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July 19, 2011

Lina Velasco
Senior Planner, Community and Economic Development Group
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Subject: Notice of Preparation for the Revised Energy and Hydrogen Renewal Project and Revised Environmental Impact Report

Dear Ms. Velasco:

Bay Area Air Quality Management District (District) staff reviewed your agency's Notice of Preparation (NOP) for the Revised Energy and Hydrogen Renewal Project (Revised Project) proposed for implementation at the Chevron Refinery in Richmond (Refinery). The Revised Project would include the development of a new Hydrogen Plant and other Hydrogen Purity improvements. The Hydrogen Plant replacement would allow the Refinery to increase hydrogen production from 180 million standard cubic feet per day (SCFD) to 230 million SCFD. The Hydrogen Purity improvements would enable the Refinery to process crude oil blends that contain up to approximately 3% sulfur.

Revised Project Background

In 2005, Chevron proposed the Hydrogen and Energy Renewal Project at the Refinery (Original Project). In 2008, the City of Richmond (City) certified an environmental impact report (Original EIR) and issued the necessary permits, and the District also issued an Authority to Construct, for the Original Project. In 2009, a Superior court ordered that the entitlements be set aside, and construction activities were stopped due to the aforementioned court order.

Chevron is now proposing to reduce the overall scope of the Original Project. The Revised Project would complete construction and make operational only the Hydrogen Plant replacement and Hydrogen Purity improvement (essentially sulfur removal/handling) portions of the Original Project. The Catalytic Reformer Replacement, Power Plant Replacement including a new Cogeneration Unit, and Other New and Replacement Facilities (e.g., storage tanks) that were part of the Original Project are not part of the Revised Project. The City will prepare a Revised EIR to comply with the court decision regarding the Original EIR and to address changes in the project proposed by Chevron that have reduced the overall project scope.

The Revised EIR will be prepared by the City as the Lead Agency for the purpose of considering conditional use and design review permits for the Revised Project.

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In addition, the project sponsor must obtain pertinent permits from the District and comply with all applicable plans, rules and regulations of the District in respect to air emissions from the Revised Project. In this capacity, the District is a responsible agency for CEQA purposes.

Revised EIR Analysis

The District has the following specific comments on the environmental analysis that should be included in the Revised EIR:

1. The Revised EIR should provide a discussion of the District's attainment status for all criteria pollutants and the implications for the region if these standards are not attained or maintained by statutory deadlines; a discussion of the health effects of air pollution, especially on sensitive receptors; and a discussion of greenhouse gas (GHG) emissions and the potential impacts from climate change in the Bay Area.
2. The Revised EIR should provide a map that identifies the distance between the Revised Project and all sensitive receptor locations, such as residences, schools, day cares, hospitals, and nursing care within 1,000 feet.
3. The *District's CEQA Air Quality Guidelines (May 2011)* provide guidance on how to evaluate a project's construction, operational and cumulative air quality impacts. You may download a copy from the District's web site at: <http://www.baaqmd.gov/Divisions/Planning-and-Research/CEQA-GUIDELINES.aspx>. The Revised EIR should provide a detailed analysis of the Revised Project's potential effects on local and regional air quality from construction and operations (including permitted and non-permitted stationary and area emissions, and mobile emissions). The cumulative impacts for the Revised Project should also be evaluated.
4. The Revised EIR should estimate both the maximum daily and annual emissions of volatile organic compounds (VOCs), nitrogen oxides (NOx), greenhouse gases (GHGs), and particulate matter (PM_{2.5} and PM₁₀). Emission estimates should be transparent and verifiable. These estimates should be compared to the significance thresholds in the *District's CEQA Air Quality Guidelines*.
5. The Revised EIR should estimate and evaluate the potential health risks from construction and operation activities to current and future sensitive populations within the Revised Project area from toxic air contaminants (TACs).
6. The Revised EIR should include mitigation measures for any identified potentially significant air quality impacts. The District's *CEQA Air Quality Guidelines* contains numerous mitigation measures for lead agencies to consider.
7. The City should consult with the District's permit engineers to determine the appropriate baseline emissions for the Revised Project air quality analysis.
8. The Revised EIR should include a list of all equipment that would be part of the Revised Project, including abatement devices, and equipment makes and models.

The District's CEQA website contains a number of tools and resources to assist lead agencies in analyzing environmental impacts. Available documents include guidance on quantifying plan level greenhouse gas emissions and risk and hazard screening and modeling guidance. Available tools can be viewed and downloaded at: <http://www.baaqmd.gov/Divisions/Planning-and-Research/CEQA-GUIDELINES/Tools-and-Methodology.aspx>

We encourage lead agencies to contact District staff to answer relevant questions and request additional assistance during the environmental analysis process. If you have any questions regarding these comments, please contact Alison Kirk, Senior Environmental Planner, 415-749-5169.

Sincerely,



Jean Roggenkamp
Deputy Air Pollution Control Officer

cc: District Vice Chair John Gioia
District Director David Hudson
District Director Mark Ross
District Director Gayle B. Uilkema