DOCKETED	
Docket Number:	21-SPPE-02
Project Title:	STACK Trade Zone Park
TN #:	249100
Document Title:	Bay Area Air Quality Management District Comments on Draft Environmental Impact Report
Description:	Dated March 13, 2023
Filer:	Lisa Worrall
Organization:	California Energy Commission
Submitter Role:	Public
Submission Date:	3/13/2023 10:04:25 AM
Docketed Date:	3/13/2023

March 13, 2023

Lisa Worrall
Senior Environmental Planner
California Energy Commission
715 P Street, MS 40
Sacramento, CA 95814

RE: STACK Trade Zone Park Draft Environmental Impact Report

Dear Ms. Worrall,

Bay Area Air Quality Management District (Air District) staff has reviewed the Draft Environmental Impact Report (DEIR) for STACK Trade Zone Park (Project). The Project proposes to construct a four-story advanced manufacturing building (approximately 136,573 square feet), two four-story data center buildings (approximately 522,194 square feet), a parking garage, related utility infrastructure and a backup generating facility in the City of San Jose.

The Project's backup generating facility includes a total of thirty-five (35) 3-megawatt (MW) and three (3) 1-MW diesel fired generators that will be used exclusively to provide up to 108 MW of backup emergency generation to support the data center. STACK Trade Zone Park is seeking a Small Power Plant Exemption (SPPE) from the California Energy Commission's (CEC) jurisdiction to proceed with local approval rather than requiring certification by the CEC.

The project is located within close proximity of a daycare center, and as such the Air District is concerned about the air pollution emissions and exposures impacting the daycare center and the nearby community.

Emission Calculation and Methodology

The DEIR discussion of emergency diesel engine operations and analysis concludes that emergency operations "…require a host of unvalidated, unverifiable, and speculative assumptions about when and under what circumstances such a hypothetical emergency would occur." The Air District remains concerned about the environmental impacts associated with using backup diesel generators in non-testing/non-maintenance operations. As stated, and acknowledged in the DEIR, the Air District has previously submitted historical evidence in our California Energy Commission - CA3 Data Center NOP letter that backup generators operate for non-testing/non-maintenance reasons, and we continue to recommend that this information should be incorporated into the emissions calculations for backup generator operations. Although the DEIR rightfully notes that emergency operations are less predictable than maintenance and testing, the evidence from historical

operations should not be discounted and dismissed, but rather should be incorporated into the analysis to show various potential scenarios of backup power generation operations beyond routine testing and maintenance. Backup generators are operating more frequently than previously understood because of climate change induced crises and grid operational challenges, and as such, it is critical to consider the impacts of operating the emergency backup diesel generators. Air District staff recommend that the DEIR evaluate greenhouse gas (GHG), criteria pollutant, and toxic air contaminant (TAC) impacts due to the non-testing/non-maintenance operations of backup power generators. Various scenarios should be considered for non-testing/non-maintenance operations, including non-zero hours of operation and concurrent generator operations.

The Air District does not support the use of Emission Reduction Credits to offset NOx emissions to mitigate CEQA related impacts. Such banked emissions credits may have resulted from past and/or non-local sources, and do not reduce current local impacts. As CEQA mitigation for a specific project, the order of priority for mitigations to reduce impacts should be:

1) onsite to the maximum extent possible;
2) off-site within the community;
3) off-site within the City of San Jose; and
4) off-site within Santa Clara County.

Construction Emissions and Mitigations

The DEIR states that construction-related emissions were found to be less than significant with mitigations and that the Project will apply Air District best management practices (BMP) to control fugitive dust emissions. The Air District recommends that additional measures beyond the standard BMPs be added to help reduce particulate matter emissions from both fugitive dust and exhaust emissions. The following additional mitigation measures should be included in mitigation measure "AQ-1" to further address construction-related emissions:

- All off-road equipment greater than 25 horsepower (hp) shall have engines that meet or exceed Tier 4 final off-road emission standards. Use of zero-emission and hybrid-powered equipment is encouraged.
- As a condition of contract, require all on-road heavy-duty trucks to be zero emissions or meet the most stringent emissions standard, such as model year (MY) 2024 to 2026 as available. Use grid power for construction activities whenever possible; if grid power is not available, use alternative power such as battery storage, hydrogen fuel cells, or renewable fuels. If no other options are available, use Final Tier 4 diesel generators;
- Install wind breaks (e.g., trees, fences) on the windward side(s) of actively disturbed construction areas. Wind breaks should have at maximum 50 percent air porosity.
- All excavation, grading, and/or demolition activities shall be suspended when average wind speeds exceed 20 miles per hour (mph).

- Sandbags or other erosion control measures shall be installed to prevent silt runoff to public roadways from sites with a slope greater than one percent.

Mobile Source and Indirect Source Emissions

The Air District is also concerned with emissions as a result of offsite vehicle trips for worker commutes, material deliveries and facility upkeep. The Project should prioritize onsite mitigation measures, followed by offsite mitigation measures such as:

- Require or incentivize zero emission trucks for facility operations to the greatest degree feasible;
- Prohibit or minimize the use of diesel fuel, consistent with the Air District's Diesel Free By '33 initiative (http://dieselfree33.baaqmd.gov/);
- Prohibit trucks from idling for more than two minutes or prohibit idling altogether;
- Implement a program that incentivizes construction workers and building tenants to carpool, use EVs, or use public transit to commute to and from the site. The program may include the following features, as feasible:
    - Provide a shuttle service to and from the Milpitas Bay Area Rapid Transit (BART) and Valley Transportation Authority transportation hub
    - Provide preferential parking to carpool vehicles, vanpool vehicles, and EVs
    - Schedule work shifts to be compatible with the schedules of local transit services;
- Install electric vehicle supply equipment and/or 'EV Ready Spaces' to service light, medium and heavy-duty vehicles. At minimum, the Project should comply with the City of San Jose's reach code ordinance;
- Require electric forklifts and install associated charging stations;
- Install outdoor electrical receptacles for charging or powering of electric landscape equipment; and
- Implement green infrastructure and fossil fuel alternatives in the development and operation of the Project, such as solar photovoltaic (PV) panels, electric heat pump water heaters, and solar PV back-up generators with battery storage capacity, and commit to pursue carbon-free electricity service if on-site renewables do not meet the full electricity demand.

Certain aspects of the Project may require a permit from the Air District (for example, back-up diesel generators and demolition of existing structures). Please contact Barry Young, Senior Advanced Projects Advisor, at (415) 749-4721 or byoung@baaqmd.gov to discuss permit requirements. Any applicable permit requirements should be discussed in the EIR.

We encourage the CEC to contact Air District staff with any questions and/or to request assistance during the environmental review process. If you have any questions regarding these comments, please contact Mark Tang, Principal Environmental Planner, at mtang@baaqmd.gov or (415) 749-4770.

Sincerely,

Greg Nudd
Deputy Air Pollution Control Officer

Cc: BAAQMD Director Margaret Abe-Koga
BAAQMD Director Otto Lee
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