

**FINDINGS OF FACT, STATEMENT OF OVERRIDING CONSIDERATIONS, AND
MITIGATION MONITORING AND REPORTING PLAN
AIR PRODUCTS HYDROGEN PIPELINE PROJECT
SCH No. 2020059038**

1. INTRODUCTION

The City of Los Angeles Harbor Department (Harbor Department), acting by and through its Board of Harbor Commissioners (Port), has reviewed the Final Environmental Impact Report (FEIR) (State Clearinghouse No. 2020059038) prepared for the Air Products Hydrogen Pipeline Project (Project) and certified on November 10, 2020 by the City of Carson (Lead Agency) under the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.). The Harbor Department must issue permits for the element of the Project described as “Paramount Pipeline Line 4 (Line 4)”, which would change the use of an existing pipeline on Port Property and Port of Los Angeles and Port of Long Beach (Joint Ports)’ Right-of-Way¹ from petroleum to hydrogen. Air Products and Paramount Pipelines, LLC (Paramount Pipelines) have each submitted separate applications for separate Master Joint Revocable Permits (MJRPs). These applications were submitted to both the Port of Los Angeles and Port of Long Beach to consolidate entitlements on the Joint Ports’ Right-of-Way and change the use of Line 4 from petroleum to hydrogen. In addition to these two MJRPs, an additional application was submitted by Paramount Pipelines solely to the Port of Los Angeles for a Revocable Permit that would entitle the portion of Line 4 that traverses Port-owned land. This activity also includes a change of use from petroleum to hydrogen. The Harbor Department, as a Responsible Agency under CEQA with respect to approvals and permits, is required to consider the Lead Agency’s CEQA document, prior to acting on a project.

Based on the review of certified FEIR, the Harbor Department herein makes certain findings pursuant to Public Resources Code section 21081 and Title 14 California Code of Regulations 15091; makes findings regarding the Statement of Overriding Considerations pursuant to Public Resources Code section 21081 and Title 14 California Code of Regulations section 15093; and sets forth a Mitigation Monitoring and Reporting Plan (MMRP) that pertains to the “Line 4” Project element of the certified EIR pursuant to Public Resources Code section 21081 and Title 14 California Code of Regulations section 15097.

2. PROJECT DESCRIPTION

On November 10, 2020, the City of Carson, as the lead agency under CEQA, certified the FEIR for the Air Products Hydrogen Pipeline Project as complete and in compliance with CEQA. The Project includes Air Products and Chemicals, Inc.’s (Air Products’) utilization of an existing 11.5-mile-long series of pipelines and construction of a new 0.5-mile pipeline segment to connect from the Air Products’ existing hydrogen facility in the City of Carson to the World Energy Paramount Refinery (Paramount Refinery) in the City of Paramount, California. The existing 11.5-mile pipeline crosses the cities of Carson, Los Angeles, Long Beach, Lakewood, Bellflower, and Paramount in addition to an unincorporated part of the County of Los Angeles and land owned or controlled by the Port of Los Angeles and the Joint Ports Authority. The 0.5-

¹ Joint Ports’ Right-of-Way – Alameda Corridor rail property owned jointly by both ports as tenants-in-common, each holding an undivided 50 percent interest in the property.

mile of new pipeline would be located entirely within the City of Carson.

A portion of the existing pipeline traverses both Joint Ports' Right-of-Way and Port-owned land. This pipeline is referred to as "Line 4". Air Products Paramount Pipelines have each submitted applications for separate MJRPs. These applications were submitted to both the Port of Los Angeles and Port of Long Beach (collectively referred to as the "Ports") to consolidate entitlements on the Joint Ports' Right-of-Way and change the use of Line 4 from petroleum to hydrogen. In addition to these two MJRPs, an additional application was submitted by Paramount Pipelines solely to the Port of Los Angeles for a Revocable Permit that would entitle the portion of Line 4 that traverses Port-owned land. This activity also includes a change of use from petroleum to hydrogen.

3. FINDINGS

CEQA prohibits a public agency from approving or carrying out a project for which a CEQA document has been completed and identifies one or more significant adverse environmental effects of the project, unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding (CEQA Guidelines section 15091).

These findings provide the written analysis and conclusions of the Harbor Department, acting by and through its Board of Harbor Commissioners, as a Responsible Agency, regarding the environmental impacts of the proposed project and the mitigation measures directly applicable to the element of the Project described in the FEIR as "Line 4", which would change the use of an existing pipeline on Port Property and Joint Ports' Right-of-Way from petroleum to hydrogen.

The FEIR concluded that the Project, after mitigation, may result in the following significant adverse environmental impact:

- Hazardous Materials and Risk of Upset HM-2. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment. Several mitigation measures adopted as conditions of approval serve to reduce these impacts. Mitigation measures HM-2a, HM-2b and HM-2c would be applicable and accomplish reductions in size of a potential release and potentially reducing the frequency of a release through an enhanced monitoring and testing regimen during operation of pipeline "Line 4".

3.1 POTENTIALLY SIGNIFICANT IMPACTS WHICH CANNOT BE MITIGATED TO A LEVEL OF INSIGNIFICANCE

The FEIR identified one potentially significant adverse environmental impact that cannot be reduced to a level of insignificance: HM-2. Hazardous Materials and Risk of Upset: The Project would create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment. The FEIR identified six potentially significant adverse environmental impacts that can be reduced to a level of insignificance. These impacts and related mitigation measures were identified for aspects of the Project that apply solely to construction of the new pipeline connections, which would be located entirely within the City of Carson. As a result, these are not applicable to the Port's property or Joint Ports' property under the MJRP. These

construction-related environmental impacts include hazardous materials, transportation, and tribal cultural resources, which are discussed under Section 3.2.

3.1.1 The proposed Project would create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.

Finding: The Harbor Department finds that (1) the Project creates a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.; (2) mitigation measures were incorporated into the Project that serve to reduce this impacts, but even with the inclusion of these conditions, the impact cannot be reduced to less than significant levels; (3) such mitigation measures are within the jurisdiction of the City of Carson and the Ports; and, (4) no feasible measures were identified that would mitigate this significant adverse impact to insignificance.

Explanation: The Project creates a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment. The FEIR concluded that, even with application of feasible mitigation measures, this impact cannot be entirely avoided or reduced to less-than-significant levels. Three feasible mitigation measures that could potentially reduce the impact were evaluated, but they would not reduce the level to less than significant. These mitigation measures are described in the FEIR (HM-2a, HM-2b and HM-2c). Though these measures would not remove significant hazard of accidental release of hazardous materials, no other feasible mitigation measures or project alternatives have been identified that would reduce the impact to less than significant. Therefore, significant hazard effects involving the release of hazardous materials into the environment is expected to remain significant and unavoidable regionally following mitigation.

3.2 POTENTIALLY SIGNIFICANT IMPACTS WHICH CAN BE MITIGATED TO A LEVEL OF INSIGNIFICANCE

The FEIR identified six potentially significant adverse environmental impacts that can be reduced to a level of insignificance: (1) HM-4. Project could be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 (Cortese List); (2) T-1. Project could conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities; (3) T-4. The Project could result in inadequate emergency access; (4) TC-1. Project could cause substantial adverse change in the significance of a historical or archaeological resource as defined in §15064.5; (5) TC-2. Project could disturb human remains, including those interred outside of dedicated cemeteries; and (6) TC-3. Project could cause a substantial adverse change in the significance of a tribal cultural resource that is listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in PRC Section 5020.1(k), or one that is determined by the lead agency to be significant pursuant to criteria set forth in subdivision (c) of PRC Section 5024.1. Seven feasible mitigation measures that could potentially reduce the impacts were evaluated and were found to reduce the level of the impacts to insignificant. These mitigation measures are described in the FEIR (HM-4, T-1, T-4, TC-1a, TC-1b, TC-2, and TC-3). The impacts of the Project on these potentially adverse

impacts are expected to be less than significant following implementation of the mitigation measures. These impacts and related mitigation measures were identified for aspects of the Project that apply solely to construction of the new pipeline connections, which would be located entirely within the City of Carson. As a result, these are not applicable to the Port's property or Joint Ports' property under the MJRP.

3.3 FINDINGS CONCLUSION

Changes or alterations have been incorporated into the Project to mitigate or minimize the potentially significant adverse environmental effects associated with project-specific impacts to less than the applicable significance threshold. No additional feasible mitigation measures or alternatives were identified that could further reduce the following:

- 1) Significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment.

No additional feasible mitigation measures or alternatives to the Project, other than those included in the FEIR, have been identified that can further mitigate the potentially significant adverse project impacts on hazards during the Project while meeting the basic objectives of the Project. In summary, no additional feasible mitigation measures or alternatives were identified that could further reduce the significant project-specific and cumulative environmental impacts identified here.

The Harbor Department further finds that all of the findings presented here are supported by substantial evidence as analyzed in the FEIR and in the administrative record as a whole.

The Harbor Department further finds that there have been (1) no substantial changes to the Project which would require major revisions of the FEIR, (2) no substantial changes with respect to the circumstances under which the Project is being undertaken which would require major revisions in the FEIR, and (3) no new information has become available which was not known or could have been known at the time the FEIR was certified as complete.

4.0 STATEMENT OF OVERRIDING CONSIDERATIONS

If significant adverse impacts of a Project remain after incorporating feasible mitigation measures, or no feasible measures to mitigate the adverse impacts are identified, the lead agency must make a determination that the benefits of the Project outweigh the unavoidable, significant, adverse environmental effects if it is to approve the project. In accordance with Public Resources Code section 21081 and Title 14 California Code of Regulations section 15093, the Harbor Department, in determining whether or not to approve the Project, balanced the economic, social, technological, and other project benefits against its unavoidable environmental risks, and finds that each of the benefits of the proposed project set forth below outweigh the significant adverse environmental effects that are not mitigated to less than significant levels. This statement of overriding considerations is based on the Harbor Department's review of the FEIR and the administrative record as a whole. Each of the benefits identified below provides a separate and independent basis for overriding the significant environmental effects of the Project. Accordingly, this Statement of Overriding Considerations regarding potentially significant adverse environmental impacts resulting from the Project, as

set forth below, has been prepared. Pursuant to CEQA Guidelines section 15093(c), this Statement of Overriding Considerations will be included in the record of the Project approval and will also be noted in the Notice of Determination.

Having reduced the potential effects of the proposed project through all feasible mitigation measures as described previously in this statement and balancing the benefits of the Project against its potential unavoidable adverse impact on hazards involving the release of hazardous materials into the environment during operation, the Harbor Department finds that the following legal requirements and benefits of the Project individually and collectively outweigh the potentially significant unavoidable adverse impacts for the following reasons:

1. **Substantial mitigation has been provided to further reduce impacts.** Impacts have been mitigated to the maximum extent feasible and the level of risk, while significant, has a low probability of occurrence and the analysis conducted is conservative to provide for the maximum level of scrutiny and disclosure. With regards to mitigation, the approach of the measures in the FEIR is to reduce the impacts, by reducing the size of a release, or reducing the frequency of a release. The mitigation measures require operations of the pipeline at a lower pressure in order to reduce the size of a potential release and decrease the potential for exposure. Mitigation measures HM-2a, HM-2b and HM-2c would be applicable and accomplish reductions in size of a potential release and potentially reducing the frequency of a release through an enhanced monitoring and testing regimen.
2. **Improvement over ongoing hydrogen trucking and traffic reduction.** The pipeline Project would provide an improvement in risk levels over the alternative of the future trucking of hydrogen to the Paramount Refinery. As detailed in the FEIR, use of the pipeline would result in similar risk levels to the baseline. World Energy currently receives liquefied hydrogen at its Paramount Refinery by tanker truck from a third-party supplier located in Ontario, CA. Without the proposed Project, the Paramount Refinery would continue to receive 5 – 7 tanker trucks trips per day of hydrogen, with associated hazards of hauling a flammable liquid on public roadways, as well as increased highway and local traffic and associated air quality emissions. The existing pipelines, proposed to be repurposed for hydrogen, would be used for the transport of hydrogen and eliminate the potential risk impacts of the ongoing trucking of liquefied hydrogen from Ontario to Paramount.
3. **The Project would support production of clean, renewable fuels.** Air Products proposes to utilize this pipeline route to connect Air Products with a new customer in the City of Paramount, who uses hydrogen to produce renewable biofuels (biodiesel and biojet) for the transportation market. The Paramount Refinery produces renewable jet fuel and renewable diesel fuel from non-edible vegetable oil and high-quality beef tallow. World Energy has been in partnership with Paramount Petroleum since 2013 when the Paramount Refinery began the process of converting portions of their oil refinery into renewable fuels production under the Renewable Fuels Project. World Energy's renewable products support California and Federal Low Carbon Fuel Standards. The goals of the standards are to reduce carbon intensity of transportation fuels, complement other state measures for reducing greenhouse gases, transform and diversify the transportation fuel pool, reduce petroleum dependency, and reduce overall

air emissions. World Energy currently supplies renewable gasoline, diesel, and jet fuel to fleet services such as UPS, United Airlines, Boeing, the Department of Defense, and several California municipalities and school systems, reducing both truck and airline emissions. World Energy's renewable products meet regulatory and commercial specifications without requiring engine modifications.

- 4. Supports California energy independence (economic considerations and region-wide or statewide environmental benefits).** Production of crude oil has been substantially reduced in California over the past decades resulting in the need to import oil to produce fuels. The Paramount Refinery has been repurposed to allow for refining beef tallow into diesel and jet fuels that would be used in the area instead of oil produced elsewhere. The Project will provide needed hydrogen to the Refinery and as such contribute to the production of clean fuels. These clean fuels would supplant the use of local crude oil production and/or will likely displace some imported foreign crude due to the demand for this commodity. Replacement of foreign crude with production of clean fuels would reduce GHG and criteria pollutant emissions from ocean tankers and other emissions generated during production of oil overseas. In addition, as California works towards its renewable power and zero emission vehicle goals, there will remain a need for fossil fuel in both the transportation and power sectors. Currently, more than 70 percent of oil entering California to meet the State's needs is from out of the State and is delivered primarily by marine tanker. In 2019, over 58 percent of crude oil supplied to California refineries was shipped from foreign sources. The largest suppliers of foreign oil to California are Saudi Arabia, Ecuador, Colombia, and Iraq followed by smaller supplies from Brazil, Mexico, Africa and the Arabian Gulf. The Project will contribute to reducing importation of foreign crudes and supports the State's energy independence.

In balancing the benefits of the overall Project described above with the Project's unavoidable and significant adverse environmental impacts, the Harbor Department finds that the Project's benefits individually and collectively outweigh the unavoidable adverse impact, such that this impact is acceptable. The Harbor Department further finds that substantial evidence presented in the FEIR and the administrative record as a whole supports approving the Project despite the Project's potential adverse impact.

5.0 RECORD OF PROCEEDINGS

The record of the Harbor Department's approval for the Air Products Hydrogen Pipeline Project, including these Findings of Fact and Statement of Overriding Considerations, and the Notice of Determination (to be sent to the Los Angeles County Clerk and State Clearinghouse to be posted and recorded) will be available to the general public at the Port of Los Angeles, Environmental Management Division website, <https://www.portoflosangeles.org/environment/environmental-documents>.

The record of the City of Carson's Project approval is available to the general public for review at https://ci.carson.ca.us/content/files/pdfs/Planning/sr/2020-11-10/PC_SR_CUP%201089-18_23300%20S%20Alameda%20Street%20Air%20Products%20Hydrogen%20Pipeline_AB%20Edits%20Addressed_SE_MC.pdf

6.0 MITIGATION, MONITORING, AND REPORTING PLAN

When a public agency conducts an environmental review of a proposed project in conjunction with approving it, the lead agency shall adopt a program for monitoring or reporting on the measures it has imposed to mitigate or avoid significant adverse environmental effects pursuant Public Resources Code section 21081 and Title 14 California Code of Regulations section 15097. Public Resources Code section 21081.6 states in part that when making the findings required by section 21081(a):

“... the public agency shall adopt a reporting or monitoring program for the changes made to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment. The reporting or monitoring program shall be designed to ensure compliance during project implementation. For those changes which have been required or incorporated into the project at the request of a responsible agency or a public agency having jurisdiction by law over natural resources affected by the project, that agency shall, if so requested by the lead or responsible agency, prepare and submit a proposed reporting or monitoring program.”

The mitigation, monitoring, and reporting requirements identified in this plan will be enforced through the Master Joint Revocable Permit issued by the Port of Los Angeles and Port of Long Beach and the Revocable Permit issued by the Port of Los Angeles. The mitigation measures are primarily the responsibility of Air Products and Paramount Pipelines to implement. To certify compliance, documentation that mitigation measures have been implemented, records will be maintained by Air Products and Paramount Pipelines to ensure potential environmental impacts are mitigated in accordance with the performance standards identified in the FEIR.

The MMRP is organized in a table format and identifies those mitigation measures adopted by the City of Carson to address impacts associated with the “Line 4” Project component of the Air Products Hydrogen Pipeline Project FEIR certified on November 10, 2020. The mitigation measure numbers listed below correspond with those identified in the approved MMRP prepared by the City of Carson and have been reflected to apply to activities associated with the Line 4 element of the Project.

6.1 HAZARDS AND HAZARDOUS MATERIALS MITIGATION MEASURES

The analysis in the FEIR concluded that one significant and unavoidable impact was identified for the Project. This impact is associated with an upset condition and release of hazardous materials into the environment (HM-2). Even with implementation of mitigation, impacts of HM-2 still fell in a range very similar to the baseline operations but would remain within the unacceptable region of the FN curves (frequency versus consequence); potential impacts to people and the environment would be significant and unavoidable.

HM-2a MAXIMUM PRESSURE ALLOWANCE

The pipeline shall be operated at a maximum pressure at any point in the pipeline of 160 psig. The operator shall maintain operating pressure information that shall be made available upon request. Information on pipeline maintenance, including pressure testing and any direct assessments or any other pipeline issues, shall be reported to the City.

Timing and Method of Verification: During Operation.

City of Carson/Port of Los Angeles/Port of Long Beach Responsibility: Review information on pipeline operating pressure and pipeline maintenance.

Air Products and Paramount Pipelines Responsibility: Operate the pipeline at a maximum pressure at any point in the pipeline of 160 psig. Maintain information on operating pressure. Information on operating pressure and pipeline maintenance shall be documented and reported.

HM-2b TESTING AND MONITORING

New and existing pipeline materials shall be consistent with CGA recommendations for avoidance of hydrogen embrittlement. Operation at or below the Maximum Pressure Allowance of 160 psig will be maintained at all times, ensuring operation that goes conservatively beyond industry recommendations to avoid hydrogen embrittlement. Monitoring of the pipeline shall include the following measures: 1) Cathodic system maintenance, including bi-monthly checks for proper operation. 2) Leak surveys with hydrogen gas detector every six months. 3) Quarterly patrols checking for unusual conditions or activity around the line. 4) Valve functionality assurance testing. 5) A leak detection capable of detecting leaks as small as 0.25 inches in diameter. 6) Damage prevention, pipeline marking and surveillance activities. 7) Other pipeline inspections and any required repairs to address inspection findings. 8) Destructive and metallurgical testing on any sections removed in the course of normal maintenance and operation. The monitoring procedure shall be documented and available for inspection upon request.

Timing and Method of Verification: During Operation.

City of Carson/Port of Los Angeles/Port of Long Beach Responsibility: Review information on pipeline monitoring procedure and inspections.

Air Products and Paramount Pipelines Responsibility: Monitor and inspect pipeline. Document pipeline monitoring procedure. Monitoring of the pipeline shall include the following measures: 1) Cathodic system maintenance, including bi-monthly checks for proper operation. 2) Leak surveys with hydrogen gas detector every six months. 3) Quarterly patrols checking for unusual conditions or activity around the line. 4) Valve functionality assurance testing. 5) A leak detection capable of detecting leaks as small as 0.25 inches in diameter. 6) Damage prevention, pipeline marking and surveillance activities. 7) Other pipeline inspections and any required repairs to address inspection findings. 8) Destructive and metallurgical testing on any sections removed in the course of normal maintenance and operation. The monitoring procedure shall be documented and available for inspection upon request.

HM-2c PRESSURE TESTING

The pipeline shall be pressure tested at 556 psig, which is approximately 3.5 times the normal operating pressure. The pressure testing shall be performed prior to the introduction of hydrogen, and repeated every 5 years in accordance with DOT regulations.

Timing and Method of Verification: During Operation.

City of Carson/Port of Los Angeles/Port of Long Beach Responsibility: Monitor compliance.

Air Products and Paramount Pipelines Responsibility: Continue to pressure test the pipeline at 556 psig. Perform testing per PHMSA requirements. The pressure testing shall be performed prior to the introduction of hydrogen, and repeated every 5 years in accordance with U.S. Department of Transportation (DOT) regulations.

7.0 CONCLUSION

During the operation of the Air Products Hydrogen Pipeline Project, Air Products and Paramount Pipelines will maintain records of applicable compliance activities to demonstrate the steps taken to assure compliance with imposed mitigation measures as specified above and in Table 1. All logs and other records shall be made available to Port staff upon request. Staff and Air Products will evaluate the effectiveness of this monitoring program.

Table 1. Mitigation, Monitoring, and Reporting Plan for “Paramount Pipeline Line 4” of the Air Products Hydrogen Pipeline Project located on Joint-Ports Right-of-Way

Mitigation Measure/Implementation Requirement	Party Responsible for Implementing Mitigation	Monitoring Action	1. Monitoring Agencies 2. Monitoring Phase
HM-2a. Maximum operating pressure at any point in the pipeline of 160 psig.	Air Products	The pipeline shall be operated at a maximum pressure at any point in the pipeline of 160 psig. The operator shall maintain operating pressure information that shall be made available upon request. Information on pipeline maintenance, including pressure testing and any direct assessments or any other pipeline issues, shall be reported to the City.	<ol style="list-style-type: none"> 1. City of Carson and POLA/POLB 2. During operation
HM-2b. Monitor pipeline for issues that could indicate increased rate of the loss of pipeline integrity	Air Products	New and existing pipeline materials shall be consistent with CGA recommendations for avoidance of hydrogen embrittlement. Operation at or below the Maximum Pressure Allowance of 160 psig will be maintained at all times, ensuring operation that goes conservatively beyond industry recommendations to avoid hydrogen embrittlement. Monitoring of the pipeline shall include the following measures: 1) Cathodic system maintenance, including bi-monthly checks for proper operation. 2) Leak surveys with hydrogen gas detector every six months. 3) Quarterly patrols checking for unusual conditions or activity around the line. 4) Valve functionality assurance testing. 5) A leak detection capable of detecting leaks as small as 0.25 inches in diameter. 6) Damage prevention, pipeline marking and surveillance activities. 7) Other pipeline inspections and any required repairs to address inspection findings. 8) Destructive and metallurgical testing on any sections removed in the course of normal maintenance and operation. The monitoring procedure shall be documented and available for inspection upon request.	<ol style="list-style-type: none"> 1. City of Carson and POLA/POLB 2. During operation
HM-2c. Pressure test pipeline at 556 psig. Perform testing per PHMSA requirements.	Air Products	The pipeline shall be pressure tested at 556 psig, which is approximately 3.5 times the normal operating pressure. The pressure testing shall be performed prior to the introduction of hydrogen, and repeated every 5 years in accordance with DOT regulations.	<ol style="list-style-type: none"> 1. City of Carson and POLA/POLB 2. During operation