Statement of Overriding Considerations

Air Products Hydrogen Pipeline Project

The Final EIR concluded that, even with application of feasible mitigation measures, one impact cannot be entirely avoided or reduced to less than significant levels. Adoption of a Statement of Overriding Considerations would be necessary to approve the staff-recommended Air Products Hydrogen Pipeline Project. The Final EIR (State Clearinghouse No. SCH 2020059038) identifies an impact in Hazardous Materials and Risk of Upset as a significant environmental effect which is considered unavoidable. The identified significant and unavoidable impact is *HM-2. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment*. Several mitigation measures adopted as conditions of approval will serve to reduce these impacts, but even with the inclusion of these conditions, the impacts cannot be reduced to less than significant levels. The City of Carson Planning Commission therefore makes the following Statement of Overriding Considerations which warrants approval of the Air Products Hydrogen Pipeline Project notwithstanding that all identified effects on the environment are not fully mitigated.

With respect to the significant environmental effect of the project noted above, the City finds that the stated benefits of the Air Products Hydrogen Pipeline Project outweigh the significant effects on the environment. Pursuant to Public Resources Code Section 21081(b) and CEQA Guidelines Sections 15043, 15092 and 15093, any remaining significant effects on the environment are acceptable due to these overriding considerations:

Substantial mitigation has been provided to further reduce impacts. Impacts have been mitigated to the maximum extent feasible and the level of risk, while significant, has a low probability of occurrence and the analysis conducted is conservative to provide for the maximum level of scrutiny and disclosure. With regards to mitigation, the approach of the measures in the EIR is to reduce the impacts, by reducing the size of a release, or reducing the frequency of a release. The mitigation measures require operations of the pipeline at a lower pressure in order to reduce the size of a potential release and decrease the potential for exposure. Mitigation measures HM-2a, HM-2b and HM-2c would be applicable and accomplish reductions in size of a potential release and potentially reducing the frequency of a release through an enhanced monitoring and testing regimen. The proposed Project also includes measures for pipeline monitoring, leak detection, inspections, cathodic protection systems to reduce corrosion, coatings and line markings to further reduce the risk of leaks.

Improvement over ongoing hydrogen trucking and traffic reduction. The proposed pipeline Project would provide an improvement in risk levels over the alternative of the future trucking of hydrogen to the Paramount Refinery. As detailed in the Final EIR, use of the pipeline would result in a similar risk levels to the baseline. World Energy currently receives liquefied hydrogen at its Paramount Refinery by tanker truck from a third-party supplier located in Ontario, CA. Without the proposed Project, the Paramount Refinery would continue to receive 5 – 7 tanker trucks trips per day of hydrogen, with associated hazards of hauling a flammable liquid on public roadways, as well as increased highway and local traffic and associated air quality emissions. The existing pipelines, that are proposed under this

Project to be repurposed for hydrogen, would be used for the transport of hydrogen and eliminate the potential risk impacts of the ongoing trucking of liquified hydrogen from Ontario to Paramount.

The Project would use local labor and improve a locally depressed labor market. The proposed Project would use local union labor, including ARB, Inc., to construct 0.5 miles of new pipeline within the City of Carson and connect this newly constructed segment with 11.5 miles of existing pipeline, expanding Air Products' existing hydrogen pipeline network, and enabling it to provide efficient, reliable means of hydrogen distribution from its existing hydrogen production facilities located in Wilmington and Carson to its customers. The Project would employ approximately 60 contractors for construction (local union workers when feasible), one new full-time job, and will increase City of Carson revenue (utility taxes, franchise fees, etc.) by approximately $60,000 per year.

The Project would support production of clean, renewable fuels. Air Products proposes to utilize this pipeline route to connect Air Products with a new customer in the City of Paramount, who uses hydrogen to produce renewable biofuels (biodiesel and biojet) for the transportation market. The Paramount Refinery produces renewable jet fuel and renewable diesel fuel from non-edible vegetable oil and high-quality beef tallow. World Energy has been in partnership with Paramount Petroleum since 2013 when the Paramount Refinery began the process of converting portions of their oil refinery into renewable fuels production under the Renewable Fuels Project. World Energy's renewable products support California and Federal Low Carbon Fuel Standards. The goals of the standards are to reduce carbon intensity of transportation fuels, complement other state measures for reducing greenhouse gases, transform and diversify the transportation fuel pool, reduce petroleum dependency, and reduce overall air emissions. World Energy currently supplies renewable gasoline, diesel, and jet fuel to fleet services such as UPS, United Airlines, Boeing, the Department of Defense, and several California municipalities and school systems, reducing both truck and airline emissions. World Energy's renewable products meet regulatory and commercial specifications without requiring engine modifications.

Supports California energy independence (economic considerations and region-wide or statewide environmental benefits). Production of crude oil has been substantially reduced in California over the past decades resulting in the need to import oil to produce fuels. The Paramount Refinery has been repurposed to allow for refining beef tallow into diesel and jet fuels that would be used in the area instead of oil produced elsewhere. The project will provide needed hydrogen to the Refinery and as such contribute to the production of clean fuels. These clean fuels would supplant the use of local crude oil production and/or will likely displace some imported foreign crude due to the demand for this commodity. Replacement of foreign crude with production of clean fuels would reduce GHG and criteria pollutant emissions from ocean tankers and other emissions generated during production of oil overseas.

In addition, as California works towards its renewable power and zero emission vehicle goals, there will remain a need for fossil fuel in both the transportation and power sectors. Currently, more than 70 percent of oil entering California to meet the State's needs is from out of the State and is delivered primarily by marine tanker. In 2019, over 58 percent of crude oil supplied to California refineries was shipped from foreign sources. The largest suppliers of foreign oil to California are Saudi Arabia, Ecuador, Colombia, and Iraq followed by smaller supplies from Brazil, Mexico, Africa and the Arabian Gulf. The

Project will contribute to reducing importation of foreign crudes and supports the State's energy independence.