



# Meeting Summary

---

## ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

**DATE:** September 3, 2014  
**TIME:** 9 a.m. – 12 p.m.;  
1:30-3:30 p.m. Optional Session: Review of EPA Goal Calculations  
**LOCATION:** Wyndham Garden Phoenix Midtown, 3600 N. Second Avenue, Phoenix

### STAKEHOLDER ATTENDEES

(See attached)

#### ADEQ Staff

Eric Massey  
Steve Burr  
Tai Wallace  
Tim Franquist

### ADDITIONAL ATTENDEES

Theresa Gunn, Gunn Communications  
Kelly Cairo, Gunn Communications

### AGENDA

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

- Introductions
- Review Agenda
- 111(d) Program
- Current State of Energy in Arizona
- Stakeholder Questions Related to Understanding the Rule
- Action Items and Next Steps

### INTRODUCTIONS

Eric Massey thanked stakeholders for attending this kickoff meeting for the ADEQ EPA Clean Power Plan stakeholder meeting.

He noted that the agency submitted [comments](#) to EPA prior to these meetings due to the nature of the EPA plan and the importance of providing comments early in the process. Multiple comment letters will be submitted from the agency and will be available online. Not all comments received from stakeholders will be submitted. However, organizations are encouraged to submit comments directly to EPA prior to October 16, 2014.

Massey explained that the purpose of the meeting would be to discuss goal setting and consider how ADEQ and Arizona stakeholders can influence EPA in setting achievable state goals. The overall focus will be to submit meaningful comments as a group. Compliance strategies will be discussed at later meetings. Topics such as litigation and the science of

climate change will be heard, but discussion of these issues is not the purpose of these meetings.

## **REVIEW AGENDA**

Meeting facilitator Theresa Gunn reviewed the meeting purpose, agenda and [stakeholder process](#). She invited attendees to ask clarifying questions throughout the meeting.

### **Stakeholder Question:**

- Are the comments ADEQ already submitted on the website?

## **111(d) PROGRAM**

Steve Burr presented [EPA's Clean Power Plan: Overview](#). The presentation included information on proposal basics, purpose and legal basis. Best system of emission reduction (BSER) building blocks and proposed rule requirements were also discussed.

### **Stakeholder Questions and Comments:**

- Does ADEQ believe there are miscalculations or inconsistencies in EPA's calculations?
- Have you considered a regional approach to the building blocks?

Staff noted that Arizona may have the most challenging goal of any state, and is likely not an attractive partner for a multi-state approach. The department asked EPA if the program is flexible enough to work with state partners outside of a multi-state approach.

- What is the interim goal compared to the overall goal?
- How can the agency move forward with a plan given the Arizona Legislature's current restrictions on ADEQ?
- What is meant by legislative authorization? See this as a barrier.
- Is hydropower included in the baseline measurements? If so, is a credit given in goal-setting strategies?
- Does the reference to "utility distribution system" include the merchant system?
- What does EPA require to extend the process to 2017?
- Since REST isn't tied to greenhouse gas emissions, how do we incorporate these goals?
- How can we influence baseline and goal numbers? When does that period of influence end?
- Are we expected to bring potential problems, such as switching processes, to the next meeting?
- Industry issues need to be brought to you, but some people are missing from this meeting.
- You are downplaying litigation. Is there a plan to submit a placeholder comment to preserve future legal action and issues?

Burr presented [EPA's Clean Power Plan: Arizona's Rate-Based Goal](#). Topics included rate calculation basics, the baseline rate and goals, effects of Building Block 2 and the impact of the interim goal.

**Stakeholder Questions and Comments:**

- Are you including coal-fired generation on Navajo land?
- What about Sundt in Tucson?
- Does near-100% usage include all resources such as short term, out of state, etc.?

Staff explained that Arizona is required to meet both the final and the interim goal. Because the interim goal assumes implementation of building blocks 1 and 2 by 2020 and gradual implementation of building blocks 3 and 4 over 2020-2029, it deprives states of the flexibility promised by the preamble. ADEQ has submitted comments making this point.

- Does the annual generating capacity figure assume that all power generation is available?
- Would it be fair to assume EPA did not analyze transmission constraints?

Staff noted that EPA asserts the proposal should preserve the reliability and affordability of electricity.

During the optional afternoon session, Burr provided an in-depth presentation, [EPA's Clean Power Plan: Goal Calculation Methodology and Its Application to Arizona](#). Topics included calculation of the baseline, explanation of the building blocks, and calculation of the interim and final rate-based goals.

**CURRENT STATE OF ENERGY IN ARIZONA**

Tai Wallace presented [State of Arizona's Energy System](#), which examined the current state of Arizona's energy mix in the context of the Clean Power Plan. He provided a high level overview and comparison of Arizona's energy portfolio and how it compares to other states in the southwestern region. Additional topics included information regarding Arizona's coal, natural gas combined cycle, renewable energy, and energy efficiency assets.

He noted that Arizona has the most diverse energy generating portfolio among western states. Arizona is a net interstate energy exporter. He clarified the ownership of plants (slide 14) with Cholla ownership 63% APS and 37% PacifiCorp; Springerville ownership is 50% TEP. Coal generating units are shown sequentially (slide 16). Additionally, Arizona has many energy efficiency measures in place that are not currently able to be counted in this program.

**Stakeholder Questions and Comments:**

- ACC regulated utilities are forbidden from double counting regarding the REST standard.
- Measurement verification is an important consideration.
- How does uncertainty of the state's growth rate affect the plan?

## **STAKEHOLDER QUESTIONS RELATED TO UNDERSTANDING THE RULE**

Massey, Burr, and Wallace called for stakeholder input and answered questions when possible.

### **Stakeholder Questions and Comments:**

- Federal agencies are required to provide a financial analysis. Will anyone review the financials on this program?
- Will EPA consider what happens when there is a shift of energy generating resources in areas that are currently in compliance, and those not in compliance?
- How would combining Arizona with tribal communities benefit Arizona?
- Why is ADEQ the state agency lead? Is there a legal requirement to this end?
- Haven't we identified enough significant new issues today that ADEQ should ask EPA for a second chance to comment on the plan after the October 16 deadline?

### **Additional Written Stakeholder Questions and Comments:**

- Concerns with increasing natural gas use and increasing ozone levels?
- People whose water roles will be impacted by the economic and operational impacts of this rule:
  - Arizona Municipal Water Users Association
  - League of Cities and Towns
  - Central Arizona Water Conservation District
  - Agribusiness and Water Council Office
  - Arizona Farm Bureau

## **ACTION ITEMS AND NEXT STEPS**

Upcoming meetings on September 10 and 24 will be stakeholder driven regarding concerns about the Arizona goal. Attendees were encouraged to provide contact information for those not present who should attend future meetings.

Action items included:

- ADEQ to post presentation and initial comment letter on website.
- ADEQ to investigate extension options.

Massey thanked the group for their participation. He explained that while litigation is not the top option, it is not off the table. This option is costly, time consuming, and creates uncertainty. As a co-regulator with EPA, ADEQ wants to continue in a positive, collaborative relationship.

He noted that the comments Arizona should be making to EPA will focus on how the goal was determined for Arizona, and providing any critical information to EPA that may be missing from their calculations.

## **OPTIONAL SESSION: REVIEW OF EPA GOAL CALCULATIONS**

Burr presented [EPA's Clean Power Plan: Goal Calculation Methodology and Its Application](#)

[to Arizona](#). Topics included expanded calculation of the baseline, explanation of the building blocks, and calculation of the interim and final rate-based goals.

## STAKEHOLDER ATTENDEES

Keith Alexander	(not provided)
Jim Arwood	Energy Services Coalition
Sandy Bahr	Sierra Club
Jason Baran	SRP
Stan Barnes	Copper State Consulting
Elvy Barton	Arizona House of Representatives
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Joy Bell	City of Phoenix
Andy Berger	Tri state energy
Susan Bitter Smith	ACC
Edward Burgess	ASU
Barbara Burkholder	Arizona Public Health
Ian Calkins	Copper State Consulting
James Campbell	PacifiCorp
Mukonde Chama	Civil & Environmental Consultants
Gary Crane	Southwest Power
Jo Crumbaker	MCAQD
Gerald DaRosa	ASU
Michelle De Blasi	Gammage & Burnham
Tom Dorn	Dorn Policy Group
Phillip Fargotstein	Fennemore Craig, P.C.
Christopher Fecke-Stoudt	K. R. Saline & Associates, PLC
Michele Finical	ACC
Charlie Gohman	Arizona Home Performance with Energy Star
Bob Gray	ACC
Charles Hains	ACC
Bryan Hawthorne	Burns & McDonnell Engineering Company, Inc.
Helen Heiden	Arizona Chamber of Commerce and Industry
Kevin Hengehold	Arizona Community Action Association
Mark Holohan	Wilson Electric Services Corp.
Lon Huber	AZRUCO
Rebecca Hudson	Southwest Gas
Spencer Kamps	HBACA
Thomas Knudsen	Freeport-McMoRan Mining Company
Matt Laudone	ACC
Toby Little	ACC

Cheryl Lombard	TNC
Lori Lustig	ACC
Robert Lynch	Robert S. Lynch and Associates
Maren Mahoney	ASU Energy Policy Innovation Council
Megan Martin	House of Representatives
Verle Martz	SR Materials
Dean Miller	Lux Consulting, LLC
Gary Mirich	Energy Strategies, LLC
Gregg Monger	Haley & Aldrich
Maria Naff	SRP
Nancy Nesky	APS
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Steve Olea	ACC
Greg Patterson	AZCPA
Patrick Quinn	RUCO
Amanda Reeve	Snell & Wilmer L.L.P.
Amanda Rusing	Dorn Policy Group
Tom Savage	Arizona House of Representatives
Jeff Schlegel	Southwest Energy Efficiency Project
Mike Sheehan	TEP
Martin Shultz	APS
Carrie Smith	Foundation for Senior Living
Shannon Spencer	Transwestern Pipeline
Barbara Sprungl	SRP
Barbara Stockwell	(not provided)
Mark Suehl	CEC Inc.
Richard Summer	MCAQD
Bonnie Temme	SRP
Steve Trussell	Arizona Rock Products
Eric Van Epps	ACC
Janet Wagner	ACC
Sarah Walters	Pima County
Laurie Woodall	ACC
Gary Yaquinto	Arizona Investment Council
Jeff Yockey	TEP
Ellen Zuckerman	Southwest Energy Efficiency Project