Quality Management District (SCAQMD) in 1977[1] as the agency responsible for developing and enforcing air pollution control rules and regulations in the South Coast Air Basin (Basin) and portions of the Salton Sea Air Basin and Mojave Desert Air Basin, collectively referred to as the district. By statute, the SCAQMD is required to adopt an air quality management plan (AQMP) demonstrating compliance with all federal and state ambient air quality standards for the district[2]. Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP[3]. The Draft 2007 AQMP concluded that further reductions in emissions of volatile organic compounds (VOCs), oxides of nitrogen (NOx), sulfur oxides (SOx), and particulate matter less than 2.5 microns (PM2.5) are necessary to attain the state and federal air quality standards for ozone and PM2.5.

As part of the strategy to achieve all ambient air quality standards, federal and state laws require the development and implementation of air quality permitting programs, commonly known as New Source Review (NSR) programs. Local NSR programs must, at a minimum, comply with the following general requirements: (1) pre-construction review; (2) the installation of best available control technology (BACT); and, (3) the offsetting of emission increases by providing emission reductions or purchasing emission reductions credits (ERCs). To help implement the third NSR requirement, the SCAQMD Governing Board approved amendments to Rule 1309.1 on September 8, 2006, allowing electric generating facilities (EGF) temporary access to the Priority Reserve providing EGFs ERCs that were in short supply. The intent of these amendments was to enable the EGFs to provide electricity to minimize the possibility of rolling blackouts, thus, reducing the use of diesel-fired electric power generation. These amendments were approved relying upon a statutory exemption from CEQA pertaining to actions relating to thermal power plants. After adoption by the Board, a number of environmental groups and communities filed a lawsuit challenging the use of the exemption. The SCAQMD moved to dismiss that portion of the lawsuit challenging the use of the exemption. The Superior Court ruled against the SCAQMD on the dismissal request but has not provided a final ruling with regards to the use of the CEQA exemption. Depending on the final outcome, the September 2006 Rule 1309.1 amendments could be overturned. To minimize potential delays in accessing the Priority Reserve by EGF operators, this program environmental assessment is being prepared to address the concerns raised by re-analyzing the previous amendments, which are considered to be replaced by the

[1] The Lewis-Presley Air Quality Management Act, 1976 Cal. Stats., ch 324 (codified at Health & Safety Code, §§40400-40540).
[2] Health & Safety Code, §40460 (a).
[3] Health & Safety Code, §40440 (a).

current proposed amendments, as well as consider other future eligible projects and conditions for eligibility not considered by the Board in September 2006.

As stated to the Governing Board in September, the reasons for the proposed amendments are to address future projected shortages of electric generating capacity in the district that could begin as early as the summer of 2007. To address future projected shortfalls in electric energy generating capacity, it is necessary to build additional EGFs. To build new EGFs operators are subject to NSR offset requirements. However, there is a limited supply of PM10 and SOx ERC offsets available in the open market at this time. Because electric power is critical for residences, businesses, maintaining essential public services and for the operation of clean air technologies, the SCAQMD is proposing to make ERCs available to EGF operators by allowing them access to available ERCs in the Rule 1309.1 Priority Reserve accounts.

To address potential shortfalls in the availability of ERCs on the open market, the SCAQMD is proposing a program of current and future amendments to Rule 1309.1 that would allow limited access to the SCAQMD's Rule 1309.1 Priority Reserve accounts. The currently proposed amendments to Rule 1309.1 would re-evaluate the amendments to Rule 1309.1 that were adopted in September 2006 and also address concerns raised by the Governing Board at that time. The currently proposed amendments to Rule 1309.1 will provide access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts for new EGFs with applications deemed complete between 2005 and 2008, provided they have met all other requirements and paid the appropriate mitigation fees.

The district will be subdivided into three zones based on average PM2.5 concentration observed for years 2003 through 2005 and are used to define the criteria for eligibility to access the Priority Reserve and/or to determine the amount of the mitigation fee for the Priority Reserve credits. These EGFs will also be subject to environmental justice criteria that would affect siting in those areas already disproportionately impacted by existing pollution sources. EGFs proposing to be located in an area of disproportionate air pollution impacts or in Zone 3 and requesting access to the Priority Reserve will be limited to 635 megawatts (MW) of power generation and required to pay a higher mitigation fee. Maps of the zones and the "environmental justice areas" (EJA) in the district can be found in PAR 1309.1 in Appendix A. EGFs located in Zone 3 or in an EJA shall be required to demonstrate that the cancer risk from the EGF is less than one in a million; non-cancer risk Hazard Index (HI) is less than or equal to 0.5; and the cancer burden is less than or equal to 0.1.All eligible EGFs will be required to investigate and document the availability of renewable energy plans as an alternative to the project.

PAR 1309.1 would also allow EGF projects downwind to the district in non-attainment areas to access SCAQMD's Priority Reserve VOC account provided the

ERCs withdrawn do not cumulatively exceed 5,000 pounds per day, an appropriate mitigation fee is paid, and the request is received before January 1, 2009.

The program currently under consideration that would allow access to the Rule 1309.1 for certain projects in addition to public service facilities also includes the following components to be considered as future amendments to Rule 1309.1. Energy projects of regional significance (EPRS) to enhance the import of natural gas or crude oil may also be given access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts provided they have met all other requirements and paid the appropriate mitigation fees. Also considered part of the program under consideration is a future amendment to add publicly owned biosolids treatment/processing facilities to the existing definition of an essential public service, thus, allowing permanent access to the Priority Reserve without payment of a mitigation fee. However, only the amendments related to EGFs are included in the current rule amendment proposal. The remainder of the projects covered by this PEA will be brought forth at a later date.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The proposed amendments to Rule 1309.1 are a "project' as defined by the California Environmental Quality Act (CEQA) Guidelines §15378. California Public Resources Code §21080.5 allows public agencies with regulatory programs to prepare a plan or other written document in lieu of an environmental impact report once the Secretary of the Resources Agency has certified the regulatory program. The SCAQMD's regulatory program was certified by the Secretary of the Resources Agency on March 1, 1989, and is codified as SCAQMD Rule 110.

CEQA requires that the potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid significant adverse environmental impacts of these projects be identified. To fulfill the purpose and intent of CEQA, the SCAQMD has prepared this Initial Study (IS) to identify potential adverse environmental impacts associated with amending Rule 1309.1 that will be further analyzed in a Draft Program Environmental Assessment (PEA).

The purpose of the IS is to provide the SCAQMD as lead agency with the information to use as the basis for deciding whether to prepare a CEQA document with significant impacts (EIR equivalent) or a CEQA document with no significant impacts (negative declaration equivalent). If the lead agency decides, on the basis of preparing an IS, that an EIR or EIR-equivalent CEQA document is warranted, the IS assists in the preparation of the CEQA document by focusing on the effects determined to be significant, identifying effects not significant, and explaining the reasons for determining why potentially significant effects would not be significant. The SCAQMD has concluded that PAR 1309.1 has the potential to generate

significant adverse environmental impacts. Therefore, this IS, along with a notice of preparation (NOP) is being circulated for a 30-day public review period to solicit comments from public agencies and the public in general on potential impacts from the proposed project. All comments received during the public comment period on the NOP/IS will be responded to and included in the Draft PEA.

CEQA includes provisions for program CEQA documents in connection with issuance of rules, regulations, plans, or other general criteria to govern the conduct of a continuing program, including adoptions of broad policy programs as distinguished from those prepared for specific types of projects (e.g., land use projects) (CEQA Guidelines §15168). The EA for the proposed project is a PEA because it examines the environmental effects of more than one proposed rule amendments intended to be promulgated as part of a continuing ongoing regulatory program.

A PEA allows consideration of broad policy alternatives and program-wide mitigation measures at a time when an agency has greater flexibility to deal with basic problems of cumulative impacts. A PEA also plays an important role in establishing a structure within which CEQA reviews of future related actions can effectively be conducted. This concept of covering broad policies in a PEA and incorporating the information contained therein by reference into subsequent EAs for specific projects is known as "tiering" (CEQA Guidelines §15152). A PEA will provide the basis for future environmental analyses and will allow future project-specific CEQA documents, if necessary, to focus solely on the new effects or detailed environmental issues not previously considered. If an agency finds that no new effects could occur, or no new mitigation measures would be required, the agency can approve the activity as being within the scope of the project covered by the PEA and no new environmental document would be required (CEQA Guidelines §15168(c)[2]).

The degree of specificity required in a CEQA document corresponds to the degree of specificity involved in the underlying activity described in the CEQA document (CEQA Guidelines §15146). A CEQA document on a construction project will necessarily be more detailed in specific effects of the project than will be a CEQA document on the adoption of a local general plan…because the effect of a construction project can be predicted with greater accuracy (CEQA Guidelines §15146(a)). Because the level of information regarding some potential impacts related to the siting and consideration of future projects is relatively general at this time, the environmental impact forecasts of cumulative impacts from these projects are also general or qualitative in nature. In certain instances, such as future construction and operation of affected facilities, impacts are quantified or modeled to the degree feasible.

PROJECT LOCATION

PAR 1309.1 would apply to the SCAQMD's entire area of jurisdiction. The SCAQMD has jurisdiction over an area of 10,473 square miles (referred to hereafter as the district), consisting of the four-county South Coast Air Basin (Basin) and the Riverside County portions of the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB). The Basin, which is a subarea of the SCAQMD's jurisdiction, is bounded by the Pacific Ocean to the west and the San Gabriel, San Bernardino, and San Jacinto Mountains to the north and east. The 6,745 square-mile Basin includes all of Orange County and the nondesert portions of Los Angeles, Riverside, and San Bernardino counties. The Riverside County portion of the SSAB and MDAB is bounded by the San Jacinto Mountains in the west and spans eastward up to the Palo Verde Valley. The federal nonattainment area (known as the Coachella Valley Planning Area) is a subregion of both Riverside County and the SSAB and is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley to the east (Figure 1-1).

PAR 1309.1 also includes a provision that would allow access to VOC ERCs in the Priority Reserve by operators of EGFs located in areas outside of and downwind of the district. Downwind areas include, for example, the Mojave Desert Air Basin and the Antelope Valley in northern Los Angeles County (Figure 1-1).

PROJECT BACKGROUND

New Source Review

Federal and state laws require the development and implementation of NSR programs to ensure that the operation of new, modified, or relocated stationary emission sources in nonattainment areas does not interfere with the attainment and maintenance of California and national ambient air quality standards (CAAQS and NAAQS). Local NSR programs must, at a minimum, comply with the requirements established pursuant to federal and state law, which include: (1) pre-construction review; (2) the installation of BACT; and, (3) the offsetting of emission increases by providing emission reductions or purchasing ERCs. The SCAQMD originally adopted its NSR program in 1976. U.S. EPA approved the SCAQMD's NSR program into the California State Implementation Plan (SIP) initially on January 21, 1981, and adopted subsequent amendments to the NSR program into the SIP on several occasions since December 4, 1996.

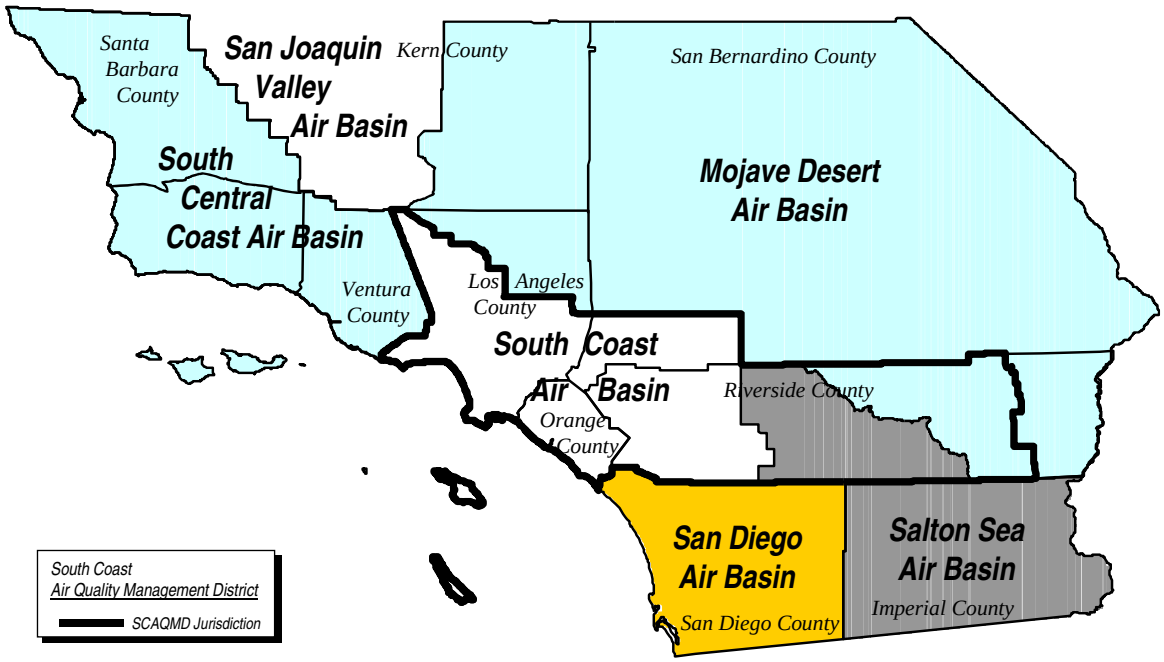

FIGURE 1-1

South Coast Air Quality Management District

NSR Tracking

The SCAQMD's NSR tracking system provides an accounting system that identifies the sources of ERCs including orphan shutdowns, surplus reductions, BACT discount of ERCs and previous NSR balances; the accounts that these ERCs are allocated to include Rule 1304 exemptions and the priority reserve. The Rule 1309.1 priority reserve was established to provide ERCs for specific priority sources, including essential public services, innovative technology and research operations.

Essential public services include sewage treatment facilities, prisons, police facilities, fire fighting facilities, schools, hospitals, landfills, water operations and public transit. To qualify to draw from the priority reserve bank of credits, an essential public service must provide all required offsets available by modifying sources at the same facility to best available retrofit control technology (BARCT) levels or demonstrate that no sources within the facility could be modified to BARCT levels to provide offsets.

According to the current Rule 1309.1, the Priority Reserve is funded quarterly on March 31, June 30, September 30 and December 31. The amounts of this funding do not exceed the amounts listed in Table 1-1.

TABLE 1-1

Priority Reserve Allocations

Air Contaminant	**Quarterly Allocation** (pounds per day)
Volatile Organic Compounds	500
Nitrogen Oxides (NO_x)	250
Sulfur Dioxide (SOx)	60
Particulate Matter (PM10)	125
Carbon Monoxide (CO)	250

The SCAQMD prepares an annual report which focuses on the supply and demand for creditable emission reductions and required offsets for sources that the SCAQMD has taken responsibility to provide offsets (i.e., priority reserve, etc.). The information in that report is derived from the SCAQMD's NSR tracking system, with the most recent report presented to the SCAQMD's Governing Board on February 2, 2007. The balance of creditable emission reductions available for future compliance with Federal offset requirement is listed in Table 1-2.

TABLE 1-2

NSR Balance (for activity between August 2002 – Projected December 2007)

Source	**VOC** (lbs/day)	**NO_x** (lbs/day)	**SOx** (lbs/day)	**CO** (lbs/day)	**PM10** (lbs/day)
Previous NSR Balance	137,400	57,680	21,440	15,680	15,360
Credits Received (from orphan shutdowns, surplus reductions and other discounts of ERCs)	68,870	23,280	5,598	26,663	15,279
Offsets Used (by Rule 1304 exemptions/adjustments[4] and priority reserve)	- 5,743	-7,516	-178	-17,765	-2,616
Surplus Adjustment	-20,580	-14,960	-6,300	0	-200
Unused Initial Balances	-43,040	-9,040	-14,840	0	0
NSR Balance (previous balance + creditable reductions – increases)	**136,907**	**49,444**	**5,720**	**24,578**	**27,823**

Source: NSR Status Report, Table 1, 2 and 3 – Final Determinations of Equivalency for SCAQMD's Federal Offset Accounts (SCAQMD, February 2, 2007 Governing Board Public Hearing Agenda No. 37)

[4] Several offset exemptions are provided in Rule 1304 and are either beneficial to the environment or driven by severe economic needs.

Background on Projects Affected by the Proposed Amendments

California's growth in demand for natural gas as fuel for electricity generation is the reason California consumes a significant share of the world's natural gas supplies. In the future, natural gas prices can be expected to continue increasing unless demand is lowered or imports increase to boost available supplies.

The California Energy Commission (CEC) staff report, "California Natural Gas Assessment Update" (CEC-600-2005-003, February 2005) made the following key observations and conclusions regarding natural gas usage:

- About 85 percent of natural gas used in California is imported.
- Natural gas used for electricity generation is the largest contributor to the state's growing demand at a rate of one percent per year.
- California's population continues to grow and most new homes and buildings have air conditioning and natural gas heating. Natural gas is burned by electricity generating equipment in summer to meet peak electrical demand for air conditioning and in space heating equipment in winter.
- Natural gas prices in 2004 were double what they were in 2002 and earlier years.
- Fast-growing western states such as Nevada, Arizona and New Mexico are competing with California for natural gas supplies.
- Existing sources of natural gas supply are located in resource basins that are maturing and remaining resources are now in smaller natural gas fields that deplete more quickly resulting in the need to drill more wells more frequently.
- Options to increase supply include increased drilling of more expensive natural gas resources, including unconventional resources and those in Arctic North America. These resources, however, do not represent near-term solutions, because they will require technological drilling advances and the construction of major new interstate pipelines, respectively.
- State energy policy puts an emphasis upon reducing natural gas demand and dependence upon natural gas-fired electricity generation through natural gas energy efficiency and distributed generation programs. In addition, the state has committed to increase the proportion of electricity sold in the state that is produced by renewable energy technologies.

Electric Generating Facilities (EGFs)

In order to avoid the type of energy crisis California experienced during years 2000 and 2001, it is critical to increase future energy production to meet the increasing demand and provide supply reliability. Large thermal power plants built recently in California are fueled by natural gas because natural gas is considered BACT for all pollutants and is more cost effective compared to other fossil-fueled generation technology.

In-District EGFs

Power plants, including "peaker" plants, are currently being proposed to be constructed in southern California totaling a maximum additional production of approximately 5,000 megawatts (MW) of electricity. In order to process the permits for the equipment needed to operate these projects, emission offsets will be necessary in accordance with the requirements of SCAQMD's Rule 1303 or Rule 2005 (NSR for RECLAIM sources).

Table 1-3 shows the currently proposed in-district EGFs based on information currently available to the SCAQMD staff that may take advantage of accessing the Priority Reserve, their proposed locations, project capacities and estimated PM10, SOx, and CO emissions if operating at permitted capacity. Table 1-3 also shows the projected amount of emissions from 5,000 MW that would need to be offset to comply with NSR offset requirements before permits could be approved. It should be noted that the amount of offset is based on the maximum daily emissions allowed by the air quality permit. The annual average operating capacity is much lower (i.e., 35 pecent), especially for "peaker" plants.

TABLE 1-3

Proposed Known In-District EGFs Estimated to be Potentially Eligible to Access the Priority Reserve

Proposed In-District EGFs	Proposed Location	Project Capacity	PM10 (lbs/day)	SOx (lbs/day)	CO (lbs/day)	Zone[1]
AES Highgrove[2]	12700 Taylor St, Grand Terrace	300 MW	294	30	726	3
Carson Hydrogen Power Project[3]	1801 E Sepulveda Blvd, Carson	500 MW	603	9	365	1
Competative Power Ventures LLC, Ocotillo[3]	17000 Diablo Rd, North Palm Springs	850 MW	741	74	0 (attainment)	1

TABLE 1-3 (CONCLUDED)

Proposed Known In-District EGFs Estimated to be Potentially Eligible to Access the Priority Reserve

Proposed In-District EGFs	Proposed Location	Project Capacity	PM10 (lbs/day)	SOx (lbs/day)	CO (lbs/day)	Zone[1]
El Segundo Repower-Dynegy/NRG[2]	301 Vista del Mar, El Segundo	630 MW	353	0	0	1
Reliant Energy LLC[3]	8996 Etiwanda Ave, Etiwanda	600 MW	545	58	458	3
Riverside Energy Resource – City of Riverside[3]	5950 Acorn Avenue, Riverside	100 MW	100	10	248	3
Sun Valley[2]	29500 Rouse Rd, Romoland	500 MW	463	46	1240	1
Vernon Power Plant - City of Vernon[2,4]	3200 Fruitland Ave, Vernon	943 MW	857	91	720	2
Walnut Creek[2]	911 Bixby Dr, City of Industry	500 MW	463	46	1240	2
	TOTAL	**4,923 MW**	**4,419**	**364**	**4,997**	

1. A map of proposed zones can be found in PAR 1309.1 Appendix A
2. Permit application submitted to the SCAQMD
3. No permit application submitted yet to the SCAQMD
4. This EGF is located in an EJA and, thus, currently exceeds the proposed allowable capacity of 635 MW.

Notwithstanding Rule 1303 (b)(4), PAR 1309.1 (c)(6) would require EGFs using ERCs from the Priority Reserve to purchase offset emissions at a ratio of one to 1.2. This offset ratio is based on 30-day average emissions from power plant equipment (turbines and boilers with selective catalytic reduction (SCR) air pollution control equipment, standby generators and emergency fire engine pumps) for permits currently being processed by the SCAQMD. Using the projected emissions generated by 5,000 MW, Table 1-4 shows the estimated amount of ERCs that would be needed by EGFs to satisfy the offset ratio required by Rule 1309.1 (c)(6).

TABLE 1-4

Estimated Emissions Offset Requirements for Emissions From Power Plant Projects Totaling 5,000 MW*

Criteria Pollutant	Emissions Needing to be Offset (pounds per day)	ERC Offset Ratio Needs (1.0 to 1.2) (pounds per day)
CO	4,997	5,996
PM10	4,419	5,303
SOx	364	437

* Assuming the 30-day average emissions are the same as the daily permitted levels for the purpose of Rule 1303(b)(4) requirements.

EGF Projects Located In Downwind Air Basin

For the same reasons noted above under "Energy Production," new power plants are expected to be constructed in other areas of California to avoid the energy crisis California experienced during years 2000 and 2001. Air basins located downwind of the district are having difficulties siting EGFs because, as air agency representatives have indicated, they have a chronic shortage of NOx ERCs that would be needed for offsets pursuant to local NSR requirements. In the currently proposed amendments, EGFs in downwind basins would be provided an opportunity to purchase VOC credits from the Priority Reserve which, subject to certain conditions, may be utilized to offset other criteria pollutant emissions, such as NOx, by use of the inter-pollutant credit trading mechanism. Existing state law provides for the transfer and use of inter-basin credits. Table 1-5 lists the currently proposed downwind air basin EGFs eligible to access the Priority Reserve in accordance with the proposed amendments.

TABLE 1-5

Proposed Known Downwind Air Basin EGFs Estimated to be Potentially Eligible to Access the Priority Reserve

Downwind EGFs	Location	Project Capacity	VOC (lbs/day)
City of Palmdale	SE intersection Sierra Highway and Ave M, Palmdale	550 MW	< 5,000
City of Victorville	NE intersection Colusa Rd & Helendale Rd, Victorville	550 MW	

< is "less than."

Energy Projects of Regional Significance (EPRS)

The following projects are described herein because they are under consideration for access to the Priority Reserve ERCs as part of future amendments to Rule 1309.1.

Liquefied Natural Gas

Importing liquefied natural gas (LNG) is one means of satisfying California's future projected growth in demand for natural gas. LNG is natural gas cooled and condensed into a liquid. It is mostly methane with small amounts of ethane, propane and other liquefied petroleum gases and is generally handled at slightly above atmospheric pressure, which requires a very low temperature. In order to keep natural gas in a liquid state, LNG must be refrigerated to minus 260 degrees Fahrenheit. LNG supplies come primarily from locations where large gas discoveries have been made, such as Algeria, Trinidad, Venezuela, Nigeria, Norway, Qatar, Oman and Australia. Some LNG is produced in Alaska as well. Today there are 113 active LNG facilities spread across the United States, with a higher concentration of them in the northeastern states. There are currently three LNG import terminals under consideration off the coast of southern California that would supply LNG to the district (Table 1-6). One known LNG project in the region is the SES project which, based on publicly available information, has been legally challenged so the future status of this project is unknown.

Crude Oil

After crude oil is extracted from the earth's subsurface, it is transported, stored and distributed to local refineries which, in turn, process the crude into usable products such as gasoline and diesel fuel to power combustion equipment, plastics, and asphalt paving material. As production from the main sources of crude oil for the southern California region, namely California and Alaska, has declined, marine-delivered crude oil imports from overseas have increased over the past few years and currently represent more than 40 percent of the total crude oil refined in southern California. Currently crude oil is imported from a variety of worldwide sources, including the Middle East and Latin America[5]. Both California and Alaska crude oil production are expected to continue to decline and, as a result, crude oil imports are expected to keep increasing.

Locally, various companies transport the crude oil via marine vessels into the ports and then to refineries through pipeline, tanker trucks and/or rail. Currently, the storage of crude oil arriving at the ports is considered inadequate to accommodate the anticipated volume so there is a proposal to construct a new crude oil import/offloading facility at the Port of Los Angeles. The new equipment at the site

[5] "Outlook for Crude Oil in California" (Baker & O'Brien Inc., May 2005)

will be subject to NSR requirements and will likely require emission offsets. The project is considered critical in enhancing the import capacity of crude oil into southern California. New storage capabilities and pumping equipment will allow quick and efficient oil offloading, which will reduce the time a vessel remains in port, thereby minimizing emissions from the transporting vessel. Once offloading is completed, the vessel will leave the berth. New underground pipelines connected to local refineries and other existing pipeline distribution systems will carry the product away from the terminal site.

Table 1-6 lists currently proposed energy projects of regional significance (EPRS) currently that would likely be eligible to access the Priority Reserve in accordance with the proposed amendments. Projects listed in Table 1-6 are currently in various stages of siting permits so, not all projects would be constructed. Future projects could be eligible to access the Priority Reserve if meeting the proposed rule requirements. For the purpose of the CEQA analysis, all known projects are included.

TABLE 1-6

Proposed Known EPRSs Estimated to be Potentially Eligible to Access the Priority Reserve

Proposed EPRSs*	**Proposed Location**	**Project Capacity**	**PM10** (lbs/day)	**SOx** (lbs/day)	**CO** (lbs/day)
Esperanza LNG Receiving Terminal	Potential sites up to 12 miles offshore of Long Beach area	500 - 1000 Mcf/d	61	322	122
Pacific LA Marine Terminal LLC Crude Oil Receiving Facility	Pier 400; tanks on Terminal Island; pipeline between berth, tanks and existing pipeline system.	250,000 barrels/day	15	155	107
SES Long Beach LNG Import Terminal	Pier T, Berth 126, Terminal Island, Port of Long Beach	700 - 1000 Mcf/d	61	322	122
Woodside/Ocean Way LNG Terminal Project	Pacific Ocean; 22 miles south of Malibu	800 - 1200 Mcf/d	61	322	122
		TOTAL	**198**	**1,121**	**473**

Biosolids Treatment Facilities

Similar to EPRS, biosolids treatment facilities are included herein because they are under consideration to be allowed access to the Priority Reserve as part of future amendments to Rule 1309.1 or 1302 (Definitions).

Final disposal options have become narrower for sewage treatment facilities as agricultural land spreading is becoming more limited; past legislation has restricted

ocean disposal; landfills are reaching capacity; and new technologies, such as deep well injection and gasification, are in developmental stages and considered risky options. Land-based treatment options, such as composting and drying/pelletizing, remain feasible choices.

Biosolids are carefully treated and monitored and must be used in accordance with regulatory requirements. Pre-treatment regulations require that industrial facilities pre-treat their wastewater to remove many hazardous contaminants before it is sent to a wastewater treatment plant. Wastewater treatment facilities monitor incoming wastewater streams to ensure their recyclability and compatibility with the treatment plant process. Once the wastewater reaches the plant, the sewage goes through physical, chemical and biological processes which clean the wastewater and remove the solids. If necessary, the solids are then treated with lime to raise the pH level to eliminate objectionable odors. The wastewater treatment processes sanitize wastewater solids to control pathogens (disease-causing organisms, such as certain bacteria, viruses and parasites) and other organisms capable of transporting disease.

A biosolids processing facility is an operation that further treats solids generated from wastewater treatment occurring exclusively in the district. To ensure that wastewater treatment solids will not be imported from other regions for processing, there will be conditions limiting the operation to the use of only those wastewater solids generated from water treatment in the district. Biosolids processing facilities may be publicly owned and operated, private or a public/private partnership. However, it is currently anticipated that future rule amendments will have different requirements apply for the publicly owned and operated operations.

Once sewage treatment is complete, the resulting biosolids are the nutrient-rich organic materials resulting from the treatment of sewage sludge (solid, semisolid or liquid untreated residue generated during the treatment of domestic sewage in a treatment facility). When treated and processed, sewage sludge becomes biosolids which can be safely recycled and applied as fertilizer or soil amendment to sustainably improve and maintain productive soils and stimulate plant growth.

The application of biosolids reduces the need for chemical fertilizers as biosolids may be composted and sold, or distributed for use on lawns and home gardens. Most biosolids composts are highly desirable products that are easy to store, transport and use. Further, biosolids have been found to promote rapid timber growth, allowing quicker and more efficient harvesting of wood.

Local sanitation districts have provided estimates of the amount of ERCs needed in the future to offset composting and dry pelletizing biosolids projects, although there are currently no permit applications submitted for these types of facilities. These emission estimates are listed in Table 2-2 in Chapter 2 along with other estimated

ERCs expected to be needed by EGFs and EPRS that would also be eligible to withdraw from the Priority Reserve in the future under PAR 1309.1.

PROJECT DESCRIPTION

This description includes the entire program of rule amendments currently anticipated. As discussed above, only the EGF amendments are part of the limited proposal. In order to construct and operate new EGFs, owner/operators will need to obtain permits for air polluting and control equipment. The permits will not be issued until the applicant appropriately offsets the new emissions in accordance with Regulation XIII - New Source Review. However, based on future increased demand for electricity the supply of PM10, SOx and CO ERCs available in the open market at this time may be limited and could restrict construction of new power generating facilities. To increase the availability of ERCs for EGFs in the district, the SCAQMD is proposing to re-adopt amendments to Rule 1309.1 and add further conditions for EGFs to access the Priority Reserve as summarized in the following sections. A copy of proposed Rule 1309.1 amendments can be found in Appendix A of this IS.

PAR 1309.1

In-District Electrical Generating Facilities

The SCAQMD is proposing to re-adopt amendments to Rule 1309.1 that would allow EGFs temporary access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts provided they meet specific criteria, such as new applications must be deemed complete between 2005 through 2008, and applicants must pay the appropriate mitigation fees. These fees will be used to fund future clean air projects and PM10 emission reduction programs, such as installing particulate matter traps on diesel engines to create surplus PM10 emission reductions.

To address the concerns raised by the Governing Board at the September 2006 public hearing, PAR 1309.1 includes a provision that would subdivide the district into three zones based on average PM2.5 concentration observed for years 2003 through 2005. These zones correspond to health-based exposure levels classifying Zone 1 as an area with PM2.5 concentration of less than 18 micrograms per cubic meter ($\mu g/m^3$), Zone 2 with a PM2.5 concentration of 18 to 20 $\mu g/m^3$, and Zone 3 with a PM2.5 concentration greater than 20 $\mu g/m^3$. The zones are used to define the criteria for eligibility to access the Priority Reserve and/or to determine the amount of the mitigation fee for the Priority Reserve credits. A map of those zones can be found in PAR 1309.1 in Appendix A.

EGFs will also be subject to environmental justice criteria to determine those areas already disproportionately impacted by existing pollution sources. The environmental justice area (EJA) is defined as the area of grid cells where at least ten percent of the population is living in poverty (based on year 2000 Federal census data); and either 1) the cancer risk is greater than one-in-one thousand (as determined by the SCAQMD MATES II study); or 2) the PM10 exposure is greater than 46 $\mu g/m^3$ (as determined by the SCAQMD monitoring data). A map of the environmental justice areas in the district can be found in PAR 1309.1 in Appendix A.

Operators of EGFs requesting access to the Priority Reserve and proposing to be located in an EJA or Zone 3 will be limited to 635 MW power generation and required to pay a higher mitigation fee (see Table 1-8). Further, EGFs located in Zone 3 or in an EJA shall be required to demonstrate that the cancer risk from the EGF is less than one in a million; non-cancer risk Hazard Index (HI) is less than or equal to 0.5; and the cancer burden is less than or equal to 0.1. All eligible EGFs are required to investigate and document the availability of renewable energy plans as an alternative to the project.

According to PAR 1309.1(c)(3), EGF permit applicants will be required to conduct a due diligence effort to secure available ERCs from the open market before requesting ERCs from the Priority Reserve. Table 1-7 lists the current active ERCs as of February 2006[6] held by companies, emissions credit brokers, organizations, or individuals. While these ERCs are valid and active, not all are available for sale. Some companies will hold onto their ERCs for future business growth and/or to modernize their facility. Therefore, the total ERC holdings, as listed in Table 1-7, are not necessarily representative of the total ERCs available for sale because there is a portion of ERCs that are least likely to be traded[7]. It is considered to be speculative to project the number of ERCs for a particular pollutant that a facility would hold and for what reasons. Moreover, as shown in Table 1-4, if all proposed EGF projects are built, then offset needs would exceed the total amount of active ERCs as shown in Table 1-7.

TABLE 1-7

Non-SCAQMD Active ERCs (as of March 2007)

Source	VOC (lbs/day)	NO_x (lbs/day)	SOx (lbs/day)	CO (lbs/day)	PM10 (lbs/day)
Non-SCAQMD Active ERCs	12,881	1,235	785	2,290	783

[6] SCAQMD Website (http://www.aqmd.gov/permit/spreadsheets/CurrentActiveERCList.xls)
[7] "White Paper on Modernization of Emission Reduction Credit System" (SCAQMD, May 2002); May 2002 Governing Board Meeting Agenda No. 30

Mitigation Fees

In order to access the ERCs in the Priority Reserve, Par 1309.1 would require a mitigation fee for facilities other than Essential Public Services based on the pollutant and each pound per day of that pollutant obtained from the Priority Reserve. The current fee proposals would establish fees comprised of a weighted average based on the price of ERCs sold on the open market in the past, plus a percentage of ERCs surrendered to benefit air quality and to offset administrative costs. A refund of mitigation fees, less 20 percent, may be provided if the project is cancelled prior to the certification of the CEQA document by the lead agency, the issuance of the SCAQMD's Permit to Construct, or if the Executive Officer determines the cancellation was due to circumstances beyond the applicant's reasonable control. If excess ERCs were purchased, a refund of the mitigation fee, less 20 percent, may be provided prior to the issuance of the Permit to Operate, within 12 months of the purchase of the ERCs provided the quantity of excess ERCs is verified through source testing or other pre-approved methods. Table 1-8 lists the tiered mitigation fee schedule by pollutant, depending upon the zone or EJA in which the affected facility is located.

TABLE 1-8

Priority Reserve Tiered Mitigation Fee Schedule Required Per Zone/EJA

	TIERED MITIGATION FEE		
Zones/EJA	**PM10** ($/lbs)	**SOx** ($/lbs)	**CO** ($/lbs)
1	$50,417	$15,083	$12,000
2	$75,626	$22,625	$18,000
3	$100,834	$30,166	$24,000
Environmental Justice Area	$100,834	$30,166	$24,000

EGF Projects Downwind to District in Non-Attainment Areas

PAR 1309.1 also includes a provision that would allow EGFs in areas outside and downwind of the district, e.g., the Mojave and Antelope Valleys, to request access to the VOC account of the Priority Reserve as long as withdrawal requests are received by January 1, 2009. The total request cannot exceed 5,000 pounds of VOC per day and a mitigation fee will be charged. A detailed version of PAR 1309.1 can be found in Appendix A of this document. An overview of the affected sources and requirements can be found in Table 1-9.

TABLE 1-9

Newly Eligible Sources to Access Priority Reserve

Eligible Source	Requirements/Conditions
Currently Proposed in PAR 1309.1	
EGFs (In-District)	• Mitigation fee • Applicable to 2005-2008 applications • PM10, SOx and CO ERCs only • Due diligence conducted • Comply with specific zone and EJA requirements
EGFs (Downwind Air Basin)	• Downwind to District in non-attainment areas (Antelope Valley, Mojave APCD) • VOC ERCs only • Cumulative cap of 5,000 lbs of VOC per day • Mitigation fee • Withdraw requests received before 1/1/09
Potential Future Amendments to Rule 1309.1	
Energy Projects of Regional Significance (EPRS)	• Mitigation fee • Limited applicable applications (i.e., 2005 to 2009) • PM10, SOx and CO ERCs only • Due diligence conducted
Biosolids Processing Facilities (to treat sewage outside sewage treatment facility)	• Publicly owned • Biosolids generated within the District • No mitigation fee • No sunset date • Considered an Essential Public Service

Definitions

To accommodate current and future proposed amendments to Rule 1309.1, definitions for the following types of facilities have been generated: EGFs, EPRS, and biosolids treatment facility. The currently proposed amendments to Rule 1309.1 include definitions for EGFs. Future amendments to Rule 1309.1 to add EPRS and biosolids treatment facilities will include adding definitions for these facilities to either Rule 1309.1 or Rule 1302 – Definitions.

Electrical Generating Facility (EGF)

A definition for EGFs has been added to PAR 1309.1 to specifically define the type of facilities eligible to access the Priority Reserve in accordance with proposed

amended Rule 1309.1. If an EGF facility does not satisfy the characteristics listed in the definition of an EGF, the facility will not qualify for access to the Priority Reserve as specified in PAR 1309.1. Providing this definition will assist in the enforcement of PAR 1309.1 and provide specific guidance for the EGF operator. An EGF is a facility that generates electricity for its own use and is less than 10 MW; or is a facility less than 50 MW to be operated less than 3,000 hours per year; or is a facility less than 50 MW that generates not less than 30 percent of its electricity to pump water to maintain the integrity of the surface elevation of a municipality or significant portion thereof; or is a facility that generates 50 MW or greater electricity for distribution in the state grid system (net generator). For a complete definition of EGF, see PAR 1309.1 in Appendix A.

Energy Project of Regional Significance (EPRS)

To qualify as an EPRS and be allowed access to the PM10, SOx and CO accounts in the Priority Reserve, a project of regional impact to enhance the import supply for use in the district needs to be no less than 100,000 barrels per day of crude oil or 250 million cubic feet per day of natural gas with a Wobbe Index of no more than 1360.

Similar to the EGFs, future regional "energy projects" intended to enhance the import/storage of LNG (no less than 250 million cubic feet per day) and crude oil (no less than 100,000 barrels per day) into southern California would be allowed access to the PM10, SOx and CO accounts of the Priority Reserve as part of future amendments to Rule 1309.1. These projects will be subject to a due diligence criteria and a mitigation fee as the EGFs.

Biosolids Treatment Facilities

Currently, Rule 1302 lists types of facilities defined as essential public services. These include sewage treatment facilities, prisons, police facilities, fire fighting facilities, schools, hospitals, landfills, water operations and public transit. Biosolids treatment facilities are not listed as an essential public service, however, it is anticipated that future amendments to Rule 1302 would add biosolids treatment facilities processing raw materials generated in the district to the list of essential public services or Rule 1309.1 may be amended to include access for these facilities. Biosolids treatment processes taking place at publicly owned sewage treatment facilities are currently considered an Essential Public Service so they are already allowed to draw ERCs from the Priority Reserve.

Further, it is expected that a definition for biosolids will need to be added in the future to assist in clarifying the type of material used at a biosolids treatment facility that would be added to the definition of Essential Public Service in the future and, thus, would be allowed access to the Priority Reserve as long as the biosolids processing facility is publicly owned and meets all other requirements in Rule

1309.1. Biosolids are defined as the nutrient-rich organic material resulting from the physical, chemical, and biological treatment of sewage sludge which can be safely recycled and applied as fertilizer to sustainably improve and maintain soil and stimulate plant growth.

ALTERNATIVES

The Draft PEA will discuss and compare relative merits of alternatives to the proposed project, as required by CEQA and by SCAQMD Rule 110, when there are significant adverse impacts. Alternatives must include realistic measures for attaining the basic objectives of the proposed project and provide a means for evaluating the comparative merits of each alternative. Alternatives should be designed to mitigate the significant adverse environmental impacts of the project. In addition, the range of alternatives must be sufficient to permit a reasoned choice and it need not include every conceivable project alternative. The key issue is whether the selection and discussion of alternatives fosters informed decision making and public participation. A CEQA document need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative. Suggestions on alternatives submitted by the public will be evaluated for inclusion in the Draft PEA.

SCAQMD Rule 110 does not impose any greater requirements for a discussion of project alternatives in an environmental assessment than is required for an Environmental Impact Report under CEQA. Alternatives will be developed based in part on the major components of the proposed project. The rationale for selecting alternatives rests on CEQA's requirement to present "realistic" alternatives; that is alternatives that can actually be implemented. CEQA also requires an evaluation of a "No Project Alternative." Written suggestions on potential project alternatives received during the comment period for the Initial Study will be considered when preparing the Draft PEA.

During the rulemaking process that occurred after the September 8, 2006 public hearing, various eligibility options to access the Priority Reserve were designed but not taken to the Governing Board as proposals. These options, or variations of these options, are now being considered as alternatives to the current proposed project. One alternative could be the rule proposal approved at the September 2006 Public Hearing which established no zones, EJA or CRA, and fixed the mitigation fee per pollutant. Under those amendments, all EGFs were provided access to Priority Reserve provided they paid the appropriate mitigation fee and complied with other requirements. While this alternative is technically feasible, the Governing Board directed staff to modify the September 2006 amendments to consider community and environmental groups' concerns, including higher mitigation fees based on areas of

concerns, so it is unlikely the Board would re-approve the September 2006 amendments without addressing those concerns. Possible feasible project alternatives are listed in Table 1-10 along with aspects of the alternatives that differ from the proposed project. Unless otherwise stated, all other components, including biosolids, of the project alternatives are the same as the proposed project. Affected facilities are EGFs for the current proposed project and EPRSs for future proposed amendments.

TABLE 1-10

Project Alternatives

Project Alternative	**APPLICABILITY**			**Exceptions**
	Three PM2.5 Zones	Environmental Justice Area	Cancer Risk Area	
Alternative A: No Project Alternative	No	No	No	No
Alternative B: PM2.5 Zones Only	Yes • Tiered Mitigation Fees (Table 1-8)	No	No	No
Alternative C: PM2.5 Zones; EJA and CRA Applicability	Yes • Tiered Mitigation Fees (Table 1-8)	Yes • Affected facility in EJA subject to fee = Zone 3 fee	Yes • Affected facility in CRA subject to fee = Zone 3 fee	No
Alternative D: Limited Access to Priority Reserve with Exceptions	Yes • Tiered Mitigation Fees (Table 1-8) • No access if affected facility in Zone 3	Yes • No access if affected facility in EJA	Yes • No access if affected facility in CRA	• Municipal EGFs and/or "Peaker" (<100 MW) subject to fee = Zone 3 fee
Alternative E: Most Limited Access to Priority Reserve	Yes • Tiered Mitigation Fees (Table 1-8) • No access if affected facility in Zone 3	Yes • No access if affected facility in EJA	Yes • No access if affected facility in CRA	No

CHAPTER 2 - ENVIRONMENTAL CHECKLIST

Introduction

General Information

Potentially Significant Impact Areas

Determination

Environmental Checklist and Discussion

INTRODUCTION

The environmental checklist provides a standard evaluation tool to identify a project's adverse environmental impacts. This checklist identifies and evaluates potential adverse environmental impacts that may be created by the proposed amendments to SCAQMD Rule 1309.1 - Priority Reserve.

GENERAL INFORMATION

Project Title:	Proposed Amended Rule 1309.1 - Priority Reserve
Lead Agency Name:	South Coast Air Quality Management District
Lead Agency Address:	21865 Copley Drive Diamond Bar, CA 91765
CEQA Contact Person:	Michael A. Krause (909) 396-2706
Rule Contact Person:	Shams Hasan (909) 396-2338
Project's Sponsor Name:	South Coast Air Quality Management District
Project's Sponsor Address:	21865 Copley Drive Diamond Bar, CA 91765
General Plan Designation:	Not Applicable
Zoning:	Not Applicable
Description of Project:	The proposed amendments to Rule 1309.1 considers providing temporary access to the SCAQMD's Priority Reserve PM10, SOx and CO accounts for new electric generating facilities (EGF) with applications deemed complete between 2005 and 2008. Further, EGF projects downwind to the district in non-attainment areas would be able to access SCAQMD's Priority Reserve VOC account. Future amendments to Rule 1309.1 currently under consideration include adding certain energy projects provided they have paid the appropriate mitigation fee and met all the other rule requirements. Similarly, future amendments to Rule 1302 currently under consideration include adding biosolids processing facilities to the definition of an Essential Public Service, thus, allowing them permanent

	access to the Priority Reserve in the future.
Surrounding Land Uses and Setting	Not Applicable
Other Public Agencies Whose Approval is Required:	Not Applicable

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The following environmental impact areas have been assessed to determine their potential to be affected by the proposed project. Any checked items represent areas that may be adversely affected by the proposed project. An explanation relative to the determination of impacts can be found following the checklist for each area.

☐	Aesthetics	☐	Geology and Soils	☐	Population and Housing
☐	Agricultural Resources	☐	Hazards and Hazardous Materials	☐	Public Services
☑	Air Quality	☐	Hydrology and Water Quality	☐	Recreation
☐	Biological Resources	☐	Land Use and Planning	☐	Solid/Hazardous Waste
☐	Cultural Resources	☐	Mineral Resources	☐	Transportation./Traffic
☐	Energy	☐	Noise	☑	Mandatory Findings

DETERMINATION

On the basis of this initial evaluation:

☐ I find the proposed project, in accordance with those findings made pursuant to CEQA Guideline §15252, COULD NOT have a significant effect on the environment, and that an ENVIRONMENTAL ASSESSMENT with no significant impacts will be prepared.

☐ I find that although the proposed project could have a significant effect on the environment, there will NOT be significant effects in this case because revisions in the project have been made by or agreed to by the project proponent. An ENVIRONMENTAL ASSESSMENT with no significant impacts will be prepared.

☑ I find that the proposed project MAY have a significant effect(s) on the environment, and an ENVIRONMENTAL ASSESSMENT will be prepared.

☐ I find that the proposed project MAY have a "potentially significant impact" on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL ASSESSMENT is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier ENVIRONMENTAL ASSESSMENT pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier ENVIRONMENTAL ASSESSMENT, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Date March 23, 2007 **Signature:** Steve Smith

Steve Smith, Ph.D.
Program Supervisor

ENVIRONMENTAL CHECKLIST AND DISCUSSION

As indicated in Chapter 1, the SCAQMD is readopting amendments to Rule 1309.1 to minimize delays in accessing Rule 1309.1's Priority Reserve if the Court rules against the SCAQMD in the current lawsuit. Amendments to Rule 1309.1 are again being proposed because of the need for new power plant construction to meet future anticipated electricity demand. In order to avoid the energy crisis experienced in the state of California during years 2000 and 2001, new power generating facility projects are necessary for a number of reasons including maintaining public safety and reducing emissions from standby diesel generators in the event of rolling blackouts. The proposed amendments to Rule 1309.1 do not require construction of new power plants. Power plants are typically long-term, high-capital projects that require sufficient time to design and construct prior to operation and, preferentially, tend to be located near the communities they will serve. The proposed amendments were developed due to the future anticipated increased demand for electricity and the possibility that the supply of PM10, SOx and CO ERCs in the open market may be limited. The proposed amendments are also a means to minimize the use of emergency standby diesel generators that would be used as an alternative power source in the event of future blackouts. Nevertheless, each new power plant would be considered a "project" and subject to the requirements of CEQA. A CEQA review and analysis would be required by the public agency with primary approval authority over the project, which may include: the local land use agency, California Energy Commission (CEC), or the California Public Utilities Commission (CPUC). The same is true for future energy projects of regional significance, which include LNG and crude oil projects.

It is assumed that new energy projects that require an air quality permit for an emission source (as opposed to the installation or modification of an emission source at an existing facility) would be reviewed for CEQA applicability by the appropriate lead agency. As a responsible agency for typical energy projects, SCAQMD permits rely on the CEQA document prepared by the lead agency. Therefore, for the majority of energy projects, potential impacts associated with the siting of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other potential lead agencies do not assume the lead agency role under CEQA, SCAQMD permit process procedures would ensure these projects would be analyzed for CEQA applicability[8].

The majority of the responses in the following environmental checklist reflect the direct effect of adopting PAR 1309.1. The direct effect of adopting PAR 1309.1 is allowing specified facilities limited access to Rule 1309.1's Priority Reserve ERCs

[8] The SCAQMD's permit processing procedures include the requirement that an applicant complete and submit a 400-CEQA form. This form is used to determine CEQA applicability for the proposed project.

and the use of those ERCs by the specified facilities that would not otherwise occur without the proposed amendments.

Opponents of EGF access to PAR 1309.1 have argued that the proposed project will assist in the approval of an air quality permit, which is a critical step in obtaining an approval to site a project. As a result, opponents have argued that PAR 1309.1 indirectly creates environmental impacts in the future from siting, constructing and operating the facility. Since there are potential adverse environmental impacts from siting a project, such as construction and operational impacts, facilities expected to take advantage of accessing the Priority Reserve would increase the likelihood of being sited, thus, potentially generating these impacts. Even though these environmental impacts will be fully evaluated and disclosed in a separate CEQA document by the lead agency in charge of siting the project (i.e., California Energy Commission, etc.) and although they will be evaluated as potential cumulative impacts from the proposed project in the Draft PEA, the SCAQMD does not have siting authority or limited control over the implementation and mitigation of such impacts.

Finally, as discussed in response to some of the questions in the checklist, evaluations of potential adverse environmental impacts from unknown future projects that may receive air quality permits under an amended NSR regulation would be speculative and are not included herein. CEQA Guidelines § 15145 states, "If after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusion and terminate discussion of the impact."

The actual amount of emission fees and emission reduction projects funded by the proposed mitigation fees are not known with certainty at this time and, therefore, the potential impacts from these projects are also speculative.

		Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
I.	**AESTHETICS.** Would the project:			
a)	Have a substantial adverse effect on a scenic vista?	☐	☐	☑
b)	Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☑

c)	Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☐	☑
d)	Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	☐	☐	☑

SIGNIFICANCE CRITERIA

The proposed project impacts on aesthetics would be considered significant if:

- The project will block views from a scenic highway or corridor.
- The project will adversely affect the visual continuity of the surrounding area.
- The impacts on light and glare will be considered significant if the project adds lighting which would add glare to residential areas or sensitive receptors.

DISCUSSION

I. a), b) and c): The act of allowing use of Priority Reserve offsets for certain projects as proposed in the amendments to Rule 1309.1 would have no direct impact on a scenic vista, substantially damage scenic resources, or substantially degrade the existing visual character or quality of the site and its surroundings. Each new power plant would be required to undergo an appropriate CEQA analysis by the appropriate lead agency. Therefore, potential aesthetics impacts associated with the siting of a new facility (e.g., obstructing scenic resources, adverse light and glare, etc.) would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements. As a result, the CEQA analysis prepared by CEC or CPUC may or may not identify significance adverse impacts to an environmental topic area but PAR 1309.1 will not increase or add to the impact that has already been identified.

I. d): There are no components in PAR 1309.1 that would alter existing work practices, or require activities at night. Therefore, PAR 1309.1 is not expected to create a new

source of substantial light or glare that would adversely affect day or nighttime views in an area.

Based on the above considerations, significant adverse project-specific impacts to aesthetics are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative aesthetics impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
II.	**AGRICULTURE RESOURCES.** Would the project:			
a)	Convert Prime Farmland, Unique Farmland, or Famrland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland mapping and Monitoring Program of the California Resources Agency, to non- agricultural use?	☐	☐	☑
b)	Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☑
c)	Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	☐	☐	☑

SIGNIFICANCE CRITERIA

Project-related impacts on agricultural resources would be considered significant if any of the following conditions are met:

- The proposed project conflicts with existing zoning or agricultural use or Williamson Act contracts.
- The proposed project will convert prime farmland, unique farmland or farmland of statewide importance as shown on the maps prepared pursuant to the farmland mapping and monitoring program of the California Resources Agency, to non-agricultural use.

- The proposed project would involve changes in the existing environment, which due to their location or nature, could result in conversion of farmland to non-agricultural uses.

DISCUSSION

II. a) - c): The act of allowing use of Priority Reserve offsets for certain projects as proposed in the amendments to Rule 1309.1 would not directly result in any construction of new buildings or other structures that would convert farmland to non-agricultural use or conflict with zoning for agricultural use or a Williamson Act contract. There are no provisions in the proposed amended rule that would convert farmland to non-agricultural uses, thus, affecting land use plans, policies, or regulations. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by the proposed project.

The impacts to agricultural resources from the construction and operation of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to agriculture resources are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative agricultural resources impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
III. AIR QUALITY. Would the project:			
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☑

b)	Violate any air quality standard or contribute to an existing or projected air quality violation?	☑	☐	☐
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?	☑	☐	☐
d)	Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☑
e)	Create objectionable odors affecting a substantial number of people?	☐	☐	☑
f)	Diminish an existing air quality rule or future compliance requirement resulting in a significant increase in air pollutant(s)?	☐	☐	☑

SIGNIFICANCE CRITERIA

Impacts will be evaluated and compared to the significance criteria in Table 2-1. If impacts equal or exceed any of the following criteria, they will be considered significant.

TABLE 2-1

Air Quality Significance Thresholds

Mass Daily Thresholds [a]		
Pollutant	**Construction** [b]	**Operation** [c]
NOx	100 lbs/day	55 lbs/day
VOC	75 lbs/day	55 lbs/day
PM10	150 lbs/day	150 lbs/day
PM2.5	55 lbs/day	55 lbs/day
SOx	150 lbs/day	150 lbs/day
CO	550 lbs/day	550 lbs/day
Lead	3 lbs/day	3 lbs/day

TABLE 2-1 (CONCLUDED)

Air Quality Significance Thresholds

Toxic Air Contaminants (TACs) and Odor Thresholds	
TACs (including carcinogens and non-carcinogens)	Maximum Incremental Cancer Risk ≥ 10 in 1 million Hazard Index ≥ 1.0 (project increment)
Odor	Project creates an odor nuisance pursuant to SCAQMD Rule 402
Ambient Air Quality for Criteria Pollutants [d]	
NO2 1-hour average annual average	SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 0.25 ppm (state) 0.053 ppm (federal)
PM10 24-hour average annual geometric average annual arithmetic mean	 10.4 μg/m^3 (construction)[e] & 2.5 μg/m^3 (operation) 1.0 μg/m^3 20 μg/m^3
PM2.5 24-hour average	 10.4 μg/m^3 (construction)[e] & 2.5 μg/m^3 (operation)
Sulfate 24-hour average	 25 μg/m^3
CO 1-hour average 8-hour average	SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 20 ppm (state) 9.0 ppm (state/federal)

[a] Source: SCAQMD CEQA Handbook (SCAQMD, 1993)
[b] Construction thresholds apply to both the South Coast Air Basin and Coachella Valley (Salton Sea and Mojave Desert Air Basins).
[c] For Coachella Valley, the mass daily thresholds for operation are the same as the construction thresholds.
[d] Ambient air quality thresholds for criteria pollutants based on SCAQMD Rule 1303, Table A-2 unless otherwise stated.
[e] Ambient air quality threshold based on SCAQMD Rule 403.

KEY: lbs/day = pounds per day ppm = parts per million μg/m^3 = microgram per cubic meter ≥ greater than or equal to

DISCUSSION

III. a) The proposed amendments would not conflict with or obstruct implementation of the applicable air quality plan, as the plan forecasts growth from new sources relying on either the open market or the Priority Reserve for the required offsets. Rule 1303 (b)(2) requires all emission increases from new or modified permit units to be offset by either ERCs approved pursuant to Rule 1309, or by allocations from the Priority Reserve in accordance with the provisions of Rule 1309.1. PAR 1309.1 will require EGFs and eligible energy projects to comply with an offset ratio of 1.2-to-1.0 for allocations from the Priority Reserve while the remaining newly eligible sources will remain subject to offset ratios in Regulation 1303 at 1.2-to-1.0 for ERCs and 1.0-to-1.0 for allocations from the Priority Reserve, except for facilities located within the SCAQMD jurisdiction but not in the South Coast Air Basin, where the offset ratio for ERCs only shall be 1.2-to-1.0 for VOC, NOx, SOx and PM10 and 1.0-to-1.0 for CO.

The proposed amendments would require affected facilities to comply with emission offset requirements in Rule 1309.1(c)(6) by providing a source of ERCs that would not otherwise be available. Since operators of affected facilities would be offsetting emission increases as required under Rule 1309.1(c)(6), the proposed amendments are consistent with existing purpose of Regulation XIII to ensure that there are no net emission increases from new or modified permitted sources. As a result, the proposal is not expected to conflict with or obstruct implementation of the Air Quality Management Plan (AQMP).

In addition, mitigation fees will be collected and invested in future PM10, SOx, CO and VOC emission reduction projects depending upon the eligible source.

III. b): The proposed amendments would not directly or indirectly cause or contribute to the violation of any air quality standard because affected facilities would still be subject to the modeling requirements in Rule 1303(b)(1). As already noted, projects affected by the PAR 1309.1 would likely have already undergone a CEQA analysis before the air quality permit application is approved by the SCAQMD. The primary effect is that the proposed project would require affected facilities to comply with PAR 1309.1(c)(6) offset requirements. However, SCAQMD policy is to equate use of ERCs that would not otherwise be used to offset emission increases with an actual increase in emissions, even though affected projects would be consistent with Regulation XIII's purpose of achieving no net emission increases from new or modified permitted sources. From a regional perspective, if the amount of ERCs exceeds the SCAQMD's daily significance thresholds for any pollutant, as is the case for the currently proposed project, the air quality impacts are considered to be significant.

Such impacts are likely to be mitigated by the payment of mitigation fees, which will be used to reduce emissions of the pollutant for which the fee is paid. However, it is not possible at this point to be certain that such impacts will be fully mitigated by use of mitigation fees. As a result, for purposes of CEQA since emission reductions from mitigation fee projects are not certain, air quality impacts are considered potentially significant.

To avoid a shortage of electrical power in the state of California, more EGFs will be constructed. EGFs will be constructed both within the district and downwind to the district, and in order to allow operators to obtain permits for their equipment, the new facility operators will have to comply with SCAQMD's Regulation XIII - New Source Review offset requirements. PAR 1309.1 will allow EGFs limited access to the Priority Reserve to offset the emissions from operating these projects. Currently, the supply of ERCs in the open market that are likely to be available for trading may not be sufficient with regard to what is needed for EGFs and certain energy projects to obtain permits. Further, it is unknown whether ERC holders would release ERCs to the market even if ERCs were sold at a higher price. These are the primary

reasons for allowing these projects to use ERCs from the SCAQMD's Priority Reserve.

The following are other reasons to allow EGFs and EPRS to tap into the PM10, SOx, CO, and VOC accounts in the Priority Reserve:

- Proactive approach to assist new EGFs and other certain energy projects will avoid a crisis similar to the California energy crisis situation in 2000 and 2001 whereby sufficient power generating capacity was not available to meet increasing demand, due in part to the fact that no new or expanded power generating facilities had been built in the recent past because of the difficulty in obtaining ERCs and permits;

- Facilities would use high-polluting standby emergency diesel fired electric power generators for electrical power generation during power outages;

- There are expected to be fewer opportunities to generate a substantial number of PM10 ERCs in the future;

- There is no consistent source of ERCs that could assist the power plants' permitting requirements;

- A mitigation fee will be required which will be used to fund emission reduction programs.

Future amendments to Rule 1309.1 would allow other specified energy projects, such as LNG and crude oil storage and import projects, the opportunity to access the Priority Reserve to offset emission from the operation of their facilities. Two examples of these types of projects are currently in various stages of the permitting and CEQA process in the district. Inclusion of these projects in the analysis herein does not necessarily reflect the outcome of their regulatory process. As noted in Chapter 1, operators of all of these projects will be required to pay a mitigation fee. While the mitigation fee will be used to fund appropriate clean air projects, these projects may not necessarily provide emission reductions equal to the number of ERCs withdrawn from the Priority Reserve. Since the amount of emission reductions will not be known until the specific clean air project is chosen, the amount of emissions not reduced could exceed the SCAQMD’s significance thresholds and, therefore, the air quality impact would remain significant.

Future amendments to Rule 1302 would define biosolids processing facilities as an Essential Public Service allowing them permanent access to all pollutant ERCs in the Priority Reserve. Biosolid treatment facilities will not be required to pay a mitigation fee and, therefore, access to Priority Reserve will be provided to facility operators who otherwise would not have been provided access. The amount of ERCs withdrawn in the future will dictate whether the amount of ERCs withdrawn could

exceed the SCAQMD's significance thresholds generating significant adverse the air quality impacts.

Local sanitation districts have provided estimates of the amount of ERCs needed in the future to offset composting and dry pelletizing biosolids projects, although there are currently no permit applications submitted for these types of facilities. These emission estimates are listed in Table 2-2 along with other estimated ERCs expected to be needed by EGFs and EPRS that would also be eligible to withdraw from the Priority Reserve in the future under PAR 1309.1. Table 2-2 outlines the current "worst case" scenario since some of the demand could be satisfied by ERC holdings obtained through the required due diligence effort. The estimates in Table 2-2 may change in the PEA as the analysis is refined, but it is unlikely that air quality impacts will be less than significant.

TABLE 2-2

Estimated Emission Credits to be Withdrawn from Priority Reserve

	PM10 (lbs/day)	**SOx** (lbs/day)	**VOC** (lbs/day)	**CO** (lbs/day)	**NOx** (lbs/day)
In-District EGFs (5,000 MW projects)	4,419	364	--	4,997	---
Downwind EGFs	--	--	<5,000	--	---
EPRS	198	1,121	--	473	---
Biosolids projects (present to 2010)	40	--	904	207	41
Biosolids projects (2010 to 2020)	22	--	491	113	22
TOTAL (before 2010)	4,657	1,485	5,904	5,677	41
TOTAL (after 2010)	22	--	491	113	22

EGFs and EPRS are expected to pay mitigation fees which will be used to fund appropriate emission reduction projects. The type of pollutant ERCs withdrawn for the Priority Reserve will determine which clean air projects will be funded. Previous mitigation fees collected from allowing access to the Priority Reserve were used to fund the following types of projects. Similar types of projects may also be funded with fees collected from PAR 1309.1:

- Promotion of renewable energy such as solar collectors, wind turbines, biogas generators, geothermal energy generation (all pollutants);
- Construct anaerobic digesters (VOC, PM, NH3);
- Development of better energy storage capacity (all pollutants);

- Capturing energy losses during transmissions (all pollutants);
- Retrofit diesel powered school buses with particulate traps or oxidation catalysts (NOx, VOC, PM10);
- Replace existing diesel school buses with new alternative-fueled school buses (i.e., CNG engines) (NOx, PM10);
- Repower off-road heavy-duty diesel equipment with new lower-emission diesel engines and equipped with particulate traps (PM, NOx);
- Replace portable diesel generators with microturbines (PM, NOx);
- Provide low-sulfur diesel fuel to local passenger locomotives (SOx, PM10); and
- Expand liquefied natural gas refueling infrastructure (NOx, PM10, SOx).

Other programs and projects designed to reduce emissions may include:

- Install fuel cells (e.g., phosphoric acid fuel cell) in any mobile or stationary application (all pollutants);
- Purchase of fuel cells and electrification usage with ships at the dock (all pollutants);
- Retrofit other diesel mobile sources with particulate traps or oxidation catalysts (PM10, NOx);
- Conversion of other diesel engines to alternative fuels (PM10, NOx, SOx);
- Replace perchloroethylene dry cleaning machines with non-toxic, non-VOC dry cleaning alternative (e.g., wet cleaning technologies) (TACs);
- Conversion of lawn and garden equipment to battery and electric (NOx, PM, VOC, CO);
- Regional emission reduction programs (i.e., interpollutant – ammonia, NOx, etc);
- Demonstration or deployments of new emission reducing technology (all pollutants); and
- Promotion of energy efficiency and energy conservation measures (all pollutants).

As outlined in Table 1-1, there are quarterly allocations of emissions funded to the Priority Reserve. Depending on the actual number of ERCs available to the open market (Table 1-7) of new EGF and energy projects in addition to those indicated in Table 2-2, it is unclear whether or not there will be an adequate amount of ERCs to offset the emission increases from the newly eligible sources.

c) Because the proposed project may generate significant adverse project-specific air quality impacts based on the assumption that ERCs that would not otherwise be used are considered adverse air quality impacts, cumulative air quality impacts will be further analyzed and address in the Draft PEA.

d) The proposed amendments would not expose sensitive receptors to substantial pollutant concentrations. Air quality modeling required for each project under Rule 1303(b)(1) will assure that each project does not have a significant localized impact. Rule 1401 - New Source Review for Toxic Air Contaminants still applies to all new, modified or relocated sources. Rule 1401 protects nearby receptors from toxic air contaminants by limiting both cancer and non-cancer exposure from new toxic sources. For new or modified power plant projects, the requirements of Rule 1401 would have to be satisfied before any permit is issued. In addition, the proposed amendments are expected to reduce the use of high-polluting standby emergency diesel fired electric power generators for electrical power generation by minimizing the probability of power outages in the future and, thus, reduce potential to further expose sensitive receptors to substantial pollutant concentrations.

e) The act of allowing use of the Priority Reserve has no provisions that directly generate adverse odors affecting a substantial number of people. New EPRS or biosolid processing facilites that require an air quality permit for emission sources located in the new facility and would be reviewed for CEQA applicability by the local land use agency. Potential adverse odor impacts associated with the operation of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. SCAQMD permits must prevent odor nuisances so the SCAQMD permit process will assure no significant odor impacts.

Further, installing BACT would contribute to a reduction in odor and the facility would still be subject to Rule 102 – Nuisance. Also, permit conditions may be set forth to protect against an odor nuisance.

f) The proposed amendments would not diminish or weaken an existing air quality rule or future compliance requirement, but would expand access to the priority reserve in Rule 1309.1. In most cases, the eligibility will be temporary. Affected facilities would be subject to BACT, offsets, modeling and the 1.2-to-1.0 offset ratio, so PAR 1309.1 would continue to be consistent with the NSR policy of no net emission increases from new or modified facilities and, thus, the requirements are not weakened.

		Potentially Significant Impact	Less Than Significant Impact	No Impact
IV.	**BIOLOGICAL RESOURCES.** Would the project:			
a)	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	☐	☐	☑
b)	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	☐	☐	☑
c)	Have a substantial adverse effect on federally protected wetlands as defined by §404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	☐	☐	☑
d)	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☑
e)	Conflicting with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☑
f)	Conflict with the provisions of an adopted Habitat Conservation plan, Natural	☐	☐	☑

Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

SIGNIFICANCE CRITERIA

Impacts on biological resources would be considered significant if any of the following criteria apply:

- The project results in a loss of plant communities or animal habitat considered to be rare, threatened or endangered by federal, state or local agencies.
- The project interferes substantially with the movement of any resident or migratory wildlife species.
- The project adversely affects aquatic communities through construction or operation of the project.

DISCUSSION

IV. a), b), d): Implementation of the proposed amendments will not cause project-specific impacts to sensitive habitats of plants or animals because they do not specifically require acquisition of or construction on open space areas. The overall intent of the proposed amendments is allow access into an ERC program to offset emissions from new EGFs, EPRSs and biosolids processing. In some cases a mitigation fee will be required which will be used to fund emission reduction programs in an attempt to mitigate the potential adverse impact on air quality. While the proposed amendments to Rule 1309.1 will have no direct impacts that could adversely affect plant or animal species or the habitats on which they rely in the SCAQMD's jurisdiction, any proposed projects that require an air quality permit for an emission source located in a new facility would be reviewed for CEQA applicability by the appropriate lead agency. Therefore, potential adverse impacts to biological resources associated with the construction of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

PAR 1309.1 does not require acquisition of additional land or further conversions of riparian habitats or sensitive natural communities where endangered or sensitive species may be found.

IV. c): As noted above, potential adverse project-specific impacts to protected wetlands associated with the construction of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. Further, the act of accessing the Priority Reserve will not require or compel eligible facilities to directly remove, fill or interrupt any hydrological system or have an adverse effect on federally protected wetlands. Similarly, the potential for disposal or accidental releases of materials that could occur in areas that harbor federally protected wetlands as defined by §404 of the Clean Water Act are expected to have been analyzed by the appropriate lead agency. The proposed project is not expected to create new or make substantially worse biological resources impacts already evaluated for affected projects.

IV. e), f):There are no provisions in the proposed amended rule that would adversely affect land use plans, local policies or ordinances, or regulations. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by the proposed project. Projects eligible under the Rule 1309.1 amendments would continue to comply with local land use requirements. Proposed amended Rule 1309.1 would not affect in any way habitat conservation or natural community conservation plans, agricultural resources or operations, and would not create divisions in any existing communities.

Based on the above consideration, amendments to Rule 1309.1 will have no project-specific effects on biological resources. Since there is no effect on biological resources, there will be no significant adverse project-specific impacts and, thus, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative biological resources impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
V. CULTURAL RESOURCES. Would the project:			
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	☐	☐	☑

b)	Cause a substantial adverse change in the significance of an archaeological resource as defined in §15064.5?	☐	☐	☑
c)	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	☐	☐	☑
d)	Disturb any human remains, including those interred outside a formal cemeteries?	☐	☐	☑

SIGNIFICANCE CRITERIA

Impacts to cultural resources would be considered significant if:

- The project results in the disturbance of a significant prehistoric or historic archaeological site or a property of historic or cultural significance to a community or ethnic or social group.
- Unique paleontological resources are present that could be disturbed by construction of the proposed project.
- The project would disturb human remains.

DISCUSSION

V. a) - d): There are existing laws in place that are designed to protect and mitigate potential impacts to cultural resources. Any proposed projects that require an air quality permit for an emission source located in a new facility would be reviewed for CEQA applicability by the appropriate lead agency. Therefore, potential adverse project-specific impacts to cultural resources associated with the construction of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

The proposed revisions to Rule 1309.1 are, therefore, not anticipated to result in any activities, or promote any programs that could create new or make substantially worse significant adverse project-specific impact on cultural resources in the district. As a result, the proposed project has no potential to cause a substantial adverse project-specific changes to historical or archaeological resources, directly destroy a unique paleontological resource or site or unique geologic feature, or disturb any human remains, including those interred outside formal cemeteries.

Based on the above consideration, significant adverse project-specific impacts to cultural resources are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative cultural resources impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
VI.	**ENERGY.** Would the project:			
a)	Conflict with adopted energy conservation plans?	☐	☐	☑
b)	Result in the need for new or substantially altered power or natural gas utility systems?	☐	☐	☑
c)	Create any significant effects on local or regional energy supplies and on requirements for additional energy?	☐	☐	☑
d)	Create any significant effects on peak and base period demands for electricity and other forms of energy?	☐	☐	☑
e)	Comply with existing energy standards?	☐	☐	☑

SIGNIFICANCE CRITERIA

The impacts to energy and mineral resources would be considered significant if any of the following criteria are met:

- The project conflicts with adopted energy conservation plans or standards.

- The project results in substantial depletion of existing energy resource supplies.
- An increase in demand for utilities impacts the current capacities of the electric and natural gas utilities.
- The project uses non-renewable resources in a wasteful and/or inefficient manner.

DISCUSSION

VI. a) – e): The proposed amendments are not expected to conflict with energy conservation plans, use non-renewable resources in a wasteful manner, or result in the need for new or substantially altered power or natural gas systems. On the contrary, the result of the PAR 1309.1 will assist in providing new sources of energy to the local region. Allowing the use of Priority Reserve ERCs for eligible projects, as proposed in the amendments to Rule 1309.1, would result in a direct benefit to the new energy resources by providing access to ERCs that would not otherwise be available, thus, allowing proposed new affected facilities to comply with NSR offset requirements.

It is expected that potential adverse impacts to energy resources associated with the construction and operation of a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. Nevertheless, in the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above consideration, significant adverse project-specific impacts to energy are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative energy impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
VII. GEOLOGY AND SOILS. Would the project:				
a)	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	☐	☐	☑
	• Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?	☐	☐	☑
	• Strong seismic ground shaking?	☐	☐	☑
	• Seismic–related ground failure, including liquefaction?	☐	☐	☑
	• Landslides?	☐	☐	☑
b)	Result in substantial soil erosion or the loss of topsoil?	☐	☐	☑
c)	Be located on a geologic unit or soil that is unstable or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	☐	☐	☑
d)	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	☐	☐	☑
e)	Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	☐	☐	☑

SIGNIFICANCE CRITERIA

Impacts on the geological environment would be considered significant if any of the following criteria apply:

- Topographic alterations would result in significant changes, disruptions, displacement, excavation, and compaction or over covering of large amounts of soil.
- Unique geological resources (paleontological resources or unique outcrops) are present that could be disturbed by the construction of the proposed project.
- Exposure of people or structures to major geologic hazards such as earthquake surface rupture, ground shaking, liquefaction or landslides.
- Secondary seismic effects could occur which could damage facility structures, e.g., liquefaction.
- Other geological hazards exist which could adversely affect the facility, e.g., landslides, mudslides.

DISCUSSION

VII. a) – e):Allowing the use of Priority Reserve ERCs for eligible projects, as proposed in the amendments to Rule 1309.1, would have no direct project-specific impact on geological resources. Each new power plant or EPRS would be required to undergo an appropriate CEQA analysis by the appropriate lead agency. Therefore, it is expected that potential geological impacts associated with the siting of a new facility (e.g. physical change to the environment, disruption or overcovering of soil, changes in topography or surface relief features, the erosion of beach sand, or a change in existing siltation rates) would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In addition, the proposed project is not expected to expose people or property to geological hazards such as earthquakes, landslides, mudslides, ground failure, or other natural hazards.

In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to geology and soils are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative geology and soils impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
VIII.	**HAZARDS AND HAZARDOUS MATERIALS.** Would the project:			
a)	Create a significant hazard to the public or the environment through the routine transport, use, disposal of hazardous materials?	☐	☐	☑
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☐	☑
c)	Emit hazardous emissions, or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	☐	☐	☑
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would create a significant hazard to the public or the environment?	☐	☐	☑
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☑

f)	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☑
g)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	☐	☐	☑
h)	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	☐	☐	☑
i)	Significantly increased fire hazard in areas with flammable materials?	☐	☐	☑

SIGNIFICANCE CRITERIA

The impacts associated with hazards would be considered significant if any of the following occur:

- Non-compliance with any applicable design code or regulation.
- Non-conformance to National Fire Protection Association standards.
- Non-conformance to regulations or generally accepted industry practices related to operating policy and procedures concerning the design, construction, security, leak detection, spill containment or fire protection.
- Exposure to hazardous chemicals in concentrations equal to or greater than the Emergency Response Planning Guideline (ERPG) 2 levels.

DISCUSSION

VIII. a) – g): Allowing the use of Priority Reserve ERCs for EGF, EPRS and biosolids projects, as proposed in the amendments to Rule 1309.1, does not require an increased transport, storage, or use of hazardous materials and, therefore, would have no direct project-specific hazards or hazardous materials impacts. It is expected that potential hazards impacts associated with the operation of a new facility (e.g. routine transport, use, disposal of hazardous materials; emit hazardous emissions; handle hazardous or acutely hazardous materials; effects of the project on local public and

private airports; and effects on business emergency or emergency evacuation plans) would already have been analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency.

h) - i): The Uniform Fire Code and Uniform Building Code set standards intended to minimize risks from flammable or otherwise hazardous materials. Local jurisdictions are required to adopt the uniform codes or comparable regulations. Local fire agencies require permits for the use or storage of hazardous materials and permit modifications for proposed increases in their use. Permit conditions depend on the type and quantity of the hazardous materials at the facility. Permit conditions may include, but are not limited to, specifications for sprinkler systems, electrical systems, ventilation, and containment. The fire departments make annual business inspections to ensure compliance with permit conditions and other appropriate regulations. Consequently, local fire departments ensure that adequate permit conditions are in place to protect against potential risk of upset from the use of hazardous materials.

Based on the above considerations, significant adverse project-specific impacts to hazards and hazardous materials are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative hazards impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
IX.	**HYDROLOGY AND WATER QUALITY.** Would the project:			
a)	Violate any water quality standards or waste discharge requirements?	☐	☐	☑
b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g. the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☑

c)	Substantially alter the existing drainage pattern of the site or area, including through alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?	☐	☐	☑
d)	Substantially alter the existing drainage pattern of the site or area, including through alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	☐	☐	☑
e)	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	☐	☐	☑
f)	Otherwise substantially degrade water quality?	☐	☐	☑
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	☐	☐	☑
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flaws?	☐	☐	☑
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	☐	☐	☑
j)	Inundation by seiche, tsunami, or mudflow?	☐	☐	☑
k)	Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	☐	☐	☑
l)	Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the	☐	☐	☑

	construction of which could cause significant environmental effects?			
m)	Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☑
n)	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☑
o)	Require in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	☐	☐	☑

SIGNIFICANCE CRITERIA

Potential impacts on water resources would be considered significant if any of the following criteria apply:

Water Quality:

- The project will cause degradation or depletion of ground water resources substantially affecting current or future uses.
- The project will cause the degradation of surface water substantially affecting current or future uses.
- The project would result in a violation of National Pollutant Discharge Elimination System (NPDES) permit requirements.
- The capacities of existing or proposed wastewater treatment facilities and the sanitary sewer system are not sufficient to meet the needs of the project.
- The project results in substantial increases in the area of impervious surfaces, such that interference with groundwater recharge efforts occurs.
- The project results in alterations to the course or flow of floodwaters.

Water Demand:

- The existing water supply does not have the capacity to meet the increased demands of the project, or the project would use a substantial amount of potable water.

- The project increases demand for water by more than five million gallons per day.

DISCUSSION

IX. a) – o): Allowing the use of Priority Reserve ERCs for EGF, EPRS and biosolids projects, as proposed in the amendments to Rule 1309.1, would have no direct project-specific impact on hydrology. It is expected that potential adverse hydrology and water quality impacts associated with the construction and operation of the new power plant, energy project or biosolids processing facility (e.g. increased demand for water or cause a degradation of water quality) would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to hydrology and water quality are not expected to occur from implementing PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative hydrology and water quality impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	Less Than Significant Impact	No Impact
X. LAND USE AND PLANNING. Would the project:			
a) Physically divide an established community?	☐	☐	☑

b)	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☑
c)	Conflict with any applicable habitat conservation or natural community conservation plan?	☐	☐	☑

SIGNIFICANCE CRITERIA

- Land use and planning impacts will be considered significant if the project conflicts with the land use and zoning designations established by local jurisdictions.

DISCUSSION

X. a) – c): There are no provisions in the proposed amendments that would affect land use plans, policies, or regulations. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by allowing sources to use Priority Reserve offset ERCs. Present or planned land uses in the region will not be affected as a result of the proposed amendments. Permitted facilities will still be required to comply with local land use requirements.

Allowing the use of Priority Reserve ERCs for EGF, EPRS and biosolids projects, as proposed in the amendments to Rule 1309.1, would have no direct project-specific impact on land use and planning. The impacts to land use and planning from the construction and operation of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency.

Based on the above consideration, significant adverse project-specific impacts to land use and planning are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative land use and planning impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	Less Than Significant Impact	No Impact
XI. MINERAL RESOURCES. Would the project:			
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☑
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	☐	☐	☑

SIGNIFICANCE CRITERIA

Project-related impacts on mineral resources would be considered significant if any of the following conditions are met:

- The project would result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state.
- The proposed project results in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan.

DISCUSSION

XI. a) – b): There are no provisions in the proposed amendments that would directly result in the loss of availability of a known mineral resource of value to the region and the residents of the state, or of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan.

Allowing the use of Priority Reserve ERCs for EGF, EPRS and biosolids projects, as proposed in the amendments to Rule 1309.1, would have no direct project-specific impact on mineral resources. The impacts to mineral resources from the construction and operation of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency.

Based on the above consideration, significant adverse project-specific impacts to mineral resources are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative mineral resources impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
XII.	**NOISE.** Would the project result in:			
a)	Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	☐	☐	☑
b)	Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☑
c)	A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☑
d)	A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☑
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☑
f)	For a project within the vicinity of a private airship, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☑

SIGNIFICANCE CRITERIA

Impacts on noise would be considered significant if:

- Construction noise levels exceed local noise ordinances or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three decibels (dBA) at the site boundary. Construction noise levels will be considered significant if they exceed federal Occupational Safety and Health Administration (OSHA) noise standards for workers.

- The proposed project operational noise levels exceed any of the local noise ordinances at the site boundary or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three dBA at the site boundary.

DISCUSSION

XII. a) – f): Allowing the use of Priority Reserve ERCs for newly eligible projects, as proposed in the amendments to Rule 1309.1, would have no direct project-specific noise impacts since the proposed project has no provisions that directly require noise-producing equipment or otherwise generate noise. It is expected that noise impacts from the construction and operation of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency.

SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations and the fact that facilities must comply with local noise ordinances and OSHA regulations, significant adverse project-specific noise impacts are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative noise impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	Less Than Significant Impact	No Impact
XIII. POPULATION AND HOUSING. Would the project:			
a) Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)?	☐	☐	☑
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	☐	☐	☑
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	☐	☐	☑

SIGNIFICANCE CRITERIA

The impacts of the proposed project on population and housing would be considered significant if the following criteria are exceeded:

- The demand for temporary or permanent housing exceeds the existing supply.
- The proposed project produces additional population, housing or employment inconsistent with adopted plans either in terms of overall amount or location.

DISCUSSION

XIII. a) – c): There are no provisions in the proposed amendments that alter land use decisions or would directly result in the creation of new industries that would affect population growth or induce the construction of single- or multiple-family units. The proposed amendments are not expected to appreciably affect employment opportunities, so no population relocation or growth inducement is expected from the proposed project's implementation. It is expected that population and housing impacts from the siting of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency.

Nevertheless, in the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. Therefore, potential adverse population and housing impacts associated with a new facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to population and housing are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative population and housing impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
XIV. PUBLIC SERVICES. Would the proposal result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:			
a) Fire protection?	☐	☐	☑
b) Police protection?	☐	☐	☑
c) Schools?	☐	☐	☑
d) Parks?	☐	☐	☑
e) Other public facilities?	☐	☐	☑

SIGNIFICANCE CRITERIA

- Impacts on public services would be considered significant if the project results in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response time or other performance objectives.

DISCUSSION

XIV. a) – e): As shown by the responses to the other checklist topics, the proposed project does not have any requirements that would directly result in adverse effects to public services. The proposal would not result in the need for new or physically altered government facilities in order to maintain acceptable service ratios, response times or other performance objectives. It is expected that potential adverse public service impacts associated with the construction and operation of a new power plant, EPRS or biosolids processing facility would be analyzed and mitigated as necessary pursuant to CEQA by the appropriate lead agency.

Nevertheless, in the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. Therefore, In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to public services are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative public services impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	Less Than Significant Impact	No Impact
XV. RECREATION.			
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated.?	☐	☐	☑
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?	☐	☐	☑

SIGNIFICANCE CRITERIA

The impacts to recreation would be considered significant if:

- The project results in an increased demand for neighborhood or regional parks or other recreational facilities.
- The project adversely affects existing recreational opportunities.

DISCUSSION

XV. a) – b): Allowing the use of Priority Reserve ERCs for newly eligible projects, as proposed in the amendments to Rule 1309.1, would have no provisions that would directly increase the use of existing neighborhood and regional parks or other recreational facilities or include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse project-specific physical effect on the environment. It is expected that potential recreation impacts from the construction and operation of the new power plant, EPRS or biosolids processing facility will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other

appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to recreation are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative recreation impacts in the Draft PEA (see the discussion in item XVIII. b.).

		Potentially Significant Impact	Less Than Significant Impact	No Impact
XVI. SOLID/HAZARDOUS WASTE.	Would the project:			
a)	Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	☐	☐	☑
b)	Comply with federal, state, and local statutes and regulations related to solid and hazardous waste?	☐	☐	☑

SIGNIFICANCE CRITERIA

The proposed project impacts on solid/hazardous waste would be considered significant if the following occur:

- The generation and disposal of hazardous and non-hazardous waste exceeds the capacity of designated landfills.

DISCUSSION

XVI. a) – b): Allowing the use of Priority Reserve ERCs for EGF, EPRS and biosolids projects, as proposed in the amendments to Rule 1309.1, would have no provisions in the proposed amendments that would directly increase the volume of solid or hazardous waste generation, require additional waste disposal capacity, or generate waste that does not meet applicable local, state, or federal regulations. It is expected

that the project-specific solid/hazardous waste impacts from the construction and operation of the new EGFs, EPRS or biosolids processing facilities will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency.

In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for EPRS or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to solid/hazardous waste are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative solid/hazardous waste impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	**Less Than Significant Impact**	**No Impact**
XVII. TRANSPORTATION/TRAFFIC. Would the project:			
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	☐	☐	☑
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	☐	☐	☑
c) Result in a change in air traffic patterns, including either an increase in traffic levels or	☐	☐	☑

	a change in location that results in substantial safety risks?			
d)	Substantially increase hazards due to a design feature (e.g. sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?	☐	☐	☑
e)	Result in inadequate emergency access or?	☐	☐	☑
f)	Result in inadequate parking capacity?	☐	☐	☑
g)	Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g. bus turnouts, bicycle racks)?	☐	☐	☑

SIGNIFICANCE CRITERIA

The impacts on transportation/traffic would be considered significant if any of the following criteria apply:

- Peak period levels on major arterials are disrupted to a point where level of service (LOS) is reduced to D, E or F for more than one month.
- An intersection's volume to capacity ratio increase by 0.02 (two percent) or more when the LOS is already D, E or F.
- A major roadway is closed to all through traffic, and no alternate route is available.
- There is an increase in traffic (e.g., 350 heavy-duty truck round-trips per day) that is substantial in relation to the existing traffic load and capacity of the street system.
- The demand for parking facilities is substantially increased.
- Water borne, rail car or air traffic is substantially altered.
- Traffic hazards to motor vehicles, bicyclists or pedestrians are substantially increased.

DISCUSSION

XVI. a) – g): Allowing the use of Priority Reserve ERCs for eligible projects, as proposed in the amendments to Rule 1309.1, would have no provisions in the proposed amendments that would directly increase worker commute trips, raw material or finished product transport trips, adversely affect parking, or conflict with adopted policies associated with alternative transportation. It is expected that the impacts on transportation from the construction and operation of the new EGF, EPRS and biosolids projects will be analyzed in the appropriate CEQA document prepared by the appropriate lead agency. In the event that other public agencies do not assume CEQA responsibility, SCAQMD permit process procedures would ensure such projects would be analyzed for CEQA applicability. SCAQMD is typically a responsible agency and before action can be taken on the air quality permits for energy or biosolids projects, the SCAQMD has to have a certified CEQA document from the appropriate lead agency, which is usually the CEC, CPUC or other appropriate agencies with primary discretionary approval authority over the project. So, environmental impacts would typically already have been analyzed and disclosed in accordance with CEQA requirements.

Based on the above considerations, significant adverse project-specific impacts to transportation/circulation are not expected from PAR 1309.1. Since there are no significant adverse project-specific impacts, no mitigation measures are required. To the extent information is available, the SCAQMD will evaluate whether or not PAR 1309.1 has the potential to generate significant adverse cumulative transportation/traffic impacts in the Draft PEA (see the discussion in item XVIII. b.).

	Potentially Significant Impact	Less Than Significant Impact	No Impact
XVIII. MANDATORY FINDINGS OF SIGNIFICANCE.			
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	☑	☐	☐

b)	Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)	☑	☐	☐
c)	Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☑

XVIII. a) and c): As indicated in the environmental checklist responses in the preceding sections, it is not expected that potential project-specific impacts to biological sources (e.g. substantially reducing the habitat of a fish or wildlife species, causing a fish or wildlife population to drop below self sustaining levels, threatening to eliminate a plant or animal community, reducing the number or restricting the range of a rare or endangered plant or animal) and cultural resources (e.g. eliminating important examples of the major periods of California history or prehistory) as well as human beings will occur. It is, however, expected that impacts to these environmental topic areas will be evaluated in future CEQA documents prepared by other appropriate lead agencies in accordance with CEQA requirements for affected facilities. The proposed project consisting of allowing the use of Priority Reserve ERCs is not expected to create new or make substantially worse impacts already evaluated.

Further, PAR 1309.1 will not substantially affect human beings, either directly or indirectly, because air quality modeling required by SCAQMD's Regulation XIII and air toxic impacts will continue to be required. Although the proposed project is consistent with Regulation XIII's goal to achieve no net increase in emissions from new or modified permitted sources of non-attainment air pollutants, air quality impacts are considered to be potentially significant because the SCAQMD considers use of Priority Reserve ERCs by facilities that would not otherwise have access to the Priority Reserve to be an adverse air quality impact. In addition, use of Priority Reserve credits in amounts that exceed the daily significance threshold for any affected pollutant is considered a significant adverse air quality impact. Further, due to the uncertainty of the emission reduction to be achieved by projects funded by the mitigation fee, the emissions might not be reduced at the same amount that is withdrawn from the Priority Reserve. Therefore, the proposed project has the potential to affect emission levels in an amount to exceed SCAQMD's significance levels for air quality impacts. Because the proposed project has the potential to generate significant adverse project-specific air quality impacts, the proposed project also has the potential

to create significant adverse cumulative air quality impacts. Therefore, air quality impacts will be further evaluated in the Draft PEA.

XVIII.b) Opponents to PAR 1309.1 have argued that the proposed project will assist in an approval of an air quality permit, which is a critical step in obtaining an approval to site a project. There are potential adverse environmental impacts from siting a project, such as construction and operational impacts, so operators of affected facilities expected to take advantage of accessing the Priority Reserve could obtain ultimate approval to be sited and, thus, could potentially generate these impacts. While these environmental impacts will be fully evaluated and disclosed in a separate CEQA document by the lead agency in charge of siting the project (i.e., California Energy Commission, etc.). The SCAQMD will survey available information on facilities included in PAR 1309.1, such as EGFs, and facilities that could be included in future amendments to Rules 1309.1 and/or 1302, such as EPRSs and biosolids treatment facilities. To the extent information is available on affected facilities, potential adverse cumulative impacts from siting, constructing and operating these facilities will be identified in the Draft PEA for all environmental topic areas where potential significant adverse cumulative impacts have been identified.

Rule 1315

Rule 1315 was adopted in September 2006 and formalizes SCAQMD's NSR tracking system. Rule 1315 includes several modifications to the procedures used in the existing tracking system. The revised procedures include elimination of all credits for which SCAQMD no longer retains documentation. SCAQMD also included additional classes of credits in the tracking system, namely orphan shutdowns of minor sources and other surplus reductions. As a result of these proposed modifications, and even with the inclusion of the minor source orphan shutdowns and other surplus reductions, SCAQMD's previously-reported 2002 offset account balances for all pollutants, except for NOx, were reduced, depending on the pollutant, by 39 percent to 81 percent. Several elements of the revisions to SCAQMD's tracking system contributed to these reductions, but the single element with the greatest contribution was the reevaluation of pre-1990 credits, which eliminated all credits for which SCAQMD no longer retained documentation. As a result, SCAQMD's pre-1990 credits were reduced, depending on the pollutant, by seven percent to 92 percent. Cumulative impacts from adopting Rule 1315 will be evaluated in the Draft PEA.

APPENDIX A

PROPOSED AMENDED RULE 1309.1