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Ms. Lynn Terry
California Air Resources Board
1001 "I" Street
P.O. Box 2815
Sacramento, CA 95812

Dear Lynn:

CAPCOA appreciates the time you and your staff spent with our Board this past Wednesday discussing the complex issues associated with determining appropriate CEQA significance thresholds for greenhouse gases from new residential, commercial and industrial development. We found it to be a very informative and productive meeting and wanted to express our support of a bifurcated approach to CEQA review and mitigation for industrial emission sources, as follows:

1. Require all new industrial sources of GHG emissions to meet specific GHG performance standards established for each equipment type or source category of emissions. Additionally, any new industrial source exceeding 25,000 tons of CO₂e per year after meeting the specified performance standards would be deemed to have a potentially significant adverse impact on the environment and would be analyzed and mitigated as required under CEQA.

OR

2. A jurisdiction could establish a CEQA significance threshold for industrial sources designed to capture and mitigate 90% of industrial source emissions. All new industrial sources exceeding the established threshold would be considered significant and subject to CEQA review and mitigation. Industrial sources with GHG emissions below the threshold would not be subject to performance standards and would not require mitigation or CEQA review for GHG impacts.

For Option #1 above, CAPCOA proposes to work with ARB to establish a technical review committee to evaluate and identify appropriate performance standards for the most common industrial emission sources, using defined criteria

such as technological and economic feasibility. CAPCOA envisions a process would be established to ensure statewide consistency in the development and application of performance standards for each industrial source type or category. The 25,000 ton/year significance threshold is recommended to be consistent with the emissions threshold established by ARB under the Mandatory Reporting regulation and provides a backstop to ensure adequate mitigation is applied to larger industrial sources to help achieve the emission reduction goals identified in the Scoping Plan.

For Option #2 above, CAPCOA recommends ARB analyze their statewide GHG emissions inventory for industrial sources to determine the emissions threshold needed to capture 90% of industrial source GHG emissions.

CAPCOA believes each option would be functionally equivalent in the level of GHG emission reductions achieved from new industrial source projects. The bifurcated approach allows lead agencies the flexibility to choose the type of CEQA threshold best suited to their local review process for industrial projects proposed within their jurisdiction.

Regarding CEQA thresholds for residential and commercial projects, CAPCOA has had many internal discussions on the topic but has not yet reached consensus on a recommended approach. We look forward to continuing discussions with ARB on that specific issue over the next few weeks.

CAPCOA recognizes the many layers of complexity associated with addressing GHGs in the CEQA process and commends ARB for their hard work and the innovative concepts and recommendations developed by your staff to date. As CEQA lead, responsible, and/or commenting agencies, air districts understand the significant challenges in developing thresholds that adequately address climate change impacts within a framework that enables an efficient regulatory permitting process at all levels while providing some certainty to project applicants on the requirements they need to meet for a successful outcome. As such, we stand ready to work with and support ARB throughout this process to help ensure these goals are achieved.

CAPCOA appreciates the opportunity to provide input on this important issue and looks forward to working with you in the coming weeks as you finalize your recommendations for Board consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Dressler", written in a cursive style.

Terry Dressler
President