



California Energy Commission
STAFF REPORT

Localized Health Impacts Report

Selected Projects Awarded Funding Through the Clean Transportation Program Under Solicitation LHI GFO-20-608 Ultra-Low-Carbon Fuel: Commercial-Scale Production Facilities & Blending Infrastructure

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ABSTRACT

Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007) created the Clean Transportation Program. This statute, amended by Assembly Bill 109 (Núñez, Chapter 313, Statutes of 2008), authorizes the California Energy Commission to "develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies." Assembly Bill 8 (Perea, Chapter 401, Statutes of 2013) reauthorizes the Clean Transportation Program to January 1, 2024.

Assembly Bill 118 also directs the California Air Resources Board (CARB) to develop guidelines to ensure air quality improvements. CARB's Air Quality Improvement Program Guidelines, approved in 2008, are published in the *California Code of Regulations, Title 13, Motor Vehicles, Chapter 8.1, AB 118 Air Quality Guidelines for the Clean Transportation Program.* The guidelines require the California Energy Commission, as the funding agency, to analyze the localized health impacts of Clean Transportation Program funded projects that require a permit (California Code of Regulations Section 2343).

This Localized Health Impacts Report analyzes and reports on the potential health impacts to communities from projects seeking California Energy Commission funding under Grant Solicitation GFO-20-608. This initiative seeks to support ultra-low-carbon fuel in California in two funding categories: commercial-scale production facilities and blending infrastructure. Information submitted by awardees is used in this report to help identify communities at a higher risk of adverse health effects from pollution. Under California Code of Regulations Section 2343, this report is available for public comment for 30 days before the approval of projects at a publicly noticed business meeting.

Keywords: Air pollution, air quality improvement program (AQIP), California Air Resources Board (CARB), Assembly Bill (AB) 118, California Environmental Quality Act (CEQA), environmental justice (EJ) indicators, Environmental Justice Screening Method (EJSM), localized health impacts (LHI)

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EXECUTIVE SUMMARY

The California Energy Commission's (CEC) Clean Transportation Program (CTP) provides funding to support innovation and accelerate the development and implementation of advanced transportation and fuel technologies. Under the California Code of Regulations, title 13, (California Code of Regulations Section 2343), this Localized Health Impacts Report describes the ultra-low-carbon fuel production projects proposed for funding that may require a conditional or discretionary permit or environmental review such as conditional use permits, air-quality permits, wastewater permits, hazardous waste disposal permits, and other land-use entitlements. Since ministerial-level permits do not assess public health-related pollutants, staff does not assess projects requiring only ministerial-level permits in this report.

The CEC is required to assess the local health impacts of projects proposed for CTP funding. This report focuses on the potential health impacts to communities from project-related emissions or pollution. Project locations where communities potentially have a higher risk of adverse health impacts from pollution are identified as "high-risk community project locations." High-risk communities are identified using demographic data with environmental data for air quality from the California Air Resources Board.

Environmental justice communities, low-income communities, and minority communities are considered the most impacted by any project that could result in increased criteria and toxic air pollutants within an area. Preventing or minimizing health-risks from pollution is vital in any community, but it is especially important for communities considered to be at high risk due to preexisting poor air quality and other prevalent factors.

Staff proposes five projects for CTP grant funding awards under Solicitation GFO-20-608, titled "Ultra-Low-Carbon Fuel: Commercial-Scale Production Facilities & Blending Infrastructure." The goal of this initiative is to expand the supply of ultra-low-carbon fuel through increased fuel blending and renewable compressed natural gas production in California. Staff analyzes localized health impact information submitted by the project awardees. Based on project site information provided by the awardees, all the proposed project locations are in high-risk communities. Community members near the proposed project sites may be at a higher risk to adverse health impacts from pollution. Staff does not anticipate a net increase in the pollution burden for the communities where these projects are located.

CHAPTER 1: Project Proposed for Funding

Background

On April 12, 2021, the California Energy Commission (CEC) released a competitive grant solicitation titled "Ultra-Low-Carbon Fuel: Commercial-Scale Production Facilities & Blending Infrastructure" (GFO-20-608). GFO-20-608 offered Clean Transportation Program (CTP) grant funding for projects that increase supply of ultra-low-carbon fuel through increased fuel production and distribution. This will support fuel alternatives for commercial diesel vehicle fleets which helps reduce criteria air pollutants and greenhouse gas (GHG) emissions in California. As required by California Code of Regulations (CCR) Section 2343, this Localized Health Impacts Report (LHI report) analyzes the potential community health impacts near the CTP-funded projects and is made publicly available at least 30 days before approval at a publicly noticed meeting.

Projects Selected

On November 19, 2021, the CEC posted a notice of proposed award (NOPA)¹ identifying the projects awarded grant funding. This LHI report assesses the project locations chosen by each of the five GFO-20-608 applicants (awardees) identified in the NOPA. Table 1 lists the proposed project location(s) for each of the awardees and their corresponding environmental justice (EJ) indicators.² EJ indicator definitions are in Appendix A of this LHI report.

Proposed Awardee	wardee Project Title Project Location					
AltAir Paramount, LLC	AltAir/WE Blending Terminal Project	14700 Downey Avenue, Paramount, CA 90723	Poverty and Unemployment			
California Grinding, Inc.	Fresno Anaerobic Digestion Facility	3077 South Golden State Frontage Road, Fresno, CA 93725	Poverty and Unemployment			
Merced Pipeline, LLC	Merced Pipeline Dairy Digester Cluster Expansion Project	1550 Rahilly Rd, Merced, CA 95341	Poverty, Minority, Unemployment			
New Leaf Biofuel, LLC	v Leaf Biofuel, LLC New Leaf Biofuel 100% Renewable Fuel Terminal		Poverty, Minority, Unemployment			
SoCal Biomethane, LLC	Victor Valley Anaerobic Digester Upgrade and RNG Production Expansion	20111 Shay Rd. Victorville, CA 92394	Poverty, Minority, Unemployment			

Table 1: Project Details Along With EJ Indicators

Source: California Energy Commission staff

¹ See <u>notice of proposed award</u>, https://www.energy.ca.gov/sites/default/files/2021-11/GFO-20-608_Revised_NOPA_2021-11-16_ADA.docx.

² EJ indicators developed by the U.S. EPA, Office of Policy. Available at

https://www.epa.gov/ejscreen/environmental-justice-indexes-ejscreen. See Appendix A for staff definitions.

Funding for these projects is contingent upon approval at a publicly noticed CEC business meeting and execution of a grant agreement.

Public Comment

As provided by Title 13 CCR Section 2343, a 30-day public review period applies to this LHI report from the date it is posted on the CEC website. The <u>original posting date for this report</u> is at https://www.energy.ca.gov/altfuels/documents/.

The CEC encourages comments by email. Please include your name or organization's name in the name of the file. Send comments in either Microsoft® Word format (.doc) or Adobe® Acrobat® format (.pdf) to <u>FTD@energy.ca.gov</u>.

The public can email comments to <u>FTD@energy.ca.gov</u> or send them to:

California Energy Commission Fuels and Transportation Division 715 P Street, MS-44 Sacramento, CA 95814-5512

All written comments will become part of the public record and may be posted to the internet. News media should direct inquiries to the Media and Public Communications Office at (916) 654-4989 or by email at <u>mediaoffice@energy.ca.gov</u>.

CHAPTER 2: Project Description

As part of the GFO-20-608 process for selecting projects, applicants must provide LHI information for their proposed project and location. This chapter summarizes the LHI information submitted by the awardees regarding the expected impact of their project on local communities and the outreach efforts they have made to engage disadvantaged communities³ or other local communities. Disadvantaged communities are identified by the awardees using the CalEnviroScreen⁴ screening tool developed by the Office of Environmental Health Hazard Assessment (OEHHA) to identify communities facing the burdens of pollution and socioeconomic disadvantage.

AltAir Paramount, LLC

AltAir's/World Energy's (WE's) proposed project, titled "AltAir/WE Blending Terminal Project," will augment the operational capabilities of the AltAir/WE renewable fuel facility in Paramount, California. The site is co-located with a railway which will allow for biodiesel delivery and will then be stored and blended for subsequent distribution. This project will increase the throughput and blending of renewable diesel in this facility's fuel production, delivering an estimated 29-fold increase of blended fuel production. This provides an ultra-low carbon renewable fuel and significantly cuts down on criteria air pollutant emissions, including an estimated 50 percent reduction in particulate matter. Additionally, this project will remove approximately 4,500 truck trips through the community per year, further improving the air quality.

AltAir/WE has established several outreach channels to promote an open dialogue with the community and allow residents to connect with the company, including:

- A 24/7 community helpline, in English and Spanish, for responses to community concerns or questions.
- A dedicated resource on the corporate website, in English and Spanish, with information specific to the Paramount facility and its current and future operations, in addition to an informational Facebook page.
- A web-based signup form for community members to register for newsletter updates.

³ Disadvantaged communities are identified using the CalEnviroScreen tool, which ranks U.S. Census tracts based on geographic, socioeconomic, public health and environmental hazard criteria.

⁴ See Office of Environmental Health Hazard Assessment website, https://oehha.ca.gov/calenviroscreen.

California Grinding, Inc.

California Grinding's proposed project, titled "Fresno Anaerobic Digestion Facility," will establish anaerobic digestion technology at an existing green waste processing facility. The project will produce renewable compressed natural gas (RCNG) to be used for fueling buses and waste hauling vehicles. Food waste will be sourced from the future city collection program and manure will be acquired from dairies operating within 10 miles of the Fresno site. The use of the RCNG will offset the use of fossil fuel-based diesel and/or CNG. This project will divert an additional 91,250 tons per year of commercial green and food waste from landfills and manure from open field disintegration, with estimated GHG emissions reduction of 55,022 metric tons of carbon dioxide equivalent (CO₂e) per year. Estimated criteria air pollutants created from waste hauling to the facility is depicted in Table 2; however, the project will accept waste that would otherwise be disposed of either in a landfill or waste management facility which would require hauling regardless.

Production Project		
Pollutant	Project Annual Emissions (pounds/year)	
NOx	180	
SOx	716	
СО	3,370	
CO2	574,071	
PM _{2.5}	76	
PM ₁₀	76	

Table 2: California Grinding's Estimated On-Site Annual Emissions From RCNGProduction Project

Source: California Grinding, Inc.

California Grinding will periodically distribute newsletters to local neighborhoods to solicit feedback, comments, and questions. The project also establishes outreach which includes meetings with an industry representative, Technical Advisory Committee, technology transfer activities, posting job opportunities, and other outreach programs.

Merced Pipeline, LLC

Merced Pipeline's proposed Merced Pipeline Dairy Digester Cluster Expansion Project will expand the capacity of its RCNG conditioning facility in Merced County. The project will source manure feedstock from dairies. The project will supply biomethane to produce an additional 1,761,458 diesel gallons equivalent of CNG (after the first year), which represents about one percent of the California CNG market. Merced Pipeline biogas conditioning equipment does not emit any criteria air pollutants, with an estimated GHG emission reduction of 113,195 metric tons of CO_2e per year.

Merced Pipeline conducted multiple public community meetings and has partnerships with other local organizations to support more generalized outreach to the broader community. This outreach advertised the project's description, public meetings, and online methods for contact to review project information, submit questions, and provide feedback. Email mailing lists, posters, and handbills were used to advertise the project and community meetings were held in both English and Spanish.

New Leaf Biofuel, LLC

New Leaf Biofuel's (NLB's) proposed New Leaf Biofuel 100% Renewable Fuel Terminal will increase the throughput of NLB's existing fuel blending terminal in Fontana, California. This project will increase the site's throughput from 10 million gallons per year to up to 88 million gallons per year with waste-derived renewable fuels. When complete and fully operational, the project will enable NLB to load trucks with renewable fuels sufficient to offset up to 723,146 metric tons of carbon dioxide equivalents per year, while further reducing emissions of criteria air pollutants including nitrogen oxides, carbon monoxide, and diesel particulate matter, as well as toxic air contaminants associated with diesel combustion.

To help determine local community needs, NLB reached out to community groups including local educational organizations and two local high schools to help set up scholarships. NLB commits to providing two \$2,000 scholarships each year for local high schools located in disadvantaged communities, for the first 10 years of project operations. These scholarships will support local students seeking a 2-year or 4-year degree, or vocational training, to support science, technology, engineering, and mathematics (STEM) careers. NLB will also provide school and community tours of the fuel blending facility to support STEM education and underscore the importance and benefits of renewable fuels to the local community.

SoCal Biomethane, LLC

SoCal Biomethane's proposed project, titled "Victor Valley Anaerobic Digester Upgrade and RNG Production Expansion," will increase the capacity of Victor Valley Wastewater Reclamation Authority's (VVWRA's) anaerobic digestor facility in Victorville, California. The project will increase the throughput of the facility from 500 to 1,200 standard cubic feet per minute of biogas by improving and expanding the existing on-site waste reception, and making improvements to digestor, gas treatment, and RNG compression equipment. SoCal Biomethane will achieve emissions reductions by offsetting the use of diesel fuel for transportation which results in lowered criteria air pollutants and an estimated GHG emissions reduction of 18,256 metric tons of CO₂e per year.

SoCal Biomethane uses various methods of outreach including in-community posting of available job opportunities for the project targeted at low-income communities, educational materials targeting elementary schools in local low-income communities regarding sustainable management of organic wastes and the production and use of low-carbon fuels, facility tours for students and local community members, and press releases for major project milestones. Outreach performed will include quarterly newsletters, social media updates (through LinkedIn), and press releases.

CHAPTER 3: Location Analysis

Under CCR Title 13 (CCR Section 2343), this LHI report describes projects proposed for Clean Transportation Program funding that may require a conditional use permit, discretionary permit, or California Environmental Quality Act (CEQA) review. The CEC interprets "permits" to suggest discretionary and conditional use permits because they require a review of potential impacts to communities and the environment before issuance. Since ministerial-level permits do not assess public health-related pollutants, CEC staff does not assess projects requiring only ministerial-level permits in this report.

This LHI report analyzes the project locations by applying the Environmental Justice Screening Method (EJSM).⁵ A proposed project location must meet a two-part environmental and demographic standard for staff to identify it as a high-risk community project location. The environmental standard uses California Air Resources Board (CARB) air quality monitoring data on nonattainment⁶ status for areas with a high concentration of air pollutants. The demographic standard uses data from the California Employment Development Department's *Monthly Labor Force Data⁷* and the U.S. Census Bureau's *American Community Survey⁸* data on age, poverty, race, and unemployment.

Environmental Standard

Based on CARB air quality monitoring data,⁹ each project location is within a nonattainment zone for either ozone, particulate matter¹⁰ 2.5 microns in diameter or less ($PM_{2.5}$), or particulate matter 10 microns in diameter or less (PM_{10}). This finding indicates that there may be existing poor air quality where the proposed projects are located.

Demographic Standard

Staff finds that the proposed projects in all five locations meet the criteria for high-risk community project locations as they exceed the demographic standard threshold for more than one EJ indicator (Table 3). The project locations also meet the environmental standard due to existing poor air quality.

7 Employment Development Department <u>Labor Force Data</u>, https://www.labormarketinfo.edd.ca.gov/file/lfmonth/countyur-400c.pdf.

⁵ CARB, *Air Pollution and Environmental Justice, Integrating Indicators of Cumulative Impact and Socio-Economic Vulnerability Into Regulatory Decision-Making*, 2010. (Sacramento, California) Contract authors: Manuel Pastor Jr., Ph.D., Rachel Morello-Frosch, Ph.D., and James Sadd, Ph.D.

^{6 &}lt;u>Nonattainment area</u> is a geographic area identified by the U.S. EPA or CARB or both as not meeting either National Ambient Air Quality Standards (NAAQS) or California Ambient Air Quality Standards CAAQS standards for a given pollutant. See https://ww3.arb.ca.gov/desig/adm/adm.htm.

⁸ U.S Census Bureau American Community Survey, https://data.census.gov/cedsci/.

⁹ See CARB air quality monitoring data, https://ww3.arb.ca.gov/desig/adm/adm.htm.

¹⁰ *Particulate matter* is unburned fuel particles that form smoke or soot and stick to lung tissue when inhaled. The number following "PM" represents particle size in micrometers.

	145			110,000			Jupine	
Site Location	Below Poverty (2019)	Black or African American (2019)	American Indian and Alaska Native (2019)	Asian and Native Hawaiian and Pacific Islander (2019)	Hispanic or Latino Race (2019)	Persons Under 5 Years of Age (2019)	Persons Over 65 Years of Age (2019)	Unemployment (November 2021)
California	11.8%	6.5%	1.6%	16.0%	39.4%	6.0%	14.8%	5.4%
EJ Indicator Threshold	11.8%	30%	30%	30%	30%	26.0%	34.8%	5.4%
Fontana	13.0%*	8.8%	0.7%	6.7%	69.6%*	6.8%	7.8%	5.5%*
Fresno	25.2%*	7.4%	1.2%	13.9%	49.6%*	8.2%	11.1%	7.0%*
Merced	29.3%*	5.4%	0.9%	11.9%	55.2%*	7.7%	10.1%	7.6%*
Paramount	16.7%*	9.1%	0.4%	3.8%	81.0%*	6.7%	8.6%	7.1%*
Victorville	20.1%*	16.8%	0.8%	3.8%	54.3%*	8.9%	9.3%	5.5%*

Table 3: EJ Indicators by Project Location City Demographic

Sources: CEC staff, Employment Development Department, and U.S. Census Bureau. The city/county names in **bold** indicate a high-risk community, while the asterisk (*) next to the percentages indicate which categories exceed the EJ indicator threshold.

Summary

If funded, the proposed projects would result in an expanded supply of ultra-low-carbon fuel. This will achieve emissions reductions by offsetting the use of diesel fuel for transportation in California.

Based on EJSM standards, staff has identified all five project locations as high-risk communities. This finding indicates that the communities near the proposed project location are at a higher risk of adverse health effects from pollution. However, staff does not anticipate a significant increase in local pollutants, and the project awardees identify no major construction that would generate criteria emissions or pollutants. Staff's analysis found no indication that there would be adverse community health impacts associated with the identified projects in this LHI report as selected for Clean Transportation Program grant funding. Moreover, a net benefit from these proposed projects may be realized for the surrounding communities by reducing harmful criteria pollutants and providing an alternative to more carbon intense fuels for commercial diesel vehicle fleets.

GLOSSARY

AIR QUALITY IMPROVEMENT PROGRAM — Established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118, Statutes of 2007, Chapter 750), is a voluntary incentive program administered by CARB to fund clean vehicle and equipment projects, research of biofuels production, and the air quality impacts of alternative fuels, and workforce training.

CALIFORNIA CODE OF REGULATIONS — The official compilation and publication of the regulations adopted, amended, or repealed by state agencies under the Administrative Procedure Act (APA). Properly adopted regulations that have been filed with the Secretary of State have the force of law.

CALIFORNIA ENVIRONMENTAL QUALITY ACT — A statute that requires state and local agencies to identify the significant environmental impacts of their actions and avoid or reduce those impacts, if feasible.

CALENVIROSCREEN — A screening tool that evaluates and ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions.

CRITERIA AIR POLLUTANT — An air pollutant for which acceptable levels of exposure can be determined and for which the U.S. Environmental Protection Agency has set an ambient air quality standard. Examples include ozone (O_3), carbon monoxide (CO), nitrogen oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM_{10} and $PM_{2.5}$).

DISADVANTAGED COMMUNITIES — A designation by the California Environmental Protection Agency used to identify areas disproportionately affected by environmental pollution or hazards due to geographic, socioeconomic, public health, and environmental hazard present.

ENVIRONMENTAL JUSTICE — The fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

ENVIRONMENTAL JUSTICE SCREENING METHOD — A screening approach for combining environmental and demographic indicators to inform agency outreach and engagement practices regarding environmental justice.

GRANT FUNDING OPPORTUNITY — Where the California Energy Commission offers applicants an opportunity to receive grant funding for projects meeting the solicitation requirements.

LOCALIZED HEALTH IMPACTS — Potential health impacts to communities.

METRIC TON — A unit of weight equal to 1,000 kilograms or 2,205 pounds.

PARTICULATE MATTER — Any material besides pure water that exists in a solid or liquid state in the atmosphere. The size of particulate matter can vary from coarse, wind-blown dust particles to fine particle combustion products.

LIST OF ACRONYMS

AB	Assembly Bill
AQIP	Air Quality Improvement Program
CalEPA	California Environmental Protection Agency
CARB	California Air Resources Board
CCR	California Code of Regulations
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CNG	Compressed Natural Gas
СО	carbon monoxide
CO2	carbon dioxide
EJ	environmental justice
EJSM	Environmental Justice Screening Method
GFO	grant funding opportunity
HC	hydrocarbons
LHI	localized health impact
NOPA	notice of proposed award
NOx	nitrogen oxide
OEHHA	Office of Environmental Health Hazard Assessment
PM _{2.5}	particulate matter; 2.5 microns or smaller in diameter
PM ₁₀	particulate matter; 10 microns in diameter
RCNG	Renewable Compressed Natural Gas
SB	Senate Bill
SOx	sulfur oxide
U.S. EPA	United States Environmental Protection Agency
VOC	volatile organic compound

APPENDIX A: Localized Health Impacts Report Method

This LHI Report assesses the potential health impacts on communities from projects proposed to receive Clean Transportation Program funding. This LHI Report is prepared under the *California Code of Regulations, Title 13, Motor Vehicles, Chapter 8.1 (CCR Section 2343)*:

"(6) Localized health impacts must be considered when selecting projects for funding. The funding agency must consider EJ consistent with state law and complete the following:

(A) For each fiscal year, the funding agency must publish a staff report for review and comment by the public at least 30 calendar days prior to the approval of projects. The report must analyze the aggregate locations of the funded projects, analyze the impacts in communities with the most significant exposure to air contaminants or localized air contaminants, or both, including, but not limited to, communities of minority populations or low-income populations, and identify agency outreach to community groups and other affected stakeholders.

(B) Projects must be selected and approved for funding in a publicly noticed meeting."

This LHI Report is not intended to be a detailed pollution analysis of proposed projects, nor is it intended to substitute for the environmental review conducted during CEQA. This LHI report includes staff's application of the EJSM developed by the U.S. EPA to help identify projects in areas where social vulnerability indicators, high exposure to pollution, and greater health risks are present.

CEC staff identifies high-risk community project locations using data from CARB, the U.S. Census Bureau, and other public agencies. The data are analyzed to assign EJ indicators for each project location specified in the LHI Report. The proposed project location must meet a two-part standard:

Part 1 – Environmental Standard:

• Communities located within an air quality nonattainment zone for ozone, PM 2.5, or PM 10, as designated by CARB for criteria pollutants.

Part 2 – Demographic Standard:

- Communities having more than one of the following EJ indicators for (1) minority, (2) poverty, (3) unemployment, and (4) age. The EJ indicator thresholds is defined by staff as:
 - 1) A minority subset represents more than 30 percent of a given city's population.
 - 2) A city's poverty level exceeds the state average poverty level.
 - 3) The city (or county if city data is unavailable) unemployment rate exceeds the state average unemployment rate.

4) The percentage of people living in a city who are younger than 5 years of age or older than 65 years of age is 20 percent higher than the state average for persons under 5 years of age or over 65 years of age.