
**What is an indirect source review or rule?**

It is a measure that helps developers take into account how the design, location and other decisions they make as they conceive projects affect air pollution, and then allows them to make changes onsite or offsite that will reduce that pollution. The pollution—criteria pollutants and greenhouse gases—is caused by vehicles linked to the development projects and energy used by the project, both during construction and over the life of the project's operation.

**How does it work?**

In the San Joaquin Valley, where it has been most recently and effectively implemented, a developer submits an application to the air district before final building permits have been granted. The application indicates how much indirect source pollution the project is expected to produce. The developer, with or without the air district's assistance, determines the indirect source pollution by running the characteristics of the project through a computer-generated model (the Urban Emissions Model or URBEMIS) that was developed by the Air Resources Board and is updated frequently. The developer is responsible for reducing or mitigating the indirect source emissions that exceed a threshold established by the air district rule. In the case of the San Joaquin Valley rule, the threshold is set at 2 tons per year, which means that new residential projects of 50 units or more must apply.

A developer can reduce a projects pollution down to the threshold by making any of a long list of changes to the development, ranging from something as simple as installing more efficient street lighting to something more complicated, like providing transit service. In the SJV, developers can opt to pay a fee for those emissions the developer doesn't or can't reduce onsite. The fee reflects the cost of "buying" emission reductions offsite. The air district uses that fee to find and implement emission reduction projects in the Valley.

**Has the San Joaquin Valley's Indirect Source Rule worked?**

Yes, the rule has worked very well. In its first two full years, more than 300 applications have been processed, and more than 6000 tons of pollution have been reduced or mitigated. About half of those tons have come from changes that developers have made to their projects, and about half have come from offsite projects for which developers have paid fees to the district.

**Is the San Joaquin Valley's rule the only one in existence?**

Other air districts around the state and country have implemented indirect source rules successfully. However, the rule in the San Joaquin Valley is the most fully developed and takes the most advantage of the ability to accurately predict emissions that computer-generated modeling provides. It also provides an opportunity for developers to reduce emissions through onsite design changes and/or mitigate emissions through offsite pollution reduction projects. The developer can either identify those offsite mitigation opportunities, or pay the costs of offsite reduction to the air district and allow the district to identify and make those reductions.

Two large air districts are currently in the process of developing their own indirect source rules—the South Coast Air Quality Management District and the Sacramento Metropolitan Air Quality Management District. The Sacramento district staff anticipates that its rule will help encourage developers to build in ways consistent with the region's Blueprint plan.

**Can an ISR be used for reducing greenhouse gases?**

An indirect source rule is a natural tool for reducing greenhouse gas emissions created by vehicles and energy use linked to new developments. The same approach and tools used by the San Joaquin Valley's air district to reduce criteria pollutants can be effectively applied to reduce greenhouse gases, according to an analysis conducted by Lawrence Frank, a prominent authority on air pollution and land use.[1] The URBEMIS model is being updated to take into account greenhouse gas emissions. Additionally, other models, such as the Places model, are being adapted to be applicable for indirect source emissions analysis.

**Will an ISR conflict with SB 375, if that bill becomes law?**

The ISR complements SB 375. That bill encourages certain regions in the state to do planning to reduce greenhouse gases. In the interim, and in those regions not covered by the law, there would be no reduction of greenhouse gases linked to new developments. By implementing an indirect source rule earlier than it would be possible to complete and implement the SB 375 planning, developers and communities will begin to be capturing real, feasible reductions as soon as the rule is adopted. Later, as the SB 375 plans are adopted in a community, the indirect source rule can be used to help encourage developers to follow those plans.

**Why should the Air Resources Board include an ISR in its scoping plan?**

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[1] Frank, Lawrence. "Reducing Global Warming and Air Pollution: The Role of Green Development in California." July 2008. Available at: http://edf.org/documents/8046_ISR-CO2review-FINAL-070208.pdf.

Indirect source rules or review processes are proven methods for reducing air pollution, including greenhouse gases, now. It is important for the ARB to take advantage of proven methods to ensure that California meets its greenhouse gas reduction goals and meets them as soon as possible. The future depends upon it.

**Who supports and opposes indirect source rules?**

Indirect source reviews and rules have been supported by environmentalists and air regulators for more than 30 years. In the San Joaquin Valley, agricultural interests supported the rule. However, the building trade associations have opposed indirect source rules for nearly as long because the associations have been opposed to overtly linking their projects to pollution generation. This year, building association challenges to the San Joaquin Valley's rule have been rejected by both State Superior Court and Federal District Court judges.

Developers themselves have stepped up and complied with indirect source rules around the country, including in the San Joaquin Valley, where more than 300 applications have been successfully and smoothly processed. Indeed, in the San Joaquin Valley, some developers have used the indirect source review to help comply with CEQA issues linked to air quality and development and avoid project challenges on that basis.

**More information?**

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