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Glossary of Acronyms 2 BAAQMD 3 Bay Area Air Quality Management District CEQA California Environmental Quality Act EIR Environmental Impact Report 5 GHG Greenhouse Gas 6 HEFA Hydrotreating Ester and Fatty Acid ILUC Indirect Land Use Change LCFS 9 Low Carbon Fuel Standard 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

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INTRODUCTION

For 125 years, the Rodeo Refinery, operated by Real Party in Interest Phillips 66 Company ("Phillips"), has subjected residents of surrounding communities to a steady stream of environmental stressors and safety hazards. These communities endure some of the worst pollution and health impacts in the state. A decades-long decline in crude oil supplies, alongside falling demand by California consumers for petroleum products, offered impacted communities the possibility of a different future as refiners like Phillips, faced with excess capacity, began winding down operations. But rather than engage its neighbors in exploring more environmentally beneficial uses for the Rodeo Refinery site, Phillips elected to repurpose and extend the life of the Refinery to process nearly 30 million barrels each year of plant- and animal-based feedstocks into "renewable" transportation fuels, while also expanding the Refinery's processing of non-crude petroleum products.

The conversion, referred to as the "Rodeo Renewed Project" (the "Project"), would make the Rodeo Refinery the single largest producer of renewable fuels in the world. Proponents' branding of the Project's non-petroleum fuel products as "renewable" masks the very real impacts of this massive operation. The Project not only would extend the Refinery's longstanding health and safety impacts on local communities; it would introduce additional potentially significant environmental burdens as it soaks up a staggering 1.23 billion gallons of soybean oil and other lipid feedstocks each year.

Recognizing the Project's potential to generate significant environmental impacts, Respondent County of Contra Costa (the "County") determined that the California Environmental Quality Act, Public Resources Code section 21000 et seq. ("CEQA"), required it to prepare an Environmental Impact Report ("EIR"). The "heart of CEQA," an EIR is a "document of accountability" that ensures decisionmakers are fully apprised of their actions' environmental consequences and that empowers the public to understand and "respond accordingly to action with which it disagrees." Laurel Heights Improvement Ass'n v. Regents of Univ. of Cal., 47 Cal.3d 376, 392 (1988) ("Laurel Heights") (quotation omitted). Agencies must thoroughly evaluate and publicly disclose all reasonably foreseeable impacts of a project on the environment, human health, and public safety, and set forth measures to avoid or minimize those impacts. In this way, CEQA ensures that the public and decision-makers are accurately informed about projects that may appear superficially

beneficial to the environment but will likely result in profound direct or indirect damage. An agency violates CEQA when it gives a pass to corporations that omit major components of a project and that disguise a project's environmental impacts. That is exactly what the County has done here.

As a threshold matter, the County entirely omitted analysis of the first phase of the Refinery's conversion – work that has never been assessed in any environmental review. Months before the County began CEQA review of the Project, Phillips started converting the Refinery to process soybean oil into renewable fuel in what Phillips called a "dry run" for the Project. And the company added thousands of feet of pipeline to supply the Refinery with soybean oil. As a consequence, by the time the Project was approved, Phillips had already begun producing renewable fuels at the Refinery and had applied for marketable credits under California's Low Carbon Fuel Standard based on this production. This first phase of the Refinery conversion accounts for nearly one-fifth of the Project's total renewable fuels capacity. Nevertheless, the County carved it out of the EIR altogether and declined to analyze its environmental impacts, acting as if these premature changes constituted "business as usual," even as the regional air district cited Phillips for its unpermitted activities.

As to the remainder of the Project it *did* purport to analyze, the County's review fell far short of CEQA's requirements. The County failed to identify the types of feedstocks the Project would use or to provide even a rough approximation of their relative quantities, even as the EIR recognized that environmental impacts turn on these Project characteristics. The County disclaimed its obligation to analyze indirect impacts associated with these feedstocks, calling them "speculative" despite a record replete with evidence that the Project's unprecedented demand for soybean oils and other agricultural products will foreseeably result in deforestation and other land use impacts, particularly when combined with the dozens of other renewable fuels projects like it around the country. And it unlawfully deferred formulating mitigation to address the significant new odors the Project would impose on surrounding communities – odors that the County conceded would make the Project akin to an "animal and/or food processing facility unless properly managed."

CEQA demands more of the County, and surrounding communities deserve better. Because the County has not come close to meeting its obligation to fully inform decisionmakers and the public about the true impacts of the Project in its entirety, the Court should find the EIR legally defective

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and set aside the approvals that rely on it.

FACTUAL AND PROCEDURAL BACKGROUND

A. The Rodeo Refinery and Neighboring Impacted Communities

The Rodeo Refinery, owned and operated by Phillips since 2001, sits on 1,100 acres of land in unincorporated Contra Costa County on the shore of San Pablo Bay. AR053658; AR053930. Multiple residential neighborhoods border the property, including Rodeo's Bay Vista neighborhood at the Refinery's southwest edge, the town of Tormey on its eastern boundary, and the working-class community of Crockett northeast of the facility. *Id*; AR000765; AR054115; AR182943. A largely African-American community lives in public housing at the Refinery's fenceline. AR000870. Sixty multi-unit apartment buildings are located as close as 400 feet from the Refinery's border. AR000127. Two schools sit less than a mile from the Refinery, and at least one daycare center and several churches and commercial establishments operate nearby. *Id*.

For more than a century, the Refinery has subjected residents of these communities to a barrage of environmental stressors. *See* AR053931 (noting continuous operation since 1896). As of 2019, the Refinery was processing roughly 115,000 barrels per day ("bpd") of crude oil into transportation fuels, including liquified petroleum gas, gasoline, jet fuel, and diesel fuel. AR053659; AR053726. These operations contribute heavily to local air pollution, compounding other environmental hazards. *See* AR009776. Rodeo is in the top eight percent of census tracts in the state for concentration of hazardous waste facilities and in the top three percent for toxic chemical contamination. AR010514-15. As a result, residents experience near-constant exposure to toxic air contaminants and damaging criteria air pollutants like fine particulate matter. AR053711-12; AR007823. This exposure takes a severe health toll: Rodeo's asthma rate is worse than 98 percent of state census tracts, its prevalence of low birth weight worse than 92 percent, and cardiovascular impacts worse than 75 percent. AR000871; AR010515. These burdens disproportionately fall upon historically disadvantaged and low-income groups. Sixty-six percent of Rodeo's residents are people of color, and residents earn a per capita income of just \$34,356. AR000870.

¹ One barrel is equal to 42 U.S. liquid gallons.

On top of the environmental health burdens caused by its permitted operations, the Refinery has accumulated an extensive track record of air quality violations and life-threatening hazards. For instance, in 2010, the Bay Area Air Quality Management District ("BAAQMD") cited Phillips for multiple emissions violations and for heavy smoke from unplanned flaring at the Refinery.

AR060591. In 2011, BAAQMD cited Phillips for three public nuisances for odor pollution. *Id.* The following year, BAAQMD cited Phillips for another public nuisance when the rupture of a sour water tank sent noxious gasses, including hydrogen sulfide, into local neighborhoods. *Id.* And only one month after Phillips settled 87 air quality and public nuisance violations, fumes from a September 2016 oil spill at the Refinery's marine terminal sent 120 people to the hospital, led to a shelter-in-place order for 120,000 residents, and resulted in more than 1,400 odor complaints. *Id.*; AR060599.

Recognizing the cumulative impacts on the Refinery's neighboring communities, the California Environmental Protection Agency ranked the census tracts containing and immediately adjacent to the Refinery in the 80th to 90th percentile statewide for overall vulnerability to pollution. AR053711-12. These rankings designate these communities as "disadvantaged," meaning that they are "low-income areas that are disproportionately affected by environmental pollution and other hazards that can lead to negative health effects." AR001661; AR053121. The State uses this designation to identify communities for targeted investments and added environmental protections, including policies aimed at "reduction of pollution exposure" and "improvement of air quality." AR054199-200; see also AR053711-12; AR007824.

B. Shrinking Crude Oil Markets and Refinery Closures

Against this backdrop, dwindling crude oil supplies and a declining West Coast petroleum market signaled the coming closure of the Refinery and relief for its fenceline communities from these heavy pollution burdens. On the supply side, "extraction of in-state oil resources peaked in 1986 and has declined by half since then," inducing California refineries to turn increasingly toward imported foreign crude oil. AR059996. Meanwhile, statewide demand for finished oil products has been declining since 2006, revealing a profound "structural overcapacity" of California oil refineries. AR010649; AR010470. State and federal climate policies contributed to these trends, including a suite of State measures designed to shift the transportation sector toward lower or zero emission

vehicles. AR010739-40. As a result, "for the first time in history, refiners supplied a smaller volume of finished petroleum products to the West Coast in the decade ending in 2016 than they did in the decade before." AR059996. This was before COVID-19 sent the petroleum industry into accelerated decline. The "pandemic initially cut global fuel demand 30% and . . . consumption has not returned to pre-pandemic levels." AR049370. Over only a few months in 2020, refinery closures shrank U.S. capacity by more than one million bpd. AR010439. Even when fuel demand temporarily rebounded in summer 2021, West Coast refineries continued operating well below capacity. AR010651.

The Rodeo Refinery has not been immune to these trends. The Refinery relies on another Phillips-run refinery – the Santa Maria Refinery in San Luis Obispo County – for its semi-refined crude oil supply. AR053729. Operations at the Santa Maria Refinery had been declining for years before the Project was proposed, due, in significant part, to the landlocked facility's inability to access imported foreign crude oil. AR010432-33. By 2014, the Santa Maria Refinery was running at less than 87 percent capacity. AR059613-14. By 2020, the facility was processing only 25,700 bpd of crude oil, down from 41,635 bpd in 2013. AR053729; AR025622. Operations at the Rodeo Refinery reflect this diminishing supply of semi-refined crude oil feedstocks, with total feedstocks processed at the Refinery declining from 125,400 bpd in 2018 to 103,900 bpd in 2020. AR002256.

The result of these trends was that the Rodeo Refinery increasingly lacked both crude feedstocks *and* a market for finished petroleum products. Phillips could have responded to this overcapacity problem by decommissioning the Santa Maria and Rodeo Refineries and opening the land to uses more compatible with the neighboring residential areas. *See* AR009776; AR008032-33; AR007824. Instead, the company elected to repurpose the aging Rodeo Refinery to capitalize on a growing market and regulatory incentives for renewable transportation fuels.²

In particular, Phillips determined that it could generate lucrative credits under California's Low Carbon Fuel Standards ("LCFS") by devoting Refinery capacity to produce renewable fuels.

The term "renewable fuels" as used in the EIR and replicated herein refers to the diesel, propane, naphtha, and potentially aviation fuels that the Project will produce, and which are derived exclusively from biomass (non-fossil) feedstocks with high lipid (fatty acid or oil) content. AR002315. Renewable fuels are a subset of "biofuels" – a term which broadly encompasses "hydrocarbons derived from biomass and burned for energy." AR010522.

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AR054014. The LCFS is a market-based regulatory program administered by the California Air Resources Board ("Air Resources Board" or "Board") to encourage production of transportation fuels with lower carbon intensity. *Id.* The LCFS program assigns carbon intensity scores to fuel types based on their lifecycle greenhouse gas emissions. Id. Fuels with a carbon intensity score below a State-prescribed benchmark generate credits, while those above generate deficits. AR053999. All providers of transportation fuels in California, including Phillips, must meet LCFS carbon-intensity goals, either by purchasing credits or by producing lower-carbon fuels. AR053947; AR054014. Generating credits by producing renewable fuels provides companies like Phillips with marketable assets while also enabling them to continue processing carbon-intensive, petroleum-based fuels.

C. Phillips' Multi-Phase "Renewable Fuels" Project

Phillips implemented the Rodeo Refinery conversion in two phases, the first of which is already completed and operating. In this *first* phase, which Phillips called "the Unit 250 Renewable Diesel Project," Phillips converted one of the Refinery's diesel hydrotreaters – labeled "Unit 250" – to enable it to process renewable feedstocks. AR103087. Also as part of the Unit 250 Renewable Diesel Project, Phillips added thousands of feet of pipeline and related facilities to provide Unit 250 with a supply of soybean oil and other renewable feedstocks, dubbing this component the "Nustar Selby Soybean Project." AR103086. Second, Phillips initiated the permitting process for the Rodeo Renewed Project, which would terminate the Refinery's remaining crude oil refining and expand its processing of renewable feedstocks, as well as its processing of non-crude petroleum products. The objective of both phases of the Refinery conversion is to repurpose existing equipment to implement a Hydrotreating Esters and Fatty Acids ("HEFA") technology that removes oxygen from vegetable oils and animal fats to produce hydrocarbon fuels. AR002288; AR103087; AR053730-31.

1. The Unit 250 Renewable Diesel Project

Hydrotreaters like Unit 250 are used to purify partially treated fuel by removing undesirable components like hydrogen sulfide, sulfur, and nitrogen compounds to produce refined fuel streams for blending into final products. See AR053727. Since 2005, Phillips had used Unit 250 to purify exclusively petroleum-based feedstocks. AR053654; AR000932. Beginning in June 2020, Phillips modified Unit 250 equipment and undertook other construction activities at the Refinery – including

adding and replacing pumps, building a new product air cooler, and installing and modifying pipelines – to allow Unit 250 to receive pre-treated renewable feedstocks, process those feedstocks into renewable diesel, and route the renewable diesel to storage tanks.³ AR000932; AR103087. Phillips initially estimated that the converted Unit 250 would produce 9,000 bpd of renewable diesel products, but later boosted its estimates to 12,000 bpd of renewable fuels. *Compare* AR103087 and AR103096 *with* AR053654. Unit 250's capacity represents 18 percent of the Rodeo Renewed Project's renewable fuels capacity. AR053654.

As it converted Unit 250, Phillips also sought building permits from the County to install new pipeline and support infrastructure to transport soybean oil and other renewable feedstocks to the Refinery from the nearby Nustar Selby ("Nustar") rail terminal, owned by Shore Terminals LLC. AR103084-86. Referring to this new construction as the "Nustar Selby Soybean Project," the scope of work described installing 2,300 feet of pipeline, which Phillips would own and operate, as well as new metering, four new pumps, a new building for power upgrades, and related equipment at the Nustar terminal including 33 offload headers to accommodate soybean oil. ** *Id.*; *see also* AR007752. These modifications would allow the rail terminal to receive around 45,000 bpd of renewable feedstock, which would be delivered through the new pipeline to Unit 250 and to "existing tankage" at the Refinery. AR103096; AR103084-85. In September 2020, the County issued permits for the Nustar Selby Soybean Project without conducting environmental review. AR103083-85.

Phillips did not initially seek any permits or approvals for the Unit 250 conversion itself, and the activities proceeded without environmental review. AR103095; AR002303; Request for Judicial Notice ("RJN"), Declaration of Connie Cho ("Cho Decl.") at Ex. A. It was only after BAAQMD issued a Notice of Violation to Phillips in March 2022 for illegally converting Unit 250 without permits for construction or operation that Phillips belatedly submitted applications to the District for

³ Although the Unit 250 Renewable Diesel Project scope document stated that Unit 250 would produce only renewable diesel, subsequent submittals by Phillips for LCFS credit pathways confirm that Phillips is also using the Unit to produce renewable naphtha and gasoline. AR103087; AR026060; RJN, Cho Decl. at Ex. D.

⁴ Permit submittals stated that the pipeline would be 2,300-feet long, but site maps and County emails describe the pipeline as 2,500 feet in length. *Compare* AR103086 *with* AR103088 and AR103096.

a permit for Unit 250's "alteration" and to process renewable feedstocks at Unit 250. *Id.* at Exs. A-B (describing needed permits) & Ex. C (confirming Unit 250 "is considered altered"). By then, however, the converted Unit 250 was already operating, producing renewable diesel and naphtha fuels from pretreated soybean oil piped from the Nustar rail terminal. AR026059 (confirming that "Phillips 66 began producing renewable diesel fuel at its Rodeo Refinery in April 2021"); AR026060 (describing operation of pipeline from Nustar). Indeed, by December 2021, Phillips had applied to the Air Resources Board for LCFS credit-generation pathways for the Refinery based on Unit 250's processing of soybean and canola oils. AR026054-72.

2. The Rodeo Renewed Project

In August 2020, Phillips launched the second phase of the Refinery conversion when it submitted the Rodeo Renewed Project application to the County. AR061344; AR061449. In lieu of refining crude oil, Phillips proposed to process up to 80,000 bpd of any of a broad range of food-crop and animal-based feedstocks into renewable diesel, renewable fuel gas, naphtha, and other components for fuel blending. AR053729; *see* AR002315. In addition to soybean and canola oil (the same feedstocks already being processed at Unit 250), Phillips "anticipate[s]" that Project inputs "would include, but not [be] limited to" used cooking oil; fats, oil, and greases; tallow (animal fat); inedible corn oil; other vegetable-based oils; "and/or emerging and other next-generation feedstocks." AR053733. At the same time, the Refinery would *expand* its processing of non-crude petroleum feedstocks from 10,000 bpd as of 2019 to 38,000 bpd, which would be converted into 40,000 bpd of petroleum products. AR053654. Overall, the Project would increase total Refinery output from a baseline of 121,000 bpd to 132,000 bpd, consisting of 67,000 bpd of renewable fuels (12,000 bpd of which would come from Unit 250) and 25,000 bpd of treated renewable feedstocks, plus 40,000 bpd of petroleum products. *Id.* (Table ES-1); AR007997. The Project would make the Rodeo Refinery the largest refinery of renewable feedstocks *in the world.* AR013435; AR022610; AR022617.

Phillips would make significant modifications to the Rodeo Refinery to make all this possible, with demolition and construction activities taking nearly two years to complete. AR053739-40. Changes to the Refinery would include converting refinery tanks to store renewable feedstocks and adding a new "pre treatment unit" for renewable feedstocks. AR061357. Renewable feedstocks

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processed in the pre-treatment unit would either be further processed into transportation fuels onsite (including at Unit 250) or exported via Phillips' marine terminal for finishing elsewhere. AR002303; AR053654; AR053734 (depicting Rodeo Renewed Project flows). In addition to changes at the Rodeo Refinery, Phillips would decommission the pipeline that had supplied the Refinery with Santa Maria's semi-refined crude and would demolish the Santa Maria Refinery. AR053725; AR061440. The Project would also significantly increase the Refinery's marine, rail, and truck traffic: The number of railcars would increase by 240 percent, the number of annual vessel calls would increase by 150 percent, and truck traffic would increase by 52 percent. AR007998.

D. Environmental Consequences of Surging Renewable Fuels Production

Though the Rodeo Renewed Project is exceptional in its scale, Phillips is only one of many oil producers in California and around the world aiming to convert aging or decommissioned crude refineries to process renewable feedstocks. On the same day it approved the Rodeo Renewed Project, the County Board of Supervisors approved a similar project by the Marathon Corporation to convert its shuttered crude oil refinery in nearby Martinez – only 12 miles from the Rodeo Refinery – to process renewable feedstocks using identical HEFA technology. AR000806; AR010482; AR010490. The Martinez Refinery Renewable Fuels Project ("Martinez project") would be the second largest renewable fuels refinery in the world, behind only the Rodeo Renewed Project. AR059342. As of December 2021, at least eighteen refinery projects to process agricultural and/or animal-based feedstocks into transportation fuels were under construction or consideration nationwide. AR010492.

These projects, together with numerous existing facilities that produce biodiesel and "sustainable" aviation fuel, compete for the same feedstock pool, generating significant new pressures on supplies of oil crops and animal fats.⁵ See AR012538; AR010493-96. As of 2021, the domestic supply of lipid feedstocks available for renewable fuel processing (in addition to other uses) was roughly 372,000 bpd. AR010492. The Rodeo Renewed Project alone would consume the equivalent of about 22 percent of this supply. *Id.* Together with the Martinez project's feedstock

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⁵ Biodiesel is a type of biofuel derived from vegetable oil and animals fats. AR012169. Unlike renewable diesel, it typically must be blended with petroleum-based fuels to be used by combustion engines. AR012172-73.

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demand of 48,000 bpd, the two facilities would consume the equivalent of *one-third* of this domestic supply. AR024387; AR059342. Operating simultaneously, the eighteen proposed U.S. renewable fuel projects would nearly *triple* domestic renewable fuels refining capacity from 235,298 bpd to 692,950 bpd – significantly outstripping domestic lipid feedstock supplies. AR010492-96; *see also* AR012538 (projecting that biofuel soybean oil demand will outstrip supply by 2023); AR012371.

Meeting this expansive demand for oil crops means that undeveloped lands must be brought into agricultural production; this type of land conversion has significant environmental and social consequences. See AR078323. Authorities including the Air Resources Board acknowledge that biofuel production induces indirect land use change (widely referred to as "ILUC") when an "increase in the demand for a crop-based biofuel begins to drive up prices for the necessary feedstock crop." AR011597. Rising prices "cause[] farmers to devote a larger proportion of their cultivated acreage to that feedstock crop," to intensify production on existing acreage, and to convert land in "non-agricultural uses to fuel crop production." AR011597-98. As farmers shift to growing more biofuel feedstocks, prices for displaced crops go up, inducing a vicious cycle of further land conversion. Id.; AR010539; AR010446. In this way, increased biofuel production can drive deforestation together with a range of other ILUC impacts, including "irreversible" loss of biodiversity, "long-term" soil erosion, and "water quality deterioration." AR078324; AR078272. Land use conversion also results in increased greenhouse gas ("GHG") emissions as forests are burned, soil organic carbon stocks destroyed, and land cover cleared to grow biofuel feedstocks. AR011598. And because the oil crops demanded by refineries are relied on for a range of uses, including global food supplies, rising food crop prices together with crop displacement can exacerbate food insecurity and hunger. AR012392.

The precise extent of ILUC impacts varies by feedstock. *See* AR078198. Palm oil is a particularly intensive driver of deforestation, as is soybean oil (which customers often substitute with palm oil when soy prices rise). AR011621; AR017210-12. Feedstocks derived from waste products like used cooking oils, on the other hand, have lesser – though not necessarily insignificant – ILUC impacts. AR011598. Depending on the feedstock, ILUC impacts may "limit[] – or even reverse[] – the climate benefits" of using food-based biofuels. AR017213.

E. Certification of the Environmental Impact Report Despite Community Concerns

In response to Phillips' application, the County determined that CEQA required it to prepare an EIR for the Rodeo Renewed Project. AR053631. The "key to environmental protection under CEQA," *No Oil, Inc. v. City of Los Angeles*, 13 Cal.3d 68, 75 (1974), an EIR must provide a detailed analysis of a project's direct, indirect, and cumulative impacts on the environment and set forth mitigation measures and alternatives to minimize or avoid potentially significant impacts, CEQA Guidelines §§ 15126.2, 15126.4.⁶ The County issued a Notice of Preparation of the EIR on December 21, 2020 and released the Draft EIR in October 2021. AR054263; AR053631.

The EIR did not include the Unit 250 Renewable Diesel Project in the Project scope and thus did not analyze environmental impacts of this first Refinery conversion phase. AR000931-33; AR053660. Despite this exclusion, the EIR identified myriad adverse impacts of the Project on the local environment – including impacts to air quality, odor, biological resources, geology and soils, hazardous materials, water quality, and transportation and traffic. AR053691-95; *see* AR007823 (Air Resources Board comment letter observing that Project "will continue to contribute to the exposure of nearby communities to elevated levels of air pollution"); AR053827 (conceding that unless properly managed," Project operations would produce "odors similar to an animal and/or food processing facility"). Even with mitigation, the EIR identified "significant and unavoidable" impacts to air quality from intensified rail transport of feedstocks, and to marine biological resources and surface water quality from potentially hazardous marine vessel spills. AR000020-21; AR054207.

The County received 86 comment letters and over 1,600 form letters on the EIR, supported by an extensive record of expert reports, peer-reviewed studies, and crop and refinery data. AR000906. Many of these comments, including those by Petitioners, called attention to ways in which the EIR hid, downplayed, or simply ignored entire categories of environmental impacts. *See, e.g.*, AR009775-83; AR010408-10. Commenters took issue with the EIR's refusal to disclose the Unit

⁶ "CEQA Guidelines" refer to the implementing regulations promulgated by the Secretary of the Natural Resources Agency and codified at title 14, section 15000 *et seq.* of the California Code of Regulations. Courts "afford great weight to the Guidelines except when a provision is clearly unauthorized or erroneous." *Union of Med. Marijuana Patients, Inc. v. City of San Diego*, 7 Cal.5th 1171, 1184 (2019).

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250 Renewable Diesel Project as part of the Rodeo Renewed Project or to analyze its associated impacts. AR010420-23. They challenged the EIR's refusal to identify the Project's particular feedstocks or to estimate their relative amounts. AR010427-28. Commenters questioned the EIR's insistence that the Project's ILUC impacts could not be analyzed to any meaningful degree (*id.*; AR009778), despite an extensive record of scientific literature showing that the unprecedented agricultural feedstock demand created by the Project and refinery conversions like it would foreseeably induce millions of acres of land conversion. *See, e.g.*, AR010448-52; AR009780-81. And commenters documented serious concerns with unmitigated impacts on local communities. In particular, Petitioners took issue with Mitigation Measure AQ-4, which punted developing mitigation for significant odor impacts to a future planning process. AR010477-78; *see also* AR007858-59.

Brushing these concerns aside, on March 30, 2022 the County Planning Commission voted to approve a land use permit for the Project. AR000125; AR000134. Petitioners appealed to the County Board of Supervisors. AR000135; AR000230-39. On May 3, 2022, the Board denied the appeal, approved the Project, and certified the EIR. AR000806-09. The County filed a Notice of Determination on May 9, 2022 (AR000001), and Petitioners timely filed their verified petition for writ of mandate on June 7, 2022.

STANDARD OF REVIEW

CEQA is a "comprehensive scheme to provide long-term protection to the environment." *Mountain Lion Found. v. Fish & Game Comm'n*, 16 Cal.4th 105, 112 (1997). Toward this end, the statute is to be "interpreted in such manner as to afford the fullest possible protection to the environment within the reasonable scope of the statutory language." *Bozung v. Local Agency Formation Comm'n*, 13 Cal.3d 263, 274 (1975). An agency violates CEQA when it prejudicially abuses its discretion, which occurs when it "has not proceeded in a manner required by law *or* if the determination or decision is not supported by substantial evidence." Cal. Pub. Res. Code § 21168.5 (emphasis added). Because errors of law and fact "differ[] significantly," the reviewing court "must adjust its scrutiny to the nature of the alleged defect." *Vineyard Area Citizens for Responsible Growth, Inc. v. City of Rancho Cordova*, 40 Cal.4th 412, 435 (2007).

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(2018) ("Sierra Club"). In so doing, courts "scrupulously enforce all legislatively mandated CEQA requirements." Vineyard Area Citizens, 40 Cal.4th at 435. The de novo standard broadly applies when an agency fails to "employ[] the correct procedures" and to mixed questions of law and fact that "require[] a determination whether statutory criteria were satisfied." Sierra Club, 6 Cal.5th at 512, 516. Courts also determine de novo whether an EIR discloses information sufficient to "apprise all interested parties of the true scope of the project for intelligent weighing of the environmental consequences of the project." Cmtys. for a Better Env't v. City of Richmond, 184 Cal.App.4th 70, 82-83 (2010) ("CBE v. Richmond") (quoting Riverwatch v. Olivenhain Mun. Water Dist., 170 Cal.App.4th 1186, 1201 (2009)). If an EIR "omits material necessary to informed decisionmaking," the "error is prejudicial" and "harmless error" analysis does not apply. Sierra Club, 6 Cal.5th at 515. By contrast, courts review the record to determine whether it "contains substantial evidence to

Courts review errors of law de novo. Sierra Club v. County of Fresno, 6 Cal.5th 502, 512

support the County's factual determinations" only when factual issues predominate. Vineyard Area Citizens, 40 Cal.4th at 427, 435. "Substantial evidence" includes "facts, reasonable assumptions predicated upon facts, and expert opinion supports by facts" but not "[a]rgument, speculation, [or] unsubstantiated opinion or narrative." CEQA Guidelines § 15384. Courts carefully "scrutinize the record" and set project approvals aside if an agency decision is not grounded in substantial evidence. Laurel Heights, 47 Cal.3d at 408.

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ARGUMENT

I. The EIR Unlawfully Piecemeals the First Phase of Refinery Conversion

The description of the project is an "indispensable element" of an EIR.

Stopthemillenniumhollywood.com v. City of Los Angeles, 39 Cal.App.5th 1, 16 (2019) ("Stop the Millennium"). Failure to provide a complete and accurate description of the project "impairs the public's right and ability to participate in the environmental review process." Washoe Meadows Cmty. v. Dep't of Parks & Recreation, 17 Cal.App.5th 277, 288 (2017). This is because "[o]nly through an accurate view of the project may the affected outsiders and the public decision-makers balance the proposal's benefit against its environmental costs, consider mitigation measures, assess the advantage of terminating the proposal . . . [and] weigh other alternatives in the balance." Ctr. for

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Sierra Nevada Conservation v. County of El Dorado, 202 Cal.App.4th 1156, 1171 (2012) (quoting County of Inyo v. City of Los Angeles, 71 Cal.App.3d 185, 192-193 (1977)). The EIR's description of the Rodeo Renewed Project falls well short of these mandates, in multiple respects.

In a particularly glaring omission, the EIR carved out the first phase of Refinery conversion from the Project scope altogether and thereby evaded its environmental review. This first phase included: converting and operating Unit 250 to process up to 12,000 bpd of soybean oil feedstock into renewable fuel; modifying the Nustar rail terminal to allow it to receive renewable feedstocks and pipe them to the Refinery; installing at least 2,300 feet of pipeline to transport soybean oil and other renewable feedstocks from the rail terminal to the Refinery; and building new infrastructure to support the transport and processing of renewable feedstocks at the Refinery. *See* Factual Background, Section C, *supra*. These activities allowed Phillips to achieve the Rodeo Renewed Project's key objectives: to maximize renewable fuels processing at the Refinery and maintain pre-Project throughput levels without crude oil. AR053730; AR053660; AR053741. But despite the clear connection between this first conversion phase and the Rodeo Renewed Project, the County disclaimed any obligation to review the actions together in the EIR.

Segmenting a closely related set of activities in this way is a clear violation of CEQA. CEQA prohibits piecemealing a single project into distinct pieces, thereby "avoid[ing] the responsibility of considering the environmental impacts of the project as a whole." *Orinda Ass'n v. Bd. of Supervisors*, 182 Cal.App.3d 1156, 1171 (1985). This prohibition ensures that "environmental considerations do not become submerged by chopping a large project into many little ones – each with a minimal potential impact on the environment – which cumulatively may have disastrous consequences." *Laurel Heights*, 47 Cal.3d at 396 (quoting *Bozung*, 13 Cal.3d at 283-84). Whether an agency has engaged in piecemealing presents a question of law reviewed independently by the court, without deference to the agency. *Tuolumne Cnty. Citizens for Responsible Growth, Inc. v. City of Sonora*, 155 Cal.App.4th 1214, 1224-25 (2007). Because the County's failure to disclose and analyze the entire Refinery conversion project precluded informed decision-making, CEQA dictates that the EIR be set aside and remanded for full review and disclosure of the Project and its

environmental impacts. *See Sierra Club*, 5 Cal.5th at 515 (errors of law that obfuscate public understanding of project are per se prejudicial).

A. The Unit 250 Renewable Diesel Project and the Rodeo Renewed Project must be reviewed as a single project under CEQA.

Under CEQA, the term "project' means the whole of an action." *POET, LLC v. State Air Res. Bd.*, 12 Cal.App.5th 52, 73 (2017) ("*POET II*") (quoting CEQA Guidelines § 15378(a)). This "broad interpretation of 'project'... is designed to provide the fullest possible protection of the environment within the reasonable scope of CEQA's statutory language." *Id.* If an activity is part of the "whole of an action," the refusal to disclose and evaluate it in the EIR constitutes illegal piecemealing in violation of CEQA. *Id.* at 76.

Courts have developed a liberal test for evaluating when multiple "acts are part of the whole": Activities are part of the same project when they are "related to each other." *Id.* at 74 (quoting *Tuolumne*, 155 Cal. App. 4th at 1225); *see County of Ventura v. City of Moorpark*, 24 Cal. App.5th 377, 385 (2018) (same); *Plan for Arcadia, Inc. v. Arcadia City Council*, 42 Cal. App.3d 712, 726 (1974) (shopping center, parking lot, and adjacent road widening were "related to each other" and thus "a single project"). "[T]here are different ways actions can be related" for purposes of this test. *POET II*, 12 Cal. App.5th at 74. A sufficient relationship exists when activities are "among the 'various steps which taken together obtain an objective'" or when they are "part of a coordinated endeavor." *Tuolumne*, 155 Cal. App.4th at 1226 (*citing Ass 'n for a Cleaner Env't v. Yosemite Cmty. Coll. Dist.*, 116 Cal. App.4th 629, 639 (2004)). It exists when one activity "legally compels or practically presumes" another. *Banning Ranch Conservancy v. City of Newport Beach*, 211 Cal. App.4th 1209, 1223 (2012). And it exists when activities are "related in 1) time, 2) physical location, and 3) the entity undertaking the action [sic]." *Tuolumne*, 155 Cal. App.4th at 1227. Viewed through any of these lenses, the Unit 250 Renewable Diesel Project and the Rodeo Renewed Project are closely related and must be analyzed as a single action.

Here, the objectives of the Unit 250 Renewable Diesel Project are not merely related to the objectives of the Rodeo Renewed Project; they are the same. *See POET II*, 12 Cal.App.5th at 75 (when activities "share the same overall objective," they "clearly are related to one another"). An

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overarching objective of the Rodeo Renewed Project is to "[c]onvert the Rodeo Refinery to a renewable transportation fuels production facility" by "[c]onvert[ing] existing equipment and infrastructure to produce transportation fuels from non-hazardous renewable feedstocks."

AR053730; see AR061364 (Project application). In similar language, the Unit 250 Renewable Diesel Project scope sets forth its objectives to make "modifications to existing equipment" to allow Unit 250 to "produce renewable diesel" from "pretreated renewable feedstocks, such as vegetable oils."

AR103087; see also AR103086 (new equipment at Nustar rail terminal will be dedicated to transporting renewable feedstocks); AR103085 (stating that pipeline will "carry[] soybean oil and other renewable feedstocks"). And both phases of the Refinery conversion aim to generate renewable transportation fuels to "[p]rovide a mechanism for compliance with . . . the state LCFS." AR053731 (Rodeo Renewed Project objectives); see AR026056 (LCFS pathway application for the Refinery based on Unit 250 production); RJN, Cho Decl. at Ex. D (subsequent LCFS pathway application).

The record also shows that the Rodeo Renewed Project relies on the Unit 250 Renewable Diesel Project to meet its overall objectives. See Tuolumne, 155 Cal. App. 4th at 1226 (explaining that "[o]ne way to evaluate which acts are part of a project is to examine how closely related the acts are to the overall objective of the project"). Key objectives of the Rodeo Renewed Project are to "maximize production of renewable fuels" at the Refinery and "maintain the facility's current capacity" of 120,000 bpd without processing crude oil. AR053730; AR053660. But for Unit 250's renewable diesel output and the installation of pipeline to access the new feedstocks, Phillips could not meet these dual targets. See San Joaquin Raptor/Wildlife Rescue Ctr. v. County of Stanislaus, 27 Cal. App. 4th 713, 732 (construction of sewer pipeline illegally piecemealed from housing project as "the 'total project' includes both the housing and the sewer project necessary to serve it"). Indeed, the EIR attributes nearly one-fifth of the post-Project Refinery's total renewable fuels output to Unit 250, factoring Unit 250's 12,000 bpd capacity into the Project's 67,000 bpd of renewable fuels capacity. AR053654; AR053659-60. Illustrating the centrality of throughput levels to the Project's purpose, the County rejected the environmentally superior "Reduced Project Alternative" because it would have a capacity of only 102,000 bpd and thus fall short of the Project's objectives. AR053660. Because the Rodeo Renewed Project relies on the Unit 250 Renewable Diesel Project to meet its

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25 28 objectives, and thus "practically presumes [its] completion," the activities are one project. Banning Ranch, 211 Cal.App.4th at 1223; see Tuolumne, 155 Cal.App.4th at 1231 (road realignment part of home improvement center project where center "cannot be completed and opened legally without the completion of the road realignment"); Nelson v. County of Kern, 190 Cal. App. 4th 252, 272 (2010) (EIR for reclamation plan should have included mining operations that necessitated it); CEQA Guidelines § 15165 ("Where an individual project is a necessary precedent for action on a larger project, or commits the lead agency to a larger project, with significant environmental effect, an EIR must address itself to the scope of the larger project.").

The Court of Appeal's decision in Santiago County Water District v. County of Orange, 118 Cal.App.3d 818 (1981), is instructive. There, a proposed sand and gravel mining operation would require installation of new water delivery facilities because existing infrastructure could not deliver water in the amounts needed to satisfy the project's objectives. *Id.* at 829. In holding that the EIR's project description fell short by failing to include the needed water delivery infrastructure, the court explained that excluding these facilities frustrated the EIR's "informational purpose" and meant that "important ramifications of the proposed project remained hidden from view at the time the project was being discussed and approved." *Id.* at 830. Like the new water delivery facilities in *Santiago* County, the Rodeo Renewed Project relies on Unit 250's renewable fuels output to meet its objectives; severing it from the Project scope similarly renders the EIR legally defective.

Even if the Project did not strictly depend on the Unit 250 Renewable Diesel Project to meet its objectives, it is still clear that Phillips closely coordinated the two phases, making them a single project for purposes of CEQA. See Tuolumne, 155 Cal.App.4th at 1228 (considering "whether the act is part of a coordinated endeavor"). This was precisely the case in Orinda. The proponent in Orinda proposed to construct a mixed-use development, and then separately applied for and received a demolition permit to remove historical buildings in the project site while CEQA review was pending. 182 Cal.App.3d at 1160, 1171. The Court of Appeal held that the demolition was improperly piecemealed from the development project because the demolition was clearly not "an end in itself, but [] part of [the] larger proposed Project." *Id.* at 1172. Likewise here, the Unit 250 Renewable Diesel Project was a "phase of the overall Project" to convert the Rodeo Refinery to

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⁷ Although Unit 250 did not begin processing renewable feedstocks until April 2021, the County in its August 2020 Rodeo Renewed Project Application described Unit 250 as already capable of "produc[ing] low sulfur diesel from renewable feedstocks." AR061361.

produce renewable fuels and therefore "subject to the same CEQA review as the rest of the Project." *Id.* at 117; *see also Whitman v. Bd. of Supervisors*, 88 Cal.App.3d 397, 415 (1979) (construction of pipeline improperly severed from EIR for proposed oil and gas well where pipeline was "part of [the applicant's] overall plan for the project"). Indeed, Phillips itself referred to the Unit 250 Renewable Diesel Project phase as a "dry run" for the Rodeo Renewed Project. AR001757.

Furthermore, three key factors courts use to identify a "sufficiently close" relationship between project components – time, physical location, and project proponent – all point here to the need for "a single review." *Tuolumne*, 155 Cal.App.4th at 1226-27.

First, as to timing, the Unit 250 Renewable Diesel Project and Rodeo Renewed Project were initiated concurrently, and (except for BAAQMD permitting) the Unit 250 phase was completed while the Rodeo Renewed Project approvals were still pending. In June 2020, Phillips began converting Unit 250 and, together with Shore Terminals, submitted three building permit applications to allow the Nustar rail terminal to receive renewable feedstocks and construct a pipeline and related infrastructure to transport the feedstocks to the Refinery. AR000932; AR103083-86. Just two months later, Phillips submitted its Rodeo Renewed Project application to the County. AR061344. And just one month after that, the County issued the Nustar pipeline building permits. AR103083-85. While the Rodeo Renewed Project application and its environmental review were pending, Phillips completed the Unit 250 Renewable Diesel Project construction activities, began piping renewable feedstock from Nustar to the Refinery and using Unit 250 to produce renewable diesel, and applied to the Air Resources Board for pathways to obtain LCFS credits based on Unit 250's renewable fuel output. AR026056 (noting Unit 250 began producing renewable diesel in April 2021); AR053631 (Rodeo Renewed Project EIR circulated October 2021); AR026054 (December 2021 LCFS Fuel Pathway Report based on Unit 250 production). Just a month before the County certified the Final EIR and approved the Rodeo Renewed Project, BAAQMD issued a Notice of Violation for Phillips' unpermitted construction and operation of Unit 250, necessitating Phillips'

submittal of permit applications. *See* AR000004 (Rodeo Renewed Project land use permit approved May 3, 2022); RJN, Cho Decl. at Ex. B (March 30, 2022 Notice of Violation).

Second, the projects share the same physical location. Unit 250 is located *within* the Rodeo Refinery, where the "main components of the [Rodeo Renewed] Project would take place." AR053709; AR053723 (listing Unit 250 as an "existing major process unit" in the Rodeo Refinery). Likewise, the new pipeline supplying Unit 250 with renewable feedstocks directly connects to the Refinery and traverses Phillips' property. AR103084. Construction activities related to the pipeline installation took place within the Refinery (AR103088), on Phillips' property to the north (*id.*), and at the adjacent Nustar rail terminal (AR105053; AR103085). *See Tuolumne*, 155 Cal.App.4th at 1227 (finding that activities were related in location because they were "next to one another").

Third, the projects share the same proponent: Phillips. *See* AR053729 (describing Phillips as Rodeo Renewed Project proponent); AR002302 (Phillips undertook the Unit 250 conversion); AR103084-87 (showing Phillips as applicant for two of the three building permits, and as entity that would "own and operate" the 2,300-foot pipeline and support facilities). The combination of these "various connections . . . compel[s]" the conclusion that the two facility conversion phases "are related acts that constitute a CEQA project." *Tuolumne*, 155 Cal. App.4th at 1227.

B. The County's efforts to justify severing the Unit 250 Renewable Diesel Project fail.

In response to comments on the Draft EIR and Petitioners' administrative appeal, the County offered a slew of rationalizations for segmenting the Unit 250 Renewable Diesel Project from the Rodeo Renewed Project. None is availing.

First, the County asserted that the Unit 250 conversion was a wholly "independent project" that was not "part of or operationally related to the [Rodeo Renewed] Project." AR000931-32; see also AR002302. The record shows otherwise. The Final EIR concedes that "from time to time, treated renewable feedstocks from the proposed [pre-treatment unit] may be used as an alternative source of feedstock for Unit 250." AR002303. That is, renewable feedstock treated by new Project facilities will be fed to Unit 250 for further processing. AR053734. And renewable naphtha produced by Unit 250 as a co-product of its renewable diesel production will be fed to additional Refinery units converted under the Rodeo Renewed Project for further processing. *Id.*; AR053737.

The Project Flow Diagram for the Rodeo Renewed Project clearly illustrates this operational entanglement of the projects.⁸ AR053734.

In any event, case law forecloses Phillips' position that just because the Unit 250 Renewable Diesel Project could *theoretically* operate without the remaining facility conversion, it must be a standalone project. *See* AR002302 (asserting that Unit 250 "will continue" to process renewable feedstocks "whether the Rodeo Renewed Project becomes operational or not"). In *Tuolumne*, the project proponent argued that a road realignment was properly excluded from a home improvement center project's EIR because the activities could be "implemented independently of each other." 155 Cal.App.4th at 1229. The court disagreed, clarifying that "theoretical independence" does not defeat a piecemealing claim; what matters is "what is actually happening." *Id.*; *see id.* at 1228 (rejecting "position that a CEQA project excludes an activity *that actually will be undertaken* if the need for that activity was not fully attributable to the project" as a "far too narrow standard"); *Banning Ranch*, 211 Cal.App.4th at 1223 n.7 (when "implementation would be sufficiently interdependent in practice, even if theoretically separable . . . a piecemealing challenge would be well founded"). As in *Tuolumne*, any theoretical "independence was brought to an end" (155 Cal.App.4th at 1231) when the Rodeo Renewed Project factored Unit 250's 12,000 bpd renewable diesel output into its throughput levels. AR053654; AR053731.9

Next, the County asserted that converting Unit 250 was not a new activity at all, but rather a continuation of business as usual "consistent with typical operational, maintenance, and turnaround activities for equipment used at the Rodeo Refinery." AR002303; see AR000931 (describing Unit

⁸ Phillips' 2021 LCFS pathways application also confirms that the converted Unit 250 already integrates with other Refinery processes. AR026060 (chart showing that renewable naphtha produced by Unit 250 as a co-product of its processing of soybean and canola oil into renewable diesel is fed to the Refinery's gasoline complex for further processing); AR026067 (renewable naphtha from Unit 250 "eventually is part of the blended gasoline produced by the refinery").

⁹ The County also attempted to distance the Unit 250 conversion by noting that the modified unit could process either pretreated renewable feedstock or petroleum. AR000932; AR002302. But the Project will terminate Unit 250's operational flexibility by ending the importation of crude oil. AR053653; *see* AR061361 (explaining that Unit 250 "can produce low sulfur diesel from renewable feedstocks or feed from the Crude Units"). The EIR thus makes clear that once the Project is operational, Unit 250 will process *only* pretreated renewable feedstock. AR053731. Indeed, every alternative considered in the EIR assumes Unit 250 will process solely renewables. AR053653-61.

250 as an "existing piece of equipment" that was merely "updated"). The record of major alterations to Unit 250, together with pipeline installations to supply it with feedstocks, show otherwise.

AR103087 (Unit 250 conversion included construction and replacement of pumps, construction of a new product air cooler, and installation of pipeline within Refinery to route feedstock and processed fuels); AR103083-88 (installation of 2,300 feet of Phillips-owned pipeline to Nustar rail terminal).

The County also attempted to excuse the piecemealing of the Unit 250 Renewable Diesel Project by asserting that Unit 250 could process renewable fuels under its existing BAAQMD air permit. AR002303-04. This claim proved untrue; shortly before the County approved the Rodeo Renewed Project, BAAQMD cited Phillips for exceeding the scope of its existing permit by converting and operating Unit 250 to process renewable feedstocks. RJN, Cho. Decl. at Exs. A-B. Only then did Phillips apply to BAAQMD for a Permit to Operate the altered Unit 250. *Id* at Ex. C.

Finally, the County attempted to excuse its exclusion of the Unit 250 Renewable Diesel Project by depicting its environmental impacts as negligible. AR000933. But the County admittedly considered at most the "difference in air emissions between Unit 250's processing of petroleum-based feedstocks and renewable feedstocks." *Id.* It ignored every other impact of the Unit 250 Renewable Diesel Project beyond this change in emissions, including construction impacts from Unit 250's conversion, operational impacts from processing of renewables beyond those to air quality, and all manner of impacts from installing and operating the 2,300-foot pipeline. ¹⁰ At the end of the day, neither the County nor any agency has done the requisite environmental review of the Unit 250 Renewable Diesel Project in its entirety. The County's attempt to evade disclosure by downplaying the impacts of the severed activities is exactly what the piecemealing doctrine guards against: "chopping a large project into many little ones – each with a minimal potential impact on the environment." *Laurel Heights*, 47 Cal.3d at 390 (quoting *Bozung*, 13 Cal.3d at 263-64).

¹⁰ Even the County's conclusion that air quality impacts from Unit 250's processing of renewable feedstocks would be comparable to its processing of crude is questionable: BAAQMD's air quality analysis for the converted Unit 250 (conducted by the District after finding that Phillips illegally converted the equipment) identified an increase of eight lbs/day in fugitive emissions from the converted Unit 250. RJN, Cho Decl. at Ex. C.

Even if the County's exclusion of the Unit 250 Renewable Diesel Project did not amount to piecemealing, CEQA would still require that the EIR consider the cumulative contributions of that phase to the Project's environmental impacts. *See CBE v. Richmond*, 184 Cal.App.4th at 99 (noting in rejecting piecemealing claim that, although pipeline was not the same project as refinery upgrade, "pipeline's cumulative contribution to the Project's environmental impacts was included in the EIR"); CEQA Guidelines § 15165 ("Where one project is one of several similar projects of a public agency, but is not deemed a part of a larger undertaking or a larger project, the agency . . . shall in either case comment upon the cumulative effect."). But the EIR never mentioned the Unit 250 Renewable Diesel Project in its cumulative impacts analysis. AR054245-55. This omission alone renders the EIR legally defective as it means that the "severity and significance" of the Rodeo Renewed Project's cumulative impacts are not "reflected adequately" in the EIR. *Golden Door Props., LLC v. County of San Diego*, 50 Cal.App.5th 467, 527 (citation omitted).

II. The EIR's Project Description Violates CEQA Because It Fails to Disclose the Project's Feedstock Mix and Disclaims the Project's Heavy Reliance on Soybean Oil

The EIR's project description falls short in a second crucial respect: It fails to disclose the Project's feedstock mix, thereby precluding an adequate analysis of associated environmental impacts. With a capacity of 80,000 bpd, the Project would be the world's largest renewable fuel producer, consuming an astonishing 29.2 million barrels of renewable feedstocks each year.

AR013435; AR022610; AR022617. Yet the EIR neither specifies which feedstocks the Project will use nor provides any estimate of their relative amounts. Instead, the EIR unhelpfully states that "the anticipated renewable feedstocks processed at the facility would include, but not [be] limited to," used cooking oil, fats, oils, and grease, tallow (animal fat), inedible corn oil, canola oil, soybean oil, "[o]ther vegetable-based oils, and/or [e]merging and other next-generation feedstocks." AR053733. Beyond describing an unbounded range of possible feedstocks, the EIR implies that the Project is equally likely to rely on *any* of them, without disclosing that some feedstocks (like soybean oil) are far more likely to be used, and in significantly greater quantities, than others. *See id.*; AR053735 ("[I]t is not feasible to predict with any degree of certainty the source locations and the specific types of renewable feedstocks or combinations of feedstocks that would be processed ").

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The EIR's failure to provide a complete, accurate, and stable description of the Project's feedstock mix – a core component of the Project's operations and a primary driver of its environmental impacts – is clear legal error. See CEQA Guidelines § 15124(c) (project description must include a "general description of the project's technical, economic, and environmental characteristics"); Citizens for a Sustainable Treasure Island v. City and County of San Francisco, 227 Cal.App.4th 1036, 1053-54 & n. 7 (2014) (confirming that EIR's project description must identify features necessary to assess environmental impacts); Stop the Millennium, 39 Cal.App.5th at 15 (whether project description complies with CEQA's requirements is reviewed de novo). There is no dispute that accurately assessing the Project's potential environmental impacts depends on knowing the mix of feedstocks. See, e.g., AR019520-21 (soy- and other crop-based biofuels particularly likely to induce deforestation and conversion of lands to agricultural production); AR025354 ("Emissions from HEFA [processing] . . . vary considerably depending on the feedstock."); AR000471 ("Differences in project processing impacts . . . are caused by differences in the chemistries and processing characteristics among feeds[tocks]..."); AR002625 (noting that certain feedstocks, like brown grease, are particularly "malodorous"). Without "an accurate and complete" description of this key element of the Project, there can be no "intelligent evaluation of the potential environmental impacts of the agency's action" nor consideration of necessary and appropriate mitigation for those impacts. Ctr. for Sierra Nevada Conservation, 202 Cal.App.4th at 1171.

Given the integral connection between feedstock inputs and Project impacts, Petitioners asked that the County "use available information" to provide a reasonable estimate of the Project's anticipated feedstock mix, even if it was not possible to "specify an exact quantity of each feedstock that will be used into the future." AR000262. For instance, Petitioners submitted evidence that a large proportion of the Project's feedstocks would likely be soybean oil. AR000279 (citing recent evidence of high soy demand in biodiesel production – a similar technique to the Project's HEFA process – including data from the U.S. Energy Information Administration showing that nearly 60 percent of biodiesel produced from 2018 to 2020 was from soy, compared to just three percent from tallow). Petitioners also submitted recent data showing that used waste oils "have come nowhere near meeting current biodiesel feedstock demand," rebutting the EIR's claim that the Project could

use predominantly waste oils rather than crop-based feedstocks. AR010445; AR000733-34. The County ignored this and other evidence that could have facilitated an estimation of the Project's likely feedstock mix.

Though it does not disclose them, the EIR *does* appear to make certain assumptions about the Project's anticipated feedstock mix. In particular, when pressed on the Project's hydrogen usage, the County in the Final EIR insisted that the existing hydrogen production capacity of the Refinery's Hydrogen Plant and the third-party Air Liquide facility (which also supplies the Refinery with hydrogen) would be sufficient to convert 80,000 bpd of renewable feedstocks into 67,000 bpd of fuels. AR002291. To arrive at this conclusion, the County estimated that the "hydrogen usage per barrel [of refined fuel] will be approximately 2,100 [standard cubic feet]," even though it acknowledged that "hydrogen demand . . . *depend[s] on the renewable feed.*" *Id.* (emphasis added) (explaining that hydrogen demand "depends largely on the number of unsaturated bonds in the molecule" of the particular feedstock). In other words, the County appeared to use a specific feedstock mix to estimate the Project's hydrogen needs. But whatever assumptions about the Project's feedstock mix the County used to determine its hydrogen usage were not stated in the EIR's project description or its discussion of ILUC impacts.

Compounding these problems, when pressed on the proportion of agricultural feedstocks the Project would use, the County disclaimed that the Project would use meaningful amounts of soybean oil (AR002279), a renewable fuel feedstock with one of the highest ILUC impacts. ¹¹ See, e.g., AR023910 (land conversion, carbon emissions, deforestation, and biodiversity loss concerns "are particularly strong in the case of . . . soy oil"). In so doing, the County rendered its feedstock description not only incomplete but also inaccurate: The administrative record is replete with evidence that the Project would use substantial and quantifiable amounts of soybean oil based on Unit

¹¹ Although the EIR cited to April 2021 Air Resources Board data allegedly showing that "the majority of feedstocks used for renewable fuels in California beginning in at least 2013 have been waste-oil feedstocks – used cooking oil (UCO) and tallow" (AR002279; AR015056), more recent Board data show that, as the biofuels market has grown, demand for soy oil as a feedstock has steadily increased, in contrast to tallow. AR050291 (Board feedstock data from April 2022).

250 operations alone, plus the tens of thousands of barrels per day of additional soybean oil piped to the Refinery from the Nustar rail terminal. *See, e.g.*, AR103083-86 (Nustar Selby Soybean Project will transport soybean oil to the Refinery for processing); AR103096 ("Nustar will unload around 45,000 [barrels] per day of soybean oil.")¹²; AR000931-32 (Unit 250 enables Phillips to process soybean oil); AR026060 ("Soybean oil, sourced from the U.S. Midwest, is railed to the adjacent NuStar Selby facility and then moved by pipeline to the Rodeo refinery.").

Indeed, Phillips submitted successive applications to the Air Resources Board for LCFS credit pathways for the Refinery's processing of soybean oil, indicating that Phillips knew the Refinery would continue processing large amounts of soy into the future. These included a December 2021 application by Phillips for three feedstock pathways for the Refinery's renewable diesel production – two pathways for soybean oil (including one for soybean oil "received via rail from the U.S. Midwest" (AR026056)) and one for canola oil. AR026054-72. And in a subsequent application posted for comment in December 2022, Phillips requested approval of these same pathways for the co-production of renewable gasoline. RJN, Cho Decl. at Ex. D. Yet the County failed to include any of this important information about the Project's intended usage of soybean and canola oils, or the geographic source of the oils, in the project description. AR053731-32 (mentioning Unit 250's renewable diesel capacity, but not its use of soybean oil feedstocks).

Where a refinery project proponent refuses to disclose the post-project refinery's likely feedstock mix in the project description, "the EIR fails as an informational document." *CBE v. Richmond*, 184 Cal.App.4th at 89. In *CBE v. Richmond*, the EIR for a refinery project stated only that the project aimed to improve the refinery's ability to process a more varied mix of crude oil types, without disclosing that the project would enable the refinery to process lower quality, heavier crude oil feedstocks. *Id.* at 80-81 (crude oil was "the basic feedstock for the Refinery"). Contrary to the EIR's "steadfast[] den[ial]" that the project would increase the refinery's ability to process

¹² The Final EIR suggested that soybean oil transported to the Refinery via pipeline from the Nustar rail terminal would only serve Unit 250. AR002304. But record evidence suggests otherwise. The 45,000 bpd capacity of this pipeline is far beyond Unit 250's 12,000 bpd capacity. *See* AR103096. And permit submittals specify that the pipeline is intended to carry renewable feedstock to "existing tankage" at the Refinery in addition to supplying Unit 250. AR103087; see AR103096 (same).

heavier crude, the project proponent's filings with the Security and Exchange Commission identified that the project would enable the refinery to process heavier crude. *Id.* at 82-83. Phillips' LCFS applications similarly reveal that the Refinery has concrete plans to process a significant and quantifiable amount of soybean oil, despite the EIR's contention that the Project's feedstock mix is unknown. As in *CBE v. Richmond*, the EIR's failure to disclose the Project's likely feedstock mix obscures the Project's potentially "serious environmental consequences." *Id.* at 82.

The County also deflected Petitioners' repeated requests that it provide a reasonable and accurate estimate of the Project's likely feedstock mix by asserting that "feedstock selection will be market-driven." AR002279; see, e.g., AR010427-28 (public comments requesting estimation of feedstock mix the Project will use); AR001758 (public comments at Project approval hearing requesting same). But, as the court reasoned in Stop the Millennium, "uncertainty about market conditions . . . is an insufficient ground for [an] ambiguous and blurred Project Description." 39 Cal.App.5th at 14; see id. at 19 (identifying no "practical impediments as to why Millennium could not have provided an accurate, stable, and finite description of what it intended to build"). The County had ample information from which to estimate feedstock mix – the Refinery's existing piping and processing of tens of thousands of barrels per day of soybean oil among them. It simply declined to do so. The EIR's refusal to make a good faith effort to quantify the Project's potential feedstock types precludes "a full understanding of the [Project's] environmental consequences," and the EIR thus "failed its informational purpose under CEQA." CBE v. Richmond, 184 Cal.App.4th at 80, 89.

III. The EIR Failed to Analyze the Project's Foreseeable ILUC Impacts, Both on Their Own and Cumulatively with Similar Renewable Fuels Projects

CEQA requires that an EIR analyze all "reasonably foreseeable indirect physical changes in the environment which may be caused by the project." CEQA Guidelines § 15064(d)(2). An indirect physical change – defined as a project impact that occurs "later in time or farther removed in distance than a direct effect" (*id.* § 15358(a)(2)) – *must* be considered if it is "reasonably foreseeable." *Id.* § 15064(d)(3). Reasonably foreseeable indirect impacts include land use changes well beyond the project site, if the project "is capable, at least in theory, of causing" them. *Union of Med. Marijuana Patients*, 7 Cal.5th at 1197 (citing CEQA Guidelines § 15064(d)(3)); *see also Cnty. Sanitation Dist.*

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No. 2 v. County of Kern, 127 Cal. App. 4th 1544, 1587, 1591 (2005) (considering reasonably foreseeable indirect environmental impacts beyond project site); CEQA Guidelines § 15358(a)(2) (reasonably foreseeable indirect impacts may include "effects related to induced changes in the pattern of land use . . . and related effects on . . . natural systems, including ecosystems").

Evaluating a project's impacts necessarily requires forecasting. The agency "must use its best efforts to find out and disclose all that it reasonably can" (CEQA Guidelines § 15144), and it must conduct a "thorough investigation" before concluding that an impact is too speculative to evaluate (id. § 15145). See Napa Citizens for Honest Gov. v. Napa Cnty. Bd. of Supervisors, 91 Cal.App.4th 342, 373 (2001) (EIR could not simply label as "speculative" the possibility that water supply for proposed project was insufficient; rather, it must analyze "environmental consequences of tapping [other] resources"); L.A. Unified Sch. Dist. v. City of Los Angeles, 58 Cal.App.4th 1019, 1027-28 (1997) (rejecting claim that noise impacts would be speculative where agency's plans to construct a sound barrier indicated that "sufficiently reliable data was available to permit [] meaningful" disclosure). Even if a sophisticated technical analysis of a particular impact is not feasible, courts require "some reasonable, albeit less exacting, analysis" of the impact. Citizens to Pres. the Ojai v. County of Ventura, 176 Cal.App.3d 421, 432 (1985) ("Ojai"). Accordingly, the existence of uncertainty does not erase the County's obligation to meaningfully analyze indirect impacts.

Here, despite the substantial evidence in the record that the Project would have potentially significant indirect impacts on forest lands, biological resources, and climate, the County claimed that all these ILUC impacts were "too speculative for evaluation." AR002281. Exacerbating this failure, the County refused to analyze the Project's cumulative contribution to land use changes when considered together with the dozens of other planned or operating renewable fuels projects in the United States, all of which demand similar agricultural feedstocks. This was so despite record evidence of methods that would have reliably estimated this and other renewable fuels projects' reasonably foreseeable ILUC impacts. The EIR's wholesale refusal to evaluate ILUC impacts magnified its failures as an informational document and further prevented informed decision-making, in violation of CEQA. See Sierra Club, 6 Cal.5th at 515 (omission from EIR of "material necessary to informed decisionmaking" is per se "prejudicial"); Berkeley Keep Jets Over the Bay Comm. v. Bd.

of Port Comm'rs, 91 Cal.App.4th 1344, 1370-71 (2001) ("Berkeley") (EIR's omission of "information of vital interest to decisionmakers" "goes beyond a disagreement of qualified experts").

A. Large-scale production of fuels from agricultural feedstocks foreseeably causes significant climate and non-climate land use impacts.

Substantial evidence in the record establishes that increased demand for renewable fuel feedstocks causes significant ILUC impacts. See, e.g., AR023905 (expanding production of biofuel "can be expected to lead to land use changes including deforestation"). As described above, ILUC impacts include significant adverse GHG and non-climate environmental effects. See Factual Background, Section D, supra. Increased consumption of oil crops can lead to more land clearing, resulting in destruction of carbon sinks. AR059292 ("Consuming millions of metric tons of additional vegetable oil could cause tens of thousands of hectares of deforestation."); AR019315 (land "conversions release carbon sequestered in soils and vegetation"). Non-climate impacts of land use changes include loss of biodiversity, disruption of migratory routes caused by clearing land, harm to species from increased pesticide and nutrient use, soil erosion, water quality degradation, and other ecological damage. See AR021903; AR019550; AR019521. The impacts are generally considered indirect because "even if the specific plantations supplying biofuel facilities have not been expanded at the expense of forests or grasslands, somewhere in the system such expansion is inevitable" unless the demand for certain crop-based feedstocks is reduced or eliminated. AR023910. The extent of a facility's ILUC impacts depends on the type and amount of feedstocks it processes, as certain feedstocks (like soybean oil) have a greater ILUC impact. AR023911.

Although ILUC impacts may manifest in different ways, they all stem from the land use change, including deforestation, that predictably results from increasing demand for renewable feedstocks. *See* AR019521. Under CEQA, agencies must analyze a project's likelihood to "[r]esult in the loss of forest land or conversion of forest land to non-forest use[.]" CEQA Guidelines app. G, § II(d) (Agriculture and Forestry Resources). They also must analyze whether it is reasonably foreseeable that the project would indirectly "[g]enerate [GHG] emissions . . . that may have a significant impact on the environment," among other indirect environmental impacts caused by land use change. *Id.* § VIII(a) (Greenhouse Gases Emissions).

The Air Resources Board emphasized renewable fuels' significant ILUC impacts in the Environmental Assessment for its 2018 Amendments to the LCFS. The LCFS program calls for a reduction in the carbon intensity of transportation fuels sold for use in California. AR019437. A fuel's carbon intensity score reflects its lifecycle carbon emissions, including emissions from its production, distribution, and consumption. *Id.* In amending the LCFS in 2018 to increase carbon intensity reduction targets, the Board recognized that the new carbon intensity scores were a doubleedged sword for ILUC impacts. AR019439; AR019442. On the one hand, fuels derived from crops that displace sensitive lands (such as forests) would receive a higher revised carbon intensity score and thus have a lower value in the LCFS credit market, potentially reducing their ILUC impacts. AR019521. On the other hand, the LCFS amendments could drive land use change by "increas[ing] demand for and cultivation of certain fuel-based agricultural feedstocks that could displace foodbased production on agricultural land currently used for row crops, orchards, and grazing." AR019493. On balance, the Environmental Assessment identified a range of "potentially significant" adverse ILUC impacts stemming from these demand pressures, including to agricultural and forest resources, biological species and their habitats, soil and geologic resources, and water quality. AR019494; AR019521-22; AR019531-32; AR019546-47.

Such adverse ILUC impacts "could be reduced to a less-than-significant level by land use and/or permitting agency conditions of approval" and by "mitigation measures prescribed by local, State, federal, or other land use or permitting agencies . . . with approval authority over the particular development projects." AR019494; see also, e.g., AR019522. But because the LCFS is a "marketdriven" program that does not confer such land use or permitting authority on the Air Resources Board, the Board concluded that the adverse ILUC impacts would be "unavoidable." AR019493-94; see also AR019521-22; AR019531-32; AR019546-47.¹³

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¹³ Although the Environmental Assessment for the 2018 LCFS Amendments concluded that the amendments overall would have a beneficial indirect impact on GHG emissions (AR019535), this finding does not extend to individual renewable fuels projects. Nor do LCFS credits that an individual refinery may obtain by generating lower-carbon fuels reflect the significance of its indirect GHG impacts under CEOA. See AR019449. As the Board made clear, the lead agency must

B. The EIR's claims that the Project's ILUC impacts are too "speculative" to analyze are contrary to the facts and the law.

Despite the foregoing evidence, the County disclaimed any obligation to evaluate the Project's ILUC impacts on the grounds that the impacts are "speculative and unable to be quantified." AR002275. In addition to arguing that analyzing ILUC impacts would require knowing the Project's feedstock mix (AR002286), the County claimed that the Environmental Assessment for the 2018 LCFS Amendments shows these impacts are too uncertain to evaluate (AR002280-81; AR002283), and that there are too many uncertain "inflection points" between the Project and its ultimate ILUC impacts (AR002285). It then concluded that these uncertainties mean that "it is unknowable whether the Project's feedstock demands will have an adverse environmental impact at all." AR002275. The County's wholesale refusal to study this issue is a clear violation of CEQA. See WildEarth Guardians v. Zinke, 368 F.Supp.3d 41, 75 (D.D.C. 2019) (Agency is "not entitled to simply throw up its hands and ascribe any effort at quantification to 'a crystal ball inquiry.") (quoting Scientists' Inst. for Pub. Info., Inc. v. Atomic Energy Comm'n, 481 F.2d 1079, 1092 (D.C. Cir. 1973)). 14

Substantial evidence in the record shows that the County, like the Air Resources Board, could have reached a significance determination about the Project's reasonably foreseeable ILUC impacts, despite uncertainty about their precise magnitude. After acknowledging some uncertainty (AR019485; AR019494), the Board determined that the land use change caused by the LCFS amendments would result in potentially significant impacts because the amendments could, like this Project, "lead to an increase in the production of certain agricultural feedstocks to produce low-carbon biofuels." AR019494; *see also, e.g.*, AR019521-22. Notably, the Board did not find that these impacts were too speculative to reach a significance determination. *See* CEQA Guidelines § 15145 ("If, after thorough investigation, a lead agency finds that a particular impact is too speculative for evaluation, the agency should note its conclusion and terminate discussion of the

¹⁴ California courts have consistently found that National Environmental Policy Act ("NEPA") cases provide persuasive authority for interpreting parallel provisions of CEQA. *Wildlife Alive v. Chickering*, 18 Cal.3d 190, 201 (1976). NEPA's definition of "indirect impacts" is virtually identical to CEQA's: Under NEPA, indirect impacts are "caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable." 40 C.F.R. § 1508.8(b).

impact."). To the contrary, the Board stated throughout the Environmental Assessment for the LCFS amendments that its analysis did *not* engage in speculation. *See, e.g.*, AR019445 (addressing environmental impacts only "to the extent they are reasonably foreseeable and do not require speculation"). As the Board suggested, environmental analysis for any specific renewable fuels project should be more detailed, not less, than for the LCFS program broadly. *See id.* (recognizing that development projects undertaken in response to LCFS program "would undergo required project level environmental review").

Indeed, evidence in the record shows that the County could have used well-established models to estimate the Project's ILUC impacts. The Board has repeatedly performed such an analysis for the LCFS and its amendments, starting in 2009 when "the tools for estimating land use change were few and relatively new." AR019315 (2015 LCFS Staff Report App. I: Detailed Analysis for Indirect Land Use Change). Since then, the "number of tools and analyses available has grown considerably." AR023955. In refusing to apply an analysis in the EIR similar to the Board's, the County asserted that using "[a]n equivalent type of investigation" would not be "consistent with the CEQA Guidelines' specification that EIR adequacy is tethered to the scale of the project." AR002283. But it made no effort to establish why this Project – the largest renewable fuels facility in the world (AR013435; AR022610; AR022617) – is any less susceptible to a determination of reasonably foreseeable ILUC impacts than the LCFS amendments.

The County also asserted that that it was not "reasonably feasible" for the County to "construct models of regional, national, or global feedstock, land, and food markets." ¹⁵ AR002282. But estimating the Project's reasonably foreseeable ILUC impacts would not require building a model from scratch. Phillips *itself* has relied on existing calculators that estimate the GHG emissions attributed to a particular renewable fuel's ILUC impacts. *See* AR026056 (LCFS Fuel Pathway Report, Renewable Diesel, prepared for the Rodeo Refinery); RJN, Cho Decl. at Ex. D.

Even if the County preferred not to replicate the Board's land use change model, it could have

¹⁵ Relatedly, the County claims that the ratio of the Project's feedstock demand to the total global feedstock supplies makes the Project's ILUC impacts impossible to estimate. *See* AR002285. But the County does not explain why this ratio would inhibit forecasting impacts.

relied on the Board's analysis to provide some reasonable estimate of the Project's likely ILUC impacts. See Ojai, 176 Cal.App.3d at 432 (even if a sophisticated technical analysis of an impact is not possible, courts require "some reasonable, albeit less exacting, analysis" of the impact). By way of example, Petitioners demonstrated that such an estimate is feasible by extrapolating from the Board's 2015 analysis of the LCFS program's ILUC impacts. AR000284. The Board analyzed a hypothetical "shock" scenario in which an additional 0.81 billion gallons per year of soy biodiesel were produced annually, resulting in over two million being acres converted to cropland. AR019322-23; AR000284. Based on this analysis, Petitioners calculated that if the Project's 1.23 billion gallons of annual feedstock demand were all soybean oil, then the Project alone would result in the conversion of three million acres of land – roughly the size of the state of Connecticut. ¹⁶ AR000284. The EIR dismissed this estimate as an "extrapolation[] from highly unpredictable inputs," but it then failed to make any efforts of its own to quantify the Project's potential ILUC impacts. AR002285. If the County disagreed with Petitioners' illustrative scenario involving 100 percent soybean oil feedstock, it could have, for example, analyzed various representative feedstock scenarios to give the public and decisionmakers a sense of the range of feedstock-related impacts the Project could cause. See, e.g., Planning & Conservation League v. Castaic Lake Water Agency, 180 Cal. App. 4th 210, 223, 253 (2009) (EIR's analysis of three possible water supply scenarios for a project, where actual water availability was uncertain, showed the agency had "use[d] its best efforts to find out and disclose all that it reasonably c[ould]") (quoting CEQA Guidelines § 15144). Yet the County refused to take this or any other approach to arrive at a reasonable estimate of ILUC impacts.

The Court of Appeal's decision in *Berkeley* disposes of the County's efforts to use the challenges of modeling ILUC impacts as an excuse to avoid analyzing them altogether. In *Berkeley*, the lead agency maintained that a project's public health impacts were speculative because there was no accepted scientific method for evaluating the risk. 91 Cal.App.4th at 1367-68. The court disagreed: "The fact that a single methodology does not currently exist that would provide the [agency] with a precise, or 'universally accepted,' quantification" of the risk did not excuse the

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 $^{^{16}}$ Petitioners' calculation required simple arithmetic: (1.23 bill. gallons * 2 mill. acres) / 0.8112 bill. gallons = 3.03 mill. acres.

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agency from assessing that risk. *Id.* at 1370. Instead, "it require[d] the [agency] to do the necessary work to educate itself about the different methodologies that are available." Id. Likewise here, the EIR concluded that ILUC impacts were "speculative" because, in the County's view, they are too difficult to model. See, e.g., AR002285; AR002281-83. As in Berkeley, the County violated CEQA by failing to make a "reasonably conscientious effort" to find out and disclose what it could about the Project's likely ILUC impacts. 91 Cal.App.4th at 1370 (citing CEQA Guidelines § 15144 on lead agency obligation to use best efforts to forecast reasonably discoverable impacts).

Finally, to justify its refusal to consider ILUC impacts, the EIR asserts that "uncertainties preclude determination of the Project's exact feedstocks, their sources, and their availability." AR002285 (emphasis added). To the extent the County claims it cannot estimate ILUC impacts because the Project's "exact" feedstock mix is uncertain or unknown, this is a problem of its own making. See Section II, supra (explaining that CEQA requires reasonably certain description of feedstock inputs to allow for informed analysis of impacts). Regardless, Petitioners have never sought exactitude, just the requisite forecasts or estimates to inform the public and decisionmakers about this major category of indirect impacts. See Sierra Club, 6 Cal.5th at 522 ("[S]cientific certainty is not the standard [I]f it is not scientifically possible to do more than has already been done . . . the EIR itself must explain why, in a manner reasonably calculated to inform the public of the scope of what is and is not yet known about the Project's impacts.") (emphasis added); Sierra Club v. Fed. Energy Regul. Comm'n, 867 F.3d 1357, 1374 (D.C. Cir. 2017) (Environmental analysis "necessarily involves some 'reasonable forecasting,' and [] agencies may sometimes need to make educated assumptions about an uncertain future."). In short, the existence of some uncertainty is inevitable, but it does not entitle the agency to avoid analysis of indirect impacts altogether.

C. The EIR makes no attempt to address cumulative ILUC impacts.

The County's refusal to analyze the Project's reasonably foreseeable ILUC impacts resulted in a further procedural error under CEQA: the failure to conduct any analysis of the Project's incremental contribution to *cumulative* ILUC impacts caused by past, present, and proposed renewable fuels projects. AR002275 (claiming that, "[1]ike the Project's own individual feedstockrelated impacts, the contribution to cumulative impacts of the Project's feedstock use is also

speculative and unable to be quantified"). But it is reasonably foreseeable – indeed, quite likely – that the Project plus other such projects in various stages of planning and construction will together substantially increase demand for agricultural feedstocks as they compete for the same limited crops, resulting in potentially significant ILUC impacts exceeding those from the Project alone. *See, e.g.*, AR010490-91; AR000731 ("If all of the announced capacity identified by U.S. [Energy Information Administration] [] were to come online . . . and operate at 100% of capacity, total feedstock consumption for renewable diesel would increase by 17 million metric tons, a factor of 10 by 2024."); AR013049 (citing industry data that "U.S. soybean oil demand could outstrip U.S. production by up to 8 billion pounds annually if half the proposed new renewable diesel capacity is constructed").

Declining even to contemplate this cumulative effect despite its well-documented likelihood, the EIR failed to include in its cumulative impacts analysis nearly twenty other renewable fuels projects around the country that were under construction or consideration, as well as over eighty biofuel and biodiesel facilities already in operation. AR010491-96; *see also, e.g.*, AR000727 (January 2022 report identifying 20 renewable diesel projects throughout U.S.). Instead, the EIR limited its "cumulative" impacts analysis to only six projects within a three-mile radius of the Rodeo and Santa Maria Refineries, all located in Contra Costa and San Luis Obispo Counties. AR054245-47. Except for the nearby Martinez Refinery Renewable Fuels Project (AR054245-47), none of the listed projects is remotely "related" to the Project, and none except the Martinez project could possibly have cumulative ILUC impacts. *See* AR000323 (listed projects included a "waterfront park, a mixed-used building, and a water purification project"); CEQA Guidelines § 15130(a)(1) (EIR must discuss project's cumulative impacts, consisting of impacts created by the combination of the project with "other projects causing related impacts"); *id.* at § 15355 (defining "cumulative impacts").

The EIR's failure to even mention, let alone address, the potentially significant cumulative ILUC impact from other renewable fuel projects leaves a gaping hole in the CEQA analysis. *See Kings Cnty. Farm Bureau v. City of Hanford*, 221 Cal.App.3d 692, 722-24 (1990) (cogeneration plant EIR's cumulative impact analysis inadequate because it omitted over 80 other similar plants throughout California's Central Valley). Indeed, as the size of this Project and the nearby Martinez

project illustrate, even *two* such renewable fuel projects' ILUC impacts could be deemed cumulatively significant had the County conducted the requisite analysis. Together, the two projects would consume the equivalent of one-third of the 382,000 bpd domestic supply of lipid feedstocks. *See* Factual Background, Section D, *supra*; *see also*, *e.g.*, AR000284 (concluding that Rodeo Renewed Project "could use up to 39 percent of total domestic [soybean oil] production") (citing U.S. Department of Agriculture data in record at AR033171); AR000324 (concluding that Martinez project "could consume up to 24 percent of the nation's total production of soybean oil for all uses").

Combined with the County's refusal to analyze the Project's reasonably foreseeable ILUC impacts, the exclusion of the many other renewable fuels projects from the EIR's analysis "prevented the severity and significance of the cumulative impacts from being accurately reflected." *Bakersfield Citizens for Local Control v. City of Bakersfield*, 124 Cal.App.4th 1184, 1215 (2004); *see also San Joaquin Raptor/Wildlife Rescue Ctr.*, 27 Cal.App.4th at 741 (finding EIR's cumulative impacts analysis "inadequate as a matter of law" where "other development projects are neither listed nor adequately discussed"). At the very least, the County had to provide "a reasonable explanation for the geographic limitation used" in the cumulative impacts analysis that resulted in the omission of the renewable fuels projects, so that the public, decisionmakers, and the courts could ascertain whether the missing information could have revealed a more severe impact. CEQA Guidelines § 15130(b)(3); *see Kings County Farm Bureau*, 221 Cal.App.3d at 723-24. The County failed to do so here.

Even if the County had attempted such an explanation, it could not overcome the illogic of creating such a narrow geographic limitation for its cumulative ILUC impacts analysis. The rush of similar renewable fuels projects across the state and nation, each demanding tens of thousands of barrels of feedstock every day, will very likely precipitate significant shifts in agricultural practices and attendant ecological impacts. For this reason, as Petitioners explained, "confining the analysis entirely to local projects does not make sense with respect to project impacts that are regional [], statewide [], or national and international," such as climate and ILUC impacts. AR000323. The County's geographically cribbed cumulative ILUC impacts analysis constitutes a clear abuse of discretion. *Golden Door Props.*, 50 Cal.App.5th at 528.

IV. The County Unlawfully Deferred Formulating Mitigation of Significant Odor Impacts

In addition to failing to disclose entire categories of environmental impacts, the EIR falls short in ensuring mitigation of potentially significant odor impacts it has identified. See Sierra Club v. State Bd. of Forestry, 7 Cal.4th 1215, 1233 (1994) (CEQA compels agencies "first to identify the [significant] environmental effects of projects, and then to mitigate those adverse effects"); Citizens of Goleta Valley v. Bd. of Supervisors, 52 Cal.3d 533, 564 (1990) (mitigation measures are the "core of an EIR") (citing Cal. Pub. Res. Code § 21002.1(g)). In particular, processing renewable feedstocks could emit "organic-based odorous gases" that would make the Refinery smell "similar to an animal and/or food processing facility unless properly managed." AR053827. The EIR concludes that these odors could exceed the threshold of significance "[f]requently and for a substantial duration, creat[ing] or expos[ing] sensitive receptors to substantial objectionable odors affecting a substantial number of people." AR053800. But rather than setting forth specific mitigation measures to control the odors, the EIR punts to a future planning process that would not be subject to public scrutiny. Specifically, the EIR relies on Mitigation Measure AQ-4 to minimize odors (AR053828), but that measure merely requires Phillips to "develop and implement an Odor Management Plan (OMP)" at some point in the future, "prior to operation of the Project" (AR003141).

By "leav[ing] the reader in the dark" about how Project odors will be mitigated, the County committed a "basic error[] under CEQA." San Joaquin Raptor Rescue Ctr. v. County of Merced, 149 Cal.App.4th 645, 670 (2007) ("San Joaquin Raptor"). CEQA requires that the details of mitigation be set forth in the EIR itself. CEQA Guidelines § 15126.4(a)(1). That is, "[f]ormulation of mitigation measures shall not be deferred until some future time." Id. at § 15126.4(a)(1)(B). CEQA's mandate that agencies timely formulate the specifics of mitigation avoids outcomes in which "[t]he success or failure of mitigation efforts . . . may largely depend upon management plans that . . . have not been subject to analysis and review within the EIR." CBE v. Richmond, 184 Cal.App.4th at 92 (quoting San Joaquin Raptor, 149 Cal.App.4th at 670). CEQA allows exceptions to this rule only if: (1) the agency shows that it is "impractical or infeasible to include those details during the project's environmental review" and (2) the agency meets enumerated safeguards that ensure the

mitigation will actually be formulated and that it will be effective in minimizing impacts. CEQA Guidelines § 15126.4(a)(1)(B). "Impermissible deferral of mitigation measures occurs when an EIR puts off analysis or orders a report without either setting standards or demonstrating how the impact can be mitigated in the manner described in the EIR." *Pres. Wild Santee v. City of Santee*, 210 Cal.App.4th 260, 281-81 (2012) (citation omitted).

Here, the County admitted that it deferred formulating the specifics of odor mitigation to a future OMP, but insisted it did so in compliance with section 15126.4(a)(1)(B). AR000921-23. It was wrong. The County made no effort to show that it could not develop an OMP in time to include it in the EIR, nor did it set forth performance standards to ensure that an OMP developed after the EIR would be effective. Because timely formulation of mitigation measures is a "procedural requirement of CEQA," the County's improper deferral renders the EIR defective as a matter of law. *POET, LLC v. State Air Res. Bd.*, 218 Cal.App.4th 681, 739 (2013) ("*POET I*"); *see also Pres. Wild Santee*, 210 Cal.App.4th at 281 (EIR informationally defective in failing to show that timely formulation of mitigation was impractical or infeasible); *Sierra Club*, 6 Cal.5th at 515 (EIR's informational adequacy reviewed de novo).

A. The County failed to show that including the specifics of odor mitigation in the EIR was impractical or infeasible.

The County may only lawfully defer the specifics of odor mitigation if it was "impractical or infeasible" to formulate these details during environmental review. CEQA Guidelines § 15126.4(a)(1)(B); see Cleveland Nat. Forest, 17 Cal.App.5th at 442-43 (deferral may be allowed where "practical considerations prohibit devising such measures early in the planning process") (emphasis added) (citation omitted). The County must provide this justification for deferral in the EIR itself. See San Joaquin Raptor, 149 Cal.App.4th at 671 (deferral improper when "no reason or basis is provided in the EIR for the deferral"); Pres. Wild Santee, 210 Cal.App.4th at 281 (deferral improper when "EIR does not state . . . why specifying performance standards or providing guidelines . . . was impractical or infeasible at the time the EIR was certified").

The County provided no such justification in the EIR. Neither the EIR's discussion of the need for odor mitigation nor Mitigation Measure AQ-4 explains why timely development of the

OMP, or of some other effective approach to mitigation, was impractical or infeasible. AR053827-29; *see Cleveland Nat. Forest*, 17 Cal.App.5th at 443 (holding deferral unlawful where record evidence did not support agency's contention that "no other mitigation [was] feasible at the program level of environment review"). Even after Petitioners (AR010477-78) and BAAQMD (AR002317-18) noted this deficiency in their comments on the Draft EIR, the County still failed to include the required explanation when discussing odor mitigation in the Final EIR (AR003119-20). Instead, the County offered only a conclusory eleventh-hour statement in a staff report prepared on Petitioners' administrative appeal that, "[i]f developed too early, the [OMP] would not be effective." AR000922.

In addition to coming too late, the County's explanation does far too little to justify deferral. In cases where courts have allowed deferred mitigation, the record was clear that factors outside the agency and applicant's control prevented timely formulation. See e.g., Rialto Citizens for Responsible Growth v. City of Rialto, 208 Cal.App.4th 899, 941-42 (2012) (timely formulation of mitigation for project's impacts on endangered species impractical where no endangered species had been found on the site but had "potential" to occur); Defend the Bay v. City of Irvine, 119

Cal.App.4th 1261, 1274, 1276 (2004) (allowing deferral where specific details of mitigation measures hinged on finding certain species onsite and on consultation with state and federal agencies); Citizens for a Sustainable Treasure Island, 227 Cal.App.4th at 1058-59 (formulating details of hazardous waste mitigation plan was impractical where agency could not "possibly know" which sites would require remediation until Navy finished its initial cleanup). Here, the County offered no explanation at all as to why an OMP "would not be effective" if formulated prior to Project approval. AR000922. Nor did it explain what new information would need to arise or what events would need to occur before an effective OMP could be developed.

In any event, the County's assertion that an OMP could not practically or feasibly be developed during the environmental review process is undercut by the fact that Phillips had evidently developed a draft OMP before Project approval. AR002322 ("Phillips 66 has prepared a draft OMP which is currently being reviewed by the County."); *see* AR183007-14 (Phillips's draft OMP, labeled "Odor Prevention and Management Plan"). The County simply neglected to evaluate whether this OMP was adequate mitigation and to disclose the OMP to the public. If the County intended that the

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draft OMP be used for mitigation, it was required to recirculate the Final EIR with the OMP to allow the public to review and comment on its measures. *See* CEQA Guidelines § 15088.5(a) (requiring the lead agency to recirculate the EIR for public review and comment when "significant new information" is added after release of the draft); *CBE v. Richmond*, 184 Cal.App.4th at 95 (proper solution to agency's belated acquisition of information relevant to mitigation was "to defer approval of the Project until proposed mitigation measures were fully developed, clearly defined, and made available to the public and interested agencies for review and comment").

B. The County failed to adopt specific, objective performance standards to ensure that eventual odor mitigation measures would be effective.

Even if the County had shown that it was infeasible or impractical to formulate odor mitigation as part of the EIR, CEQA would only allow it to postpone developing the specifics of this mitigation if the County had: "(1) commit[ted] itself to the mitigation, (2) adopt[ed] specific performance standards the mitigation will achieve, and (3) identif[ied] the type(s) of potential action(s) that can feasibly achieve that performance standard and that will [be] considered, analyzed, and potentially incorporated in the mitigation measure." CEQA Guidelines § 15126.4(a)(1)(B). An agency violates CEQA by failing to commit to "specific and mandatory performance standards to ensure that the measure[], as implemented, will be effective." CBE v. Richmond, 184 Cal. App. 4th at 94; see POET I, 218 Cal.App.4th at 739 (same). A performance standard must provide an objective and, ideally, quantitative yardstick to evaluate the efficacy of mitigation and verify that impacts have been reduced to insignificance. See Rialto Citizens, 208 Cal.App.4th at 946 (performance criteria required maintaining five plant species on the project site for three to five years in the event twenty or more plants of any of the species were found prior to grading); Laurel Heights, 47 Cal.3d at 418 (performance standards required nighttime noise be kept below specified level); Endangered Habitats League, Inc. v. County Of Orange, 131 Cal. App. 4th 777, 794 (2005) (performance standard required preserving displaced habitat at a ratio of two to one).

Nothing in Mitigation Measure AQ-4 comes close to a specific, objective performance standard. After Petitioners and BAAQMD urged the County to correct its "reliance on a not-yet-developed odor management plan" (AR010477; AR007858-59), the County amended Mitigation

Measure AQ-4 to require that the OMP be an "evergreen' document that provides continuous evaluation of the overall systems performance" and updating of odor controls, and that it "include guidance for the proactive identification and documentation of odors" (AR003120). These vague parameters for what must be in an eventual OMP are not objective performance criteria to evaluate its success or failure as mitigation. *See San Joaquin Raptor*, 149 Cal.App.4th at 669-70 (concluding that mitigation measure providing "such options as periodic mowing, rotational grazing, and weed abatement" failed to inform reader "what specific criteria or performance standard will be met"). At best, Mitigation Measure AQ-4 provides a generalized goal of reducing odor by stating that the OMP will "effect diligent identification and remediation of any potential odors generated by the Facility." AR003120. But generalized goals are not performance standards. *See POET I*, 218 Cal.App.4th at 739 (rejecting "generalized goal" of "no increase in NOx"); *CBE v. Richmond*, 184 Cal.App.4th at 93 (rejecting "generalized goal of no net increase in emissions"); *San Joaquin Raptor*, 149 Cal.App.4th at 670 (rejecting "generalized goal of maintaining the integrity of" a habitat).

Unable to point to a performance standard in the EIR, the County instead asserted, in response to Petitioners' administrative appeal, that Mitigation Measure AQ-4 uses "the number of odor complaints" as a performance standard. AR000922. It does not. Mitigation Measure AQ-4's only reference to complaints is its statement that "all odor complaints received by the facility shall be investigated as soon as is practical." *Id.* It does not set forth any numeric complaint threshold to evaluate efficacy, or show that a threshold based on public complaints would be adequate if it had.

In sum, the County knew the Project could result in odors that would be a nuisance to nearby community members but failed to assure that the County would do anything about them. The Project approvals must be set aside and the County required to disclose and analyze the effectiveness of the OMP – or whatever mitigation strategy the County adopts – in the EIR itself.

CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the Court issue a peremptory writ of mandate declaring that the EIR is inconsistent with CEQA, setting aside the County's land use approvals for the Project, and enjoining implementation of the Project unless and until the County prepares an EIR that fully complies with CEQA.

1	DATED: February 17, 2023	Respectfully submitted,
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1 PROOF OF SERVICE 2 STATE OF CALIFORNIA, COUNTY OF SANTA CLARA 3 At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Santa Clara, State of California. My business address is Crown 4 Quadrangle, 559 Nathan Abbott Way, Stanford, CA 94305-8610. 5 On February 17, 2023, I served true copies of the following document(s) described as Petitioners' Opening Brief in Support of Petition for Writ of Mandate on the interested 6 parties in this action as follows: 7 Thomas L. Geiger Nicki Carlsen Stephen M. Siptroth Megan Ault 8 COUNTY OF CONTRA COSTA Kalina Zhong 1025 Escobar Street, Third Floor ALSTON & BIRD LLP 9 Martinez, California 94553 333 South Hope Street, 16th Floor thomas.geiger@cc.cccounty.us Los Angeles, California 90071 stephen.siptroth@cc.county.us nicki.carlsen@alston.com 10 megan.ault@alston.com 11 Attorneys for Respondents kalina.zhong@alston.com 12 Attorneys for Real Party in Interest, Phillips 66 Company 13 14 BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused a copy of the document(s) to be sent from e-mail address anamy@stanford.edu to the persons at the e-mail 15 addresses listed in the Service List. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful. 16 I declare under penalty of perjury under the laws of the State of California that the 17 foregoing is true and correct. Executed on February 17, 2023, at Stanford, California. 18 19 Pra Villanueva 20 21 22 23 24

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