M e m o r a n d u m

Date: November 26, 2008

To: Mr. Kurt Karperos
Branch Chief
Planning and Technical Support Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

From: **Department of Water Resources**

Subject: Comments on Preliminary Draft Staff Proposal on Recommended Approaches for Setting Interim Significance Thresholds for Greenhouse Gases under CEQA

The Department of Water Resources (DWR) commends the Air Resources Board for tackling the pressing issue of threshold significance of greenhouse gas emissions, for the purposes of analyses conducted pursuant to the California Environmental Quality Act (CEQA). The preliminary draft staff proposal for "Recommended Approaches for Setting Interim Significance Thresholds for Greenhouse Gases under CEQA" provides an excellent starting point for comment and discussion about this complex and evolving issue, and ARB staff have crafted a thoughtful and helpful set of recommended approaches. DWR provides the following comments and suggestions on the staff proposal.

Accounting for Construction and Other Temporary Emissions

The proposed guidance does not clearly explain how construction emissions and other one-time or temporary emissions will be treated. For many of the projects contemplated by DWR and others, for instance, construction emissions may represent the majority of emissions produced by the project. In fact, ongoing operational emissions from many of the Department's projects are minimal or at least well below the threshold of 7000 metric tons of carbon dioxide equivalent per year proposed by ARB staff.

Currently, for industrial projects, box 2 of Attachment A of the draft staff proposal lists only a performance standard for analyzing construction emissions. This appears to entail best management practices and other performance benchmarks, but does not provide any quantitative significance threshold for temporary emissions. Any large construction project that failed to quantitatively inventory emissions from construction would likely fail to meet CEQA's public disclosure and impact analysis requirements. The draft guidance fails to adequately address significance thresholds for these types of emissions.

The Department suggests that the Board address this issue by considering the amortization of construction emissions over the life of the project (using a 0% discount rate). This would allow long-lived projects that have large construction emissions—but very low annual emissions rates—to reasonably quantify their gross project impacts

and to allow them to be judged along side projects that have higher annual emissions but lower construction emissions. Given that the residence time for carbon dioxide (CO_2) in the atmosphere is on the order of 100 years, it may be reasonable to assume that a ton of CO_2 released during construction activities has the same impact as a ton of CO_2 emitted during operations. This methodology would also facilitate appropriate accounting for other one-time or temporary emissions such as equipment replacement or periodic maintenance.

Additional Guidance Needed on Quantification of Emissions

ARB staff have proposed a quantitative threshold of significance for annual greenhouse gas emissions for both industrial and commercial/residential projects. This quantitative threshold necessitates a consistent methodology for inventorying and calculating emissions. Though ARB did not set out to establish a methodology for calculating emissions, some additional guidance from ARB on this issue would be helpful (either as part of future drafts of this proposal or other future guidance). Specifically, additional clarification and consistency would be helpful regarding boundary lines for the extent of emissions attributable to a specific project and for emissions related to land use change.

For example, with respect to land use change: how does the Board suggest that lead agencies address land use changes that may have a significant effect on carbon sequestration/emissions? In many cases, projects will replace functioning natural areas with hardscape, in other cases, such as many of the Department's environmental restoration efforts, a degraded landscape is being restored to a functioning, natural area. In cases where the construction emissions for restoring the land are large, how can a project show that these emissions are offset by increased carbon sequestration on the land? In most cases, data are not available to estimate the carbon flux capacity of either the existing or the proposed land use.

The Department of Water Resources appreciates the opportunity to comment on this important issue, and looks forward to reviewing the final staff proposal for significance thresholds. Thank you again for your continued efforts to provide guidance on addressing California's climate change challenges.

Sincerely,

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