



Meeting Summary

ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

DATE: October 6, 2015
TIME: 9:30-11:30 a.m.
LOCATION: ADEQ, Room 3175, 1110 West Washington Street, Phoenix

STAKEHOLDER ATTENDEES

(See attached)

ADEQ Staff

Eric Massey
Steve Burr
Kamran Khan
Marina Mejia

ADDITIONAL ATTENDEES

Theresa Gunn, GCI
Ashley Dunn, GCI

AGENDA

The complete [agenda](#) is available online and includes:

- Review Agenda and Introductions
- Update
- Overview of the Proposed Federal Plan
 - Proposed Federal Plan Presentation ([PowerPoint](#))/([PDF](#))
- Stakeholder Discussion on Outreach to "Vulnerable Communities"
 - [EPA on Vulnerable Communities](#)
- Next Steps
- Next Meetings and Evaluation

REVIEW AGENDA AND INTRODUCTIONS

Meeting facilitator Theresa Gunn welcomed attendees to ADEQ's 10th EPA Clean Power Plan Stakeholder Meeting. She explained the meeting would focus on the Proposed Federal Plan and comments and questions to be submitted to the EPA regarding the Proposed Federal Plan. Stakeholder questions and comments will be used to create a matrix and posted online.

Gunn facilitated introductions, with approximately 50 stakeholders attending in person and 20 via conference call.

UPDATE

Air Quality Division Director Eric Massey introduced Marina Mejia, SIP Manager, and Kamran Khan, EIT, Environmental Engineering Specialist.

Highlights of Massey's update and stakeholder questions and comments included:

- Time has been spent learning about other states' plans (e.g. rate-based states or linkage opportunities) and traveling to Denver and Philadelphia
 - Center for Climate Energy Solutions meeting: Pennsylvania plans to submit the entire CPP by September of 2016
 - Most other states are still reading the rules, trying to digest them and make decisions
 - In your travels to Denver and Philadelphia, is there an interest or acknowledgement to provide standard work/templates for states to adopt/implement? There are three approaches, and some states are on board with the standard approach
 - Have you started working with tribes? We have met with the Navajo Nation, provided an update of ADEQ activities, and invited representatives to join in the conversation
 - Are the tribes supposed to be issuing separate plans? Maybe. They have the opportunity as a part of the federal plan.
- The final Federal Register notice is expected in mid- to late-October
- EPA has not yet released technical support documents including the clean energy incentive program
- Currently, trading between rate-based and mass-based programs is not allowed. It may be possible to allow the transfer of allowances to a rate-based program without double counting.
- There are three different forms of interaction with stakeholders: large stakeholder meetings; technical work group; and, a consultation group
 - Will you have environmental health-related professions in technical group? Yes, we see that through environmental defense fund
- Aren't some of those who are on the legislative advisory group, also on the technical work group? ADEQ sees the separate groups as necessary. The consultation group is a required higher level group
- Is the TWG looking at how to link Arizona's program with others? What is its purpose? How many members are in the TWG? The technical work group's role is to look for a deeper understanding of rule to get all of the perspectives. They look for ways to leverage options and justify Arizona's plan.
- Is there a calendar in mind for TWG? A: There is not a cadence around how often the group meets, but they will need to meet more frequently closer to the plan deadline. They are meeting October 8th, and approximately every two to three weeks at this point. TWG updates will be provided at these stakeholder meetings
- When will we reach TWG milestones? Haven't developed a specific work plan yet.
- Will ADEQ be relying on the consultation group to help develop a work plan (e.g. modeling, collaboration, etc.)? We aren't that far into the process

OVERVIEW OF FINAL RULE

Steve Burr presented EPA's Proposed Federal Clean Power Plan which is available online at the [Clean Power Plan Phase 3](#) page in [PowerPoint](#) and as a [PDF](#). Stakeholders were encouraged to note questions and comments for the EPA regarding the proposed plan on note cards or via Poll Everywhere.

Highlights of Burr's presentation and stakeholder questions and comments included:

- Mass-Based components have CPP requirements and *proposed* federal plan implementation; Rate-based components have CPP requirements and *proposed* federal plan implementation; and, there is a federal plan *and* model rule
- Burr cautioned stakeholders that the federal plan is only proposed at this time
- Mass-based plan elements include:
 - Emissions Budget
 - Allocation of Allowances
 - Monitoring, Reporting, and Recordkeeping (MRR) Requirements
 - Tracking System
 - Process for Demonstrating Compliance
 - Requirements to Address Leakage
 - CEIP (optional)
 - EM&V for RE and EE (depending on plan type)
- The EPA proposed mass-based goal for Arizona is 33,061,997 (interim goal) and 30,170,150 (final goal)
- In a mass-based allocation, mass-based trades in allowances can occur (e.g. Coal Unit 2 can come into compliance by allocating from Coal units 1 and 3)
- Allowances vs. ERCs
 - Allowances are created by state or EPA; they are essentially emission limits that have been divided into tradable units
 - ERCs are the currency of rate-based programs and only exist if certain conditions are satisfied
- CPP must include “provisions”:
 - For allocation of allowances for each compliance period for each EGU (including set-asides)
 - For adjusting allocations
 - Allowing or restricting banking
 - Prohibiting “borrowing”
- Federal plan components:
 - Based on EGU’s share of 2010-2012 generation
 - Include three set-asides – two to address leakage plus the Clean Energy Incentive Program
 - Unlimited banking is allowed
 - If EGU does not operate for two consecutive calendar years (retired), would only receive allowances for “limited number of years”
 - States may replace EPA determined allocation system with state-developed provisions
- How do you allow for growth under a mass-based plan? EPA added allowances beyond baseline to budgets/goals
- Under a mass-based program, leakage is defined as: Emissions from new sources, beyond the emissions expected from new sources if existing EGUs were given standards of performance in the form of the subcategory-specific emission performance rates
- CPP options for addressing leakage include an allocation method that counteracts incentives to shift generation to new EGUs
- What happens if a state implements new source complement, it ramps down EGU within state and compensates for new EGU in neighboring rate-based state – is this a potential loop

hole? This could be a loophole. EPA addresses that issue by focusing on location. In this situation, the question would be determining what existing generation is displacing it.

- Federal Plan Allocation Adjustments include:
 - Output-based allocation adjustments
 - Allowance set-aside for post-2012 RE
 - Unused set-aside allowances allocated to eligible generation on pro-rata basis
- CPP allows ERCs as follows:
 - RE Projects – for every two MWh generated, project receives one ERC from state and one matching ERC from EPA
 - EE Projects – for every two MWh generated, project receives two ERCs from state and two matching ERCs from EPA
- Federal Plan doesn't allow ERCs for EE in rate-based rules
- Rate-based plan elements include:
 - Rate-based emission standards
 - Method for calculating adjusted rate
 - Identification of eligible resources
 - Verification of eligible resources
 - Issuances of emission rate credits
 - MRR (same as for mass-based)
 - Evaluation, measurement and verification
 - Tracking system (same as for mass based)
- Rate-based plans allow for a broad array of eligible resources
 - CPP categories include RE, qualified biomass, waste-to-energy, nuclear, CHP, demand-side EE, and others included in a state plan and approved by EPA
 - Federal plan is limited to on-shore utility scale wind, utility scale solar photovoltaics, concentrated solar power, geothermal power, nuclear energy, and utility scale hydropower
- Certification and issuance are part of a rate-based plan
 - An ERC desk must be within your state or contracted to process and certify ERCs
- A mass-based plan is not necessarily easier to implement than rate-based
- If localized emissions increase, how will Arizona be affected? Due to time constraints, we will touch on this topic at the November meeting

STAKEHOLDER DISCUSSION ON OUTREACH TO “VULNERABLE COMMUNITIES”

Due to time constraints, this topic was postponed and will be discussed in November.

NEXT STEPS

Massey thanked stakeholders for their help with this process. Upcoming meeting content will rely heavily on the federal plan. Understanding “vulnerable communities” will be important as well. Massey also encouraged stakeholders to send questions prior to or after meetings.

- *Action Item:* ADEQ to address question of how Arizona would be affected if localized emissions increase

NEXT MEETINGS AND EVALUATION

November's meeting will include additional discussion of issues related to the federal plan and comments will be collected. Vulnerable communities also will be discussed.

Upcoming meetings will be held from 9:30-11:30 a.m. at ADEQ in room 3175. *Please note: Most meetings will be held the first Tuesday of each month, with some exceptions (noted with an asterisk) due to holiday schedules and room availability.* In the event of insufficient content, meetings will be canceled via the stakeholder e-mail list.

2015/2016 CPP Meeting Dates

November 3, 2015

December 1, 2015

January 5, 2016

*February 9, 2016

March 1, 2016

April 5, 2016

*May 10, 2016

June 7, 2016

*July 12, 2016

August 2, 2016

Massey encouraged stakeholders to complete evaluations.

STAKEHOLDER ATTENDEES (IN PERSON AND BY PHONE) AND ORGANIZATION

Keith Alexander	Eastern Arizona College
Dru Bacon	Sierra Club
Sandy Bahr	Sierra Club
Casey Ball	EPIC
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Barbara Burkholder	Arizona Public Health Assoc.
Jan Bush	Planning and Policy for a Clean Economy
Ian Calkins	Copper State Consulting
Andrea Chalmers	DNV GL
Susanne Cotty	PAG
Jo Crumbaker	MCAQD
Patrick Cunningham	Law Office of Patrick J. Cunningham
John Dailey	NextEra Energy Resources
Michelle De Blasi	Gammage & Burnham
Cosimo Demasi	TEP
Michael Denby	APS
Lew Dodendorf	SRMATERIALS
Steven Eddy	TEP
Alan Eder	Arizona House of Representatives
Phillip Fargotstein	Fennemore Craig P.C.
Meredith Gerloch	(not provided)
Joe Gibbs	City of Phoenix
Bob Gray	ACC
Jeff Gray	R&R Arizona Government & Public Affairs
Lisa Henderson	Arizona Department of Administration
Kevin Hengehold	Arizona Community Action Association
Katherine Hoffmaster	NextEra Energy Resources
Kennedy Howard	(not provided)
Rebecca Hudson	Southwest Gas
Andy Jacobs	Policy Development Group
Spencer Kamps	HBACA
Gina Kash	Arizona House of Representatives
Suzanne Kennedy	Geosyntec
Matthew Laudone	ACC
Tina Lee	Star West Generation
Beth Lewallen	Italicized Consulting
Toby Little	ACC

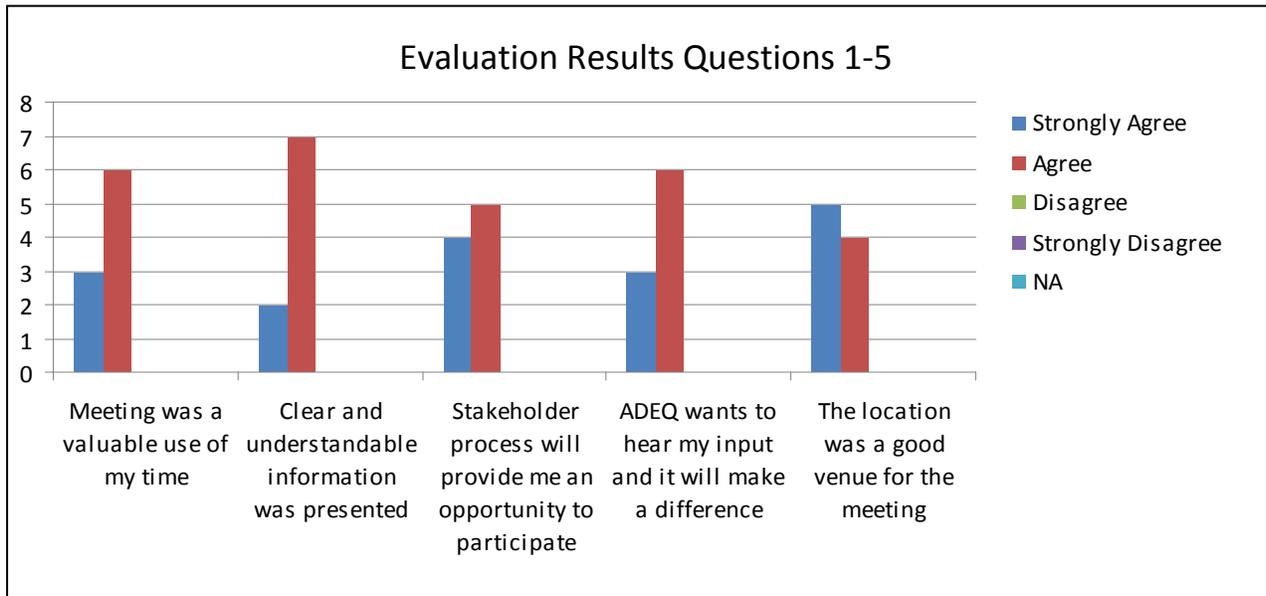
Robert Longan, Jr.	(representing self)
Lori Lustig	ACC
Megan Martin	SRP
Steve Michel	Western Resource Advocates
Dean Miller	Lux Consulting LLC
Gary Mirich	Energy Strategies LLC
Kara Montalvo	SRP
Rick Moore	Grand Canyon Trust
Brad Musick	Western Resource Advocates
Brian Nelson	Tri-State
Amanda Ormond	Advanced Energy Economy
Lawrence Ornellas	Yuma Cogeneration Associates
Deb Orr	APS
Amanda Reeve	Snell & Wilmer LLP
Sarah Reitmeyer	Pima County
Eric Robinson	SRP
Rod Ross	APS
Reuben Ruiz	Central AZ Project
Tom Savage	Arizona House of Representatives
Maureen Scott	Arizona Corporation Commission
John Shepard	Sonoran Institute
David Slade	Yuma Cogeneration Associates
Jaret Sullivan	Arlington Valley Energy Facility
Jay Tomkus	Arizona House of Representatives
John Underhill	Arizona Power Authority
Karin Wadsack	NAU
Jonathan Weisbuch	Arizona Public Health Assoc.
Duane Yantorno	ASARCO
Jeff Yockey	TEP

ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Nineteen stakeholders returned meeting evaluation surveys. Some stakeholders did not answer all questions.

Attendees were asked to rate their agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, Not Apply) with the following statements:

- Meeting was a valuable use of my time
- Clear and understandable information was presented
- Stakeholder process will provide me an opportunity to participate
- ADEQ wants to hear my input and it will make a difference
- The location was a good venue for the meeting



What was the best thing about the meeting?

- Brownies and cookies were awesome!
- Clear and comprehensive review of CPP. Steve did a great job digesting a great deal of information
- Good overview
- Steve Burr's presentation!
- The ability to learn from presentations
- The explanation and diagrams of the FPP

What should be changed for future meetings?

- High-dollar legal representatives should spring for coffee
- Slides should be higher or contain less text so everyone can see the bottom of the slides
- Test the website materials before the meeting