

California Environmental Quality Act (CEQA)

NOTICE OF DETERMINATION

**TO: Contra Costa County
Clerk-Recorder's Office
555 Escobar Street
Martinez, CA 94553**

**FROM: Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105**

SUBJECT: FILING OF NOTICE OF DETERMINATION PURSUANT TO PUBLIC RESOURCES CODE SECTION 21152(a) AND CEQA GUIDELINES SECTION 15094.

PROJECT TITLE: Phillips 66 Rodeo Renewed Project (County File #CDLP20-02040), (State Clearinghouse No. 2020120330) - Phillips 66 Company – San Francisco Refinery - Issuance of Permit Condition Change and Alteration for Source 9 (Air District Application 702291).

Public Agency Approving Project (Lead Agency): Contra Costa County Conservation and Development. Contact Person: Joseph Lawlor, 30 Muir Road, Martinez, Contra Costa County, CA 94553, Telephone: (925) 655-2872. Email: joseph.lawlor@dcd.cccounty.us

Public Agency (Responsible Agency) Approving Project (Issuance of Authority to Construct): Bay Area Air Quality Management District (Air District), 375 Beale Street, Suite 600, San Francisco, CA 94105. Contact Person: Nimrat Sandhu, Supervising Air Quality Engineer, Telephone: (415) 749-8604. Email: nsandhu@baaqmd.gov

Project Applicant and Entity Carrying Out Project: Philips 66 - San Francisco Refinery.

Project Applicant Mailing Address: 1380 San Pablo Avenue, Rodeo, CA 94572.

Project Applicant Contact Person: Brent Eastep, Permitting Lead, Phillips 66 Company - San Francisco Refinery, 1380 San Pablo Avenue, Rodeo, CA 94572. Telephone: (510) 245-4672. Email: brent.p.eastep@p66.com

Project Location: 1380 San Pablo Avenue, Rodeo, **Contra Costa County**, CA 94572. Nearest cross street: UK Road.

Date of Approval by Lead Agency: May 3, 2022.

Date of Approval at Issue by Responsible Agency: March 25, 2024.

Project Description:

Phillips 66 San Francisco Refinery (Phillips 66), located in Rodeo, proposed the Rodeo Renewed Project under Application 31157 on May 24, 2021, and received an Air District Authority to Construct on January 20, 2023. The project modified the existing Rodeo Refinery into a repurposed facility that can process renewable feedstocks. The renewable feedstocks may include, but are not limited to, soybean oil, tallow, used cooking oils, inedible corn oil, canola oil, fats, oils and grease (FOG), and other vegetable-based oils. The feedstocks will be processed into renewable diesel, renewable jet, renewable naphtha, and treated fuel gas.

The conversion includes modifications to existing processing units, the installation of new units, and removal of obsolete units. New equipment includes a renewable feedstock Pretreatment Unit with Vapor Recovery Systems (biofilter and activated carbon adsorption), and Sulfur Treatment Units with 2-stage Thermal Oxidizer/SO2

Scrubber. Removed equipment includes a crude unit, tanks, molten sulfur pits, sulfur recovery units, carbon plant (coke calciner), furnaces, and other units.

Among the hundreds of sources reviewed under Application 31157, Source 9—a boiler—was inadvertently left out and was incorrectly included under a list of “Sources to be idled upon startup of Rodeo Renewed Project and are not included in Application 31157”, specifically in Table 7 of Application 31157 engineering evaluation.

Phillips 66 submitted Air District Application 702291 to request the Air District to issue a Permit to Operate for condition changes and alterations to Source 9, B-2 Boiler, Unit 240, 61 MMBTU/hour. This source is a boiler (B2) which is a part of the U-240 hydrocracker’s train. Other heaters in this train were included in Application 31157 and Source 9 was also included in the CEQA documentation for this project. Therefore, the Environmental Impact Report (EIR) for this project analyzed the impacts from Source 9.

Permit Condition 27646, included as part of Application 31157, required Phillips 66 to submit a permit application to the Air District’s Engineering Division for review and to receive approval from the Air District prior to operating any of the sources listed under Part 1a of the condition. Since Source 9 was included in this condition due to an administrative error by Phillips 66, Phillips 66 has submitted this application to remove Source 9 from this subpart, so that it can use renewable fuels. In addition, Source 9 needs to be included in Permit Conditions 27646FW-6, 27646FW-18, and 27659 all of which pertain to the operation of U-240 and its associated equipment.

Notice of Determination:

This is to advise that the Air District, acting as a Responsible Agency under the California Environmental Quality Act (CEQA), has issued a Permit to Operate for condition changes and alterations for Source 9 (B-2 Boiler) and therefore has approved part of the Rodeo Renewed Project (Project).

In 2022, the County, acting as a Lead Agency under CEQA, finalized an EIR for the Project (the 2022 EIR). On May 3, 2022, the Contra Costa Board of Supervisors certified the 2022 EIR pursuant to the provisions of CEQA and approved the Project. The EIR identified certain potentially significant environmental impacts that could occur as a result of the Project.

In approving Application Number 31157, the Air District reviewed and considered the 2022 EIR and incorporated the 2022 EIR’s analysis into its decision-making process. The Air District issued CEQA Findings and adopted a Statement of Overriding Considerations for the Project pursuant to CEQA Guidelines Sections 15091, 15093, and 15096 relying on the 2022 EIR. Source 9 was inadvertently omitted from the list of the sources in Application Number 31157, even though it was included in the 2022 EIR and was, thus, reviewed under the CEQA process.

Subsequent to the Air District’s approval, on July 21, 2023, the Superior Court in *Communities for a Better Environment, et al., v. County of Contra Costa, et al.*, Contra Costa County Superior Court Case No. N22-1080, issued a Statement of Decision in which the Superior Court remanded to the County for reconsideration of three issues in the 2022 EIR. On August 23, 2023, the Superior Court entered judgment and issued a peremptory writ of mandate to the County to decertify the 2022 EIR and to conduct further environmental review in compliance with CEQA to remedy the three issues identified in the Statement of Decision. On October 24, 2023, the Contra Costa County Board of Supervisors set aside the certification of the 2022 EIR and released a notice of availability of a Draft Revised EIR for the project that addressed the issues identified by the Superior Court, but that did not otherwise alter or revisit the 2022 EIR. The comment period for the Draft Revised EIR began on October 24, 2023 and ended on December 8, 2023. The Air District submitted comments on the Draft Revised EIR. The Revised EIR was presented to the County Board of Supervisors for adoption on January 16, 2024, and was adopted on that date. On the same date, the County Board of Supervisors adopted CEQA Findings and a

Statement of Overriding Considerations relating to the Project. On March 1, 2024, the Superior Court issued an order discharging the peremptory writ of mandate. The Revised EIR and associated

documents for the Project are available to the general public for review at the Contra Costa County Community Development Department, 651 Pine Street, 4th Floor, North Wing, Martinez, CA, 94553, or online at <https://www.contracosta.ca.gov/7945/Phillips-66-Rodeo-Renewed-Project>.

In light of the decertification of the 2022 EIR and the issuance of the Revised EIR, the Air District has issued Revised CEQA Findings, Supporting Facts and Statement of Overriding Considerations for the Project. Consistent with its obligations as a Responsible Agency under CEQA, the Air District has reviewed and considered the Revised EIR and made findings pursuant to CEQA Guidelines Section 15091 and 15093. Prior to approving Application Number 702291, the Air District reviewed and considered the Revised EIR for the Project pursuant to the provisions of the CEQA. The Air District found that certain significant environmental impacts could occur as a result of the Project. For each significant impact, changes or alterations have been required in, or incorporated into, the Project which avoid or substantially lessen the environmental effects as identified in the Revised EIR to the extent feasible. In addition, for those mitigation measures that are identified in the Revised EIR to lessen impacts and that are within the responsibility or jurisdiction of another public agency, such measures either have been or can and should be adopted by such other agency if feasible. Contra Costa County has adopted mitigation measures as a condition of approval of the Project and has adopted a mitigation monitoring plan or program. However, potentially significant and unavoidable impacts remain after mitigation. The Air District has determined that the significant and unavoidable adverse impacts of the Project as documented in the Revised EIR are acceptable in light of the specific economic, legal, social, technological, and other benefits of the Project, which outweigh the significant and unavoidable adverse impacts. The Air District bases this conclusion about the Project's overriding considerations on the evidence and analysis provided in the Final EIR and the County's detailing of the Project's benefits in the County's Statement of Overriding Considerations, and on the Air District's own analysis of the Project and its impacts and benefits.

The Air District's Revised CEQA Findings, Supporting Facts and Statement of Overriding Considerations are attached to this Notice of Determination. The Air District record of project approval is available for review at the Air District office at 375 Beale Street, Suite 600, San Francisco, CA, 94105 (Air District Permit Application Number 702291).



Pamela J. Leong
Director of Engineering
Bay Area Air Quality Management District

March 29, 2024
Date