

ATTACHMENT D

FINDINGS and STATEMENT OF OVERRIDING CONSIDERATIONS

Introduction

The California Air Resources Board (ARB), as the lead agency for the Proposed 2016 State Strategy for the State Implementation Plan (State SIP Strategy), prepared a Draft Environmental Analysis (EA) in accordance with its certified regulatory program (Cal. Code Regs., tit. 17, §§ 60000 – 60008) to comply with the requirements of the California Environmental Quality Act (CEQA) (Pub. Resources Code, §21000, *et seq.*). The Draft EA, entitled *Draft Environmental Analysis prepared for the Proposed 2016 State Strategy for the State Implementation Plan*, and included as Appendix B to the State SIP Strategy, provided an analysis of the potential environmental impacts associated with the State SIP Strategy. Following circulation of the Draft EA for a 60-day public review and comment period from May 17, 2016, through July 18, 2016, ARB prepared the *Final Environmental Analysis prepared for the Revised Proposed 2016 State Strategy for the State Implementation Plan* (Final EA) which includes minor revisions to the Draft EA. While minor modifications have been made to the Final EA to ensure it reflects the proposed project as accurately as possible, these changes merely clarify, amplify, or make insignificant modifications to the otherwise-adequate Draft EA. Therefore, there is no significant new information that would require the Final EA to be recirculated. The Final EA was posted on ARB's webpage on March 10, 2017.

The Final EA is based on the expected compliance responses of the entities covered by the proposed actions in the State SIP Strategy. Although the policy aspects and requirements of the State SIP Strategy do not directly change the physical environment, potential indirect physical changes to the environment could result from reasonably foreseeable actions undertaken by entities in response to the State SIP Strategy. These indirect impacts are the focus of the programmatic-level impacts analysis in the Final EA. If ARB, or other state agencies, pursue regulations to implement any of the State SIP Strategy measures discussed in the State SIP Strategy, each regulation would go through the Administrative Procedure Act (APA) process. The APA is a rigorous process that includes technical, environmental, and economic analyses, and public review and input. The Initial Statement of Reasons (ISOR) prepared by ARB for each proposed regulation, also known as the Staff Report, would include an environmental analysis specific to that proposal. While the Final EA does not replace the more detailed "project-level" environmental review to be carried out prior to consideration of any particular recommendation, the Final EA makes a good faith effort to address the types of impacts associated with the types of foreseeable actions that can be reasonably predicted at this time. Because the specific location, design, and setting of potential actions cannot feasibly be known at this time, the Final EA's programmatic level of analysis broadly applies statewide rather than at any particular site or project-specific location.

The impact discussion includes, where relevant, construction-related effects, operational effects of new or modified facilities, and influences of the recommended actions on GHG and air pollutant emissions. Because the specific location, extent, and design of potential new

and/or modified facilities cannot be known at this time, the impact discussions reflect a conservative assessment to describe the type and magnitude of effects that may occur. These impact discussions are followed by the types of mitigation measures that could typically be required to reduce potentially significant environmental impacts. The Final EA takes a conservative approach (i.e., tending to overstate environmental impacts) in finding some impacts to be potentially significant after mitigation because the authority to determine project-level impacts and require project-level mitigation lies with the lead agency with authority over those particular projects. Additionally, because the programmatic level of analysis cannot address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts. It is expected that many of the impacts identified as potentially significant in this Final EA could feasibly be avoided or mitigated to a less-than-significant level during the project-specific environmental review process.

Collectively, across all categories, the Final EA concluded that the reasonably foreseeable compliance responses associated with implementation of the proposed actions in the State SIP Strategy could result in the following short-term and long-term impacts: beneficial long-term impacts to air quality, energy demand, and greenhouse gases; less-than-significant impacts to energy demand, greenhouse gases, hazards and hazardous materials, land use planning, mineral resources, population and housing, public services, and recreational services; and potentially significant and unavoidable adverse impacts to aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, noise, transportation/traffic, and utilities and service systems. The potentially significant and unavoidable adverse impacts are primarily related to short-term, construction-related activities, which explains why the hazards and hazardous materials resource area is identified above as having both less-than-significant impacts and potentially significant impacts.

ARB's certified regulatory program requires that before adoption of an action for which significant adverse environmental impacts have been identified during the review process, ARB consider feasible mitigation measures and alternatives that could substantially reduce the impacts. (Cal. Code Regs, tit. 17, §60006.) CEQA places the burden on the approving agency to affirmatively show that it has considered feasible mitigation and alternatives that can lessen or avoid identified impacts through a statement of findings for each identified significant impact. (Pub. Resources Code, §21081.) CEQA Guidelines section 15091 provides direction on the content of the statement of findings. That section states that one or more of the following findings should be identified for each impact:

- Changes or alterations have been required in, or incorporated into, such projects which avoid or substantially lessen the significant environmental effect as identified in the final environmental impact report.
- Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency, or can and should be adopted by such other agency.
- Specific economic, legal, social, technological, or other considerations, including provision of employment opportunities for highly trained workers, make infeasible the

mitigation measures or project alternatives identified in the environmental impact report.

Because the potential adverse impacts identified in this programmatic level EA are potential indirect impacts associated with the compliance responses of covered entities, the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with local permitting authority, such as city or county governments and local air districts. ARB does not have the ability to determine with any specificity the project level impacts, nor the authority to require project level mitigation in approving the State SIP Strategy, as discussed in the findings below.

An agency may approve a project with unavoidable (unmitigated) adverse environmental impacts. When doing so, CEQA requires the agency to make a statement in the record of its views on the ultimate balancing of the merits of approving the project despite the environmental impacts in a “statement of overriding considerations” (Pub. Resources Code, §21081(b); Cal. Code Regs, tit. 14, §15093.) The following presents the Board’s statement of findings for each significant adverse impact identified in the EA, accompanied by a brief explanation, and its statement of overriding considerations.

STATEMENT OF FINDINGS

The Board has independently reviewed and considered the entire record, including the information contained in the EA, public testimony, written comments received, and the written responses to environmental comments, all of which are hereby incorporated by reference. The Board makes the following written findings for each significant adverse impact identified, accompanied by a brief explanation of the rationale for each finding. These findings are supported by substantial evidence in the record.

Aesthetics

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; and increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation, processing, and imports of Low-Emission Diesel fuels or feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that aesthetics could be impacted by development of new facilities and increased lithium mining caused by an increased demand for vehicles powered by lithium batteries. Therefore, short-term construction-related impacts and long-term

operational impacts on aesthetics and nighttime lighting associated with implementation of the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measure 1-1, which identifies existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 1-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 1-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Agriculture and Forest Resources

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels

or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that agriculture and forest resources could be impacted by increased demand for Low-Emission Diesel, transportation improvements, new manufacturing facilities, testing centers, hydrogen fueling stations and electric charging stations. Therefore, impacts associated with implementation of the State SIP Strategy on agricultural and forest resources could be potentially significant.

The EA includes Mitigation Measure 2-1, which identifies existing statutes and regulations and construction and operating permit requirements as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 2-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 2-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Air Quality

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the

State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined there could be short-term air quality impacts associated with the construction of new facilities. As a result, short-term construction-related air quality impacts associated with the State SIP Strategy would be potentially significant. However, all projects, regardless of their size or type, would be required to seek any applicable local or State approvals prior to their implementation, including any necessary air quality permits. Furthermore, the State SIP Strategy would result in substantial overall operational air quality benefits.

The EA includes Mitigation Measure 3-1, which identifies existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 3-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 3-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Biological Resources

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA found that biological resources could be affected by the construction of new facilities, implementation of the Low-Emission Diesel standard and increased lithium mining caused by an increased demand for vehicles powered by lithium batteries. Therefore, short-term construction-related and long-term operational impacts on biological resources could be potentially significant.

The EA includes Mitigation Measures 4-1 and 4-2, which identify existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measures 4-1 and 4-2 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measures 4-1 and 4-2 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Cultural Resources

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA found that cultural resources could be affected by demolition of existing structures and construction and operation of new facilities. Therefore, short-term construction-related and long-term operational impacts on cultural resources associated with the State SIP Strategy would be potentially significant.

The EA includes Mitigation Measure 5-1, which identifies existing statutes and regulations and construction and operating permit requirements, designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 5-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 5-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Geology and Soils

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA found that geology and soils could be affected by construction and operation of new facilities and infrastructure. Therefore, short-term construction-related and long-term operational impacts to soil and geologic resources associated with the proposed actions in the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measure 7-1, which identifies existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 7-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 7-1 should be adopted by those agencies. Public agencies with authority can and

should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Hazards and Hazardous Materials

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA found that construction activities associated with new facilities and infrastructure could pose environmental hazards. Therefore, short-term construction-related impact associated with the State SIP Strategy on hazards and hazardous materials would be potentially significant.

The EA includes Mitigation Measure 9-1, which identifies existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 9-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 9-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Hydrology and Water Quality

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of

Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that hydrology and water quality could be impacted by development of new facilities, implementation of the Low-Emission Diesel standard and increased lithium mining caused by an increased demand for vehicles powered by lithium batteries. Therefore, short-term construction-related and long-term operational impacts to hydrologic resources associated with implementing the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measures 10-1 and 10-2, which identify existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measures 10-1 and 10-2 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measures 10-1 and 10-2 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Noise

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty

vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that noise could be affected by construction and operations of new facilities and manufacturing plants as well as increased lithium mining caused by an increased demand for vehicles powered by lithium batteries. Therefore, short-term construction-related and long-term operational impacts to noise associated with implementing the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measures 13-1 and 13-2, which identify existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measures 13-1 and 13-2 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measures 13-1 and 13-2 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Transportation and Traffic

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that transportation and traffic could be affected by construction of new facilities and manufacturing plants as well as implementation of the Low-Emission Diesel standard. Therefore, short-term construction-related and long-term operational impacts to transportation and traffic associated with implementing the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measures 17-1 and 17-2, which identify existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measures 17-1 and 17-2 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measures 17-1 and 17-2 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Utilities and Service Systems

Finding and Explanation

Implementation of the proposed actions in the State SIP Strategy would result in increased infrastructure for natural gas and hydrogen refueling stations; increased demand for lithium battery manufacturing and associated increases in lithium mining and exports; increased recycling or refurbishment of lithium batteries; increased emission testing of vehicles which may cause construction of new testing centers to monitor vehicle emissions throughout the State. It is anticipated that the replacement rate of on-road light-duty and heavy-duty vehicles, as well as off-road equipment and engines, would be increased, requiring that older models are sold outside of California, scrapped, or recycled. Compliance responses could also include construction and operation of new manufacturing facilities to support near-zero and zero-emission technologies and increased manufacturing of low-NOx engines. Finally, increased Low-Emission Diesel demand stimulated by implementation of a Low-Emission Diesel standard is anticipated to increase cultivation or imports of Low-Emission Diesel fuels or feedstocks. In addition, increased Low-Emission Diesel demand may increase processing of Low-Emission Diesel fuels, and shipment of finished Low-Emission Diesel fuels and/or their feedstocks. Infrastructure to support collection, processing, and distribution of Low-Emission Diesel fuels, including biomethane, and associated feedstocks may also increase. The EA determined that utilities and service systems could be affected by construction and operations of new facilities and manufacturing plants as well as an increased rate of turnover of vehicle fleets to increase use of near-zero and zero-emission technologies. Therefore, short-term construction-related and long-term operational impacts to utilities and service systems associated with implementing the State SIP Strategy could be potentially significant.

The EA includes Mitigation Measure 18-1, which identifies existing statutes and regulations and construction and operating permit requirements, as well as other recognized practices designed to reduce these potentially significant impacts. The Board finds that the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Therefore, the Board finds that the authority to implement Mitigation Measure 18-1 is within the responsibility and jurisdiction of other public agencies, and that the requirements and practices in Mitigation Measure 18-1 should be adopted by those agencies. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource.

Moreover, activities within ARB's direct control – such as the design and implementation of future regulations and incentive programs – will be designed in accordance with the environmental principles set out in the State SIP Strategy and Draft EA, along with controlling law, including AB 32, CEQA, and the APA. These commitments are intended to minimize, and where possible avoid impacts. However, the precise design of these programs is necessarily left for the future, and many of the data and research needs identified by the State SIP Strategy have been addressed.

Consequently, at this stage without full details on the design of potential programs and associated required mitigation, while impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the impacts to this resource associated with the proposed actions in the State SIP Strategy would be potentially significant and unavoidable. This impact is overridden by the project's benefits as set forth in the statement of overriding considerations.

Cumulatively Considerable Impacts

The most relevant plans and programs for considering cumulative impacts of the State SIP Strategy are the AB 32 Scoping Plan Update (both the first update, adopted in 2014 and the 2030 target update currently in preparation), Low Carbon Fuel Standard and Alternative Diesel Fuel (LCFS/ADF) Regulations, and Sustainable Community Strategies (SCSs) pursuant to implementation of Senate Bill (SB) 375. The analysis of cumulative impacts for the State SIP Strategy included a summary of the cumulative impacts found for each resource area in the Scoping Plan Update EA, LCFS/ADF Regulations and SCSs, and a conclusion regarding whether the State SIP Strategy could result in a cumulatively considerable contribution to an existing significant cumulative impact.

The EA concluded the State SIP Strategy could result in a cumulatively considerable contribution to significant cumulative impacts to aesthetics, agricultural and forest resources, short-term construction-related air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, noise, transportation and traffic, and utilities and service systems. While suggested mitigation is provided within the respective resource areas of the EA analyses that could address the contribution of the State SIP Strategy to each of these potentially cumulatively considerable impacts, the Board finds that because these adverse impacts are potential indirect impacts associated with the compliance responses of covered entities, the authority to determine site- or project-specific mitigation is within the purview of jurisdictions with land use approval and permitting authority, such as city or county governments. Public agencies with authority can and should implement the identified measures to the degree feasible. Because the authority and responsibility to determine project-level impacts and require project-level mitigation lies with land use and/or permitting agencies for individual projects, and the programmatic level of analysis associated with the EA does not attempt to address project-specific details of mitigation, there is inherent uncertainty in the degree of mitigation that may ultimately be implemented to reduce potentially significant impacts to this resource. Consequently, while cumulative impacts could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval, the Board takes a conservative approach in its post-mitigation significance conclusion and finds the cumulatively considerable contribution of the State SIP Strategy to existing significant cumulative impacts to aesthetics, agricultural

and forest resources, short-term construction-related air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, noise, transportation and traffic, and utilities and service systems to be potentially significant and unavoidable.

Findings on Alternatives to the Project

In addition to the No-Project Alternative, the EA considered a reasonable range of alternatives that could reduce or eliminate the significant adverse environmental impacts associated with the State SIP Strategy, while accomplishing most of the project objectives.

The Board finds the alternatives analysis is sufficient to inform the Board and the public regarding the tradeoffs between the degree to which the alternatives could reduce environmental impacts and the corresponding degree to which the alternatives could achieve the project objectives.

Based upon a full evaluation of the alternatives, and the entirety of the record, the Board finds that adoption and implementation of the State SIP Strategy is the most desirable, feasible, and appropriate action for achieving the objectives of the project, and the Board rejects the other alternatives because they either fail to meet most project objectives, or are infeasible based on consideration of the relevant factors identified in the EA and briefly described below:

Alternative 1: No Project Alternative –

Alternative 1 in the EA describes a reasonably foreseeable scenario if ARB did not approve the State SIP Strategy. Under the No-Project Alternative, the State SIP Strategy would not be adopted. ARB's existing control program, which is comprised of regulations and programs the Board has already adopted, would continue to be implemented. As the No-Project Alternative precludes the State from submitting to U.S. EPA an approvable SIP, adoption of this alternative would result in a failure to meet statutory requirements under the Act and State law. If a state fails to adopt and implement an adequate plan, U.S. EPA may issue and enforce a FIP, pursuant to Section 110(c) of the Act, which is designed to correct any deficiencies in the SIP.

The Board finds that this alternative fails to provide the necessary emission reductions for all of California's nonattainment areas to meet federal air quality standards, and would thus not allow for submittal of an approvable SIP to U.S. EPA. Furthermore, the No-Project Alternative would fail to encourage an increased rate of market penetration of near-zero and zero emission technology. Therefore, the No Project Alternative would not meet the most basic objectives of the project. Furthermore, adoption of the No Project Alternative does not create an environmentally advantageous outcome because although the potentially significant impacts related to the compliance responses of the State SIP Strategy as identified in the EA would not occur, the beneficial impacts related to air quality would also not be realized, and may result in unforeseeable but potentially significant environmental impacts from the FIP measures. For this reason, the Board rejects this alternative.

Alternative 2: No Low-Emissions Diesel Alternative

Alternative 2 proposes to remove the low-emission diesel measure. This removes the increased demand for renewable diesel, biodiesel, or other Low-Emission Diesel fuel feedstocks, such as oil seeds or forest residues, and/or increased imports of tallow and used cooking oil into California for processing. Additional infrastructure to support the collection, processing, and distribution of biomethane would no longer be required. Alternative compliance responses would include construction and operation of new manufacturing facilities to support increased market penetration of PHEVs and ZEVs, including BEVs and hydrogen FCEVs. New testing centers to monitor vehicle emissions may be constructed throughout the State as well.

The Board finds this alternative foregoes the emission reduction benefits associated with the low-emission diesel measure. Without these reductions, the State may not be able to achieve the necessary emissions reductions to attain federal air quality standards in all non-attainment areas. Excluding the renewable fuel component of the State SIP Strategy, is inconsistent with project objectives which relate to increased use of renewable fuels and incentivizing the introduction of advanced clean technologies to ensure the engines and vehicles on the road are operating at their cleanest possible level. Overall, this alternative is less effective at achieving the project objectives compared to the State SIP Strategy. Without low-emission diesel fuel requirements, long-term goals related to air emission reductions would not be met. Thus, this alternative may not feasibly meet objectives related to the purpose and need of the State SIP Strategy. For these reasons, the Board rejects this alternative.

Alternative 3: Regulatory Measures Only

Alternative 3 would contain only the regulatory components of the State SIP Strategy, including ARB and U.S. EPA regulatory actions, without the incentive-based measures. This would result in the same types of compliance responses as the State SIP Strategy, albeit to a lesser extent. For example, incentives would not be provided to increase ZEV deployment beyond penetration rates associated with the regulations.

The Board finds that by excluding incentive-based components of the State SIP Strategy, the market penetration of zero and near-zero emission technologies would occur to a reduced extent under this alternative, as incentives often play a critical role in early penetration rates of advanced technologies. With delayed penetration of these needed control technologies, this alternative may not be able to achieve the required emission reductions necessary to attain the federal air quality standards on their required timeline, particularly as non-regulatory approaches such as incentives have historically played a critical role in ARB's ability to reduce emissions from sources over which the State does not have primary regulatory authority, such as aircraft, ocean-going vessels, harborcraft, and locomotives. Without the use of incentive-based actions to support the development and penetration of advanced clean technologies, this alternative would not be consistent with the objectives of the State SIP Strategy. For this reason, the Board rejects this alternative.

STATEMENT OF OVERRIDING CONSIDERATIONS

ARB expects that many of the significant adverse impacts identified in the EA will be avoided or mitigated; however, since uncertainty exists as to the extent of mitigation that other agencies will require at the site- and project-specific level, the Board is conservatively considering the impacts to be significant and unavoidable. The Board finds that despite the

potential for adverse environmental impacts associated with the State SIP Strategy, other benefits of the proposed actions are determined to be overriding considerations that warrant approval of the State SIP Strategy and outweigh and override its unavoidable significant impacts. Each benefit set forth below constitutes an overriding consideration warranting approval of the project, independent of the other benefits, despite each and every unavoidable impact. These benefits include:

1. Substantial public health benefits for the 12 million Californians currently breathing unhealthy air with elevated levels of ozone and PM_{2.5}, exposure to which is associated with emergency room visits and hospitalization, lost work and school days, and premature mortality;
2. Provide the necessary emission reductions for all of California's nonattainment areas to meet federal ambient air quality standards by the attainment dates specified by U.S. EPA, including the 75 ppb ground level ozone standard and the annual PM_{2.5} standard of 12 µg/m³;
3. Establish requirements for cleaner technologies (both near-zero and zero emission technologies), coupled with cleaner renewable fuels;
4. Ensure the in-use vehicle and engine fleets remain durable, and that in use vehicles continue to operate at their cleanest possible level; and
5. Incentivize early introduction of advanced clean technologies.

LOCATION AND CUSTODIAN OF THE RECORD

The documents and other materials that constitute the record of proceedings on which these findings are based are located at 1001 I Street Sacramento, CA 95814. The custodian for these documents is the California Air Resources Board Legal Office. This information is provided in compliance with Public Resources Code § 21081.6(a)(2) and 14 CCR § 15091(e).