Meeting Summary

ADEQ EPA CLEAN POWER PLAN
STAKEHOLDER MEETING SUMMARY

DATE: **October 29, 2014**
TIME: **9 a.m. – 12 p.m.;**
LOCATION: **Wyndham Garden Phoenix Midtown, 3600 N. Second Avenue, Phoenix**

STAKEHOLDER ATTENDEES
(See attached)

ADEQ Staff
Eric Massey
Tim Franquist
Steve Burr
Tai Wallace

ADDITIONAL ATTENDEES
Theresa Gunn, Gunn Communications
Kelly Cairo, Gunn Communications

AGENDA
The complete agenda is available online and includes:

- Welcome and Progress Report
- Review Agenda and Introductions
- Technical Advisory Group Report
- Poll Questions: Identifying Areas of Agreement
- Stakeholder Issues and Concerns
- Next Steps

WELCOME AND PROGRESS REPORT
Eric Massey thanked stakeholders for attending the meeting. He explained that the EPA recently proposed a tribal program under 111(d). The comment period closes on December 19, 2014. The department has begun review of the document, which appears to use the same basic structure as the state program. The ADEQ EPA Clean Power Plan web page also has a link to EPA's site under today's meeting information.

EPA also provided a Notice of Data Availability for a series of issues that have been a common concern including:

- Emission reduction compliance trajectory (interim goal) 2020-2029
- Building block methodology
    - Redispatch
    - Renewable energy versus energy efficiency and how to calculate credits
    - Interplay between BB3 and BB4

- The way specific CO2 goals are calculated
- Baseline calculation

Comments are due to EPA on December 1, 2014. The ADEQ EPA Clean Power Plan web page also has a link to EPA's site under today's meeting information.

Additionally, EPA will be proposing a rate-to-mass conversion. The information is expected by mid-November, if not sooner.

REVIEW AGENDA AND INTRODUCTIONS
Meeting facilitator Theresa Gunn reviewed the agenda. She explained the purpose of poll questions would be to essentially take the temperature of the room, not to seek consensus.

Gunn and Massey facilitated attendee introductions.

TECHNICAL ADVISORY GROUP REPORT
Massey explained that the Technical Advisory Group meets as a separate group and has primarily focused on issues including:

- BB2 potential issues
- Consequences of a scenario in which Arizona had to redispatch all coal by 2030
- Obtaining a baseline understanding of current BB3 and BB4 technologies

POLL QUESTIONS: IDENTIFYING AREAS OF AGREEMENT
Gunn facilitated a live online poll using Poll Everywhere. Participants were given an opportunity to respond to 15 poll questions. Responses were provided via smart phone app, web browser or texting. Some attendees did not respond to every question. After each question, participants were asked to discuss the results to provide perspective.

Gunn noted that the questions and options were designed to be used as conversation starters. Complete results including comments related to discussion questions are both attached and available as a document on the ADEQ EPA Clean Power Plan web page.

Highlights of additional comments on the polling process and other issues related to the proposed plan include:

- Would like to provide multiple answers to poll questions
- Would like to prioritize answers in "most important issue to consider"
- Which customers would be most affected by "impact to rate payers"?
- How do you determine how trade-offs affect each other?
- Vehicle emissions controls proposed in the past were also considered difficult
- I consider the "just comply" option as a positive, encouraging action
- The Earth may be beyond the tipping point regarding climate change
- I interpret "just comply" as a grudging negative
- Compliance assumes that those telling us what to do know what they are doing
- Doing nothing is not the right answer
- Any numbers proposed will get both agreement and disagreement

- There is no question of EPA's authority
- EPA has been exceedingly accommodating in its willingness to hear input
- Does a balanced portfolio refer to energy or costs?
- Think we need to have nuclear
- Is a balanced portfolio the end goal? What does it achieve?
- Should the question be: How do we compensate coal plants?
- Is there a way to generate energy with coal without pollutants being emitted?
- May get more positive votes by asking if we believe we could reach consensus on a plan versus agreement
- AG candidates say they will sue EPA – this would have massive effects
- A plan could provide a great opportunity to build on existing EE program**s**

STAKEHOLDER ISSUES AND CONCERNS

Massey said that many questions appearing on the issues matrix were answered and an update file was posted to the ADEQ EPA Clean Power Plan web page. He encouraged stakeholders to continue to check the site for additional updates.

Additional issues and concerns to be added to the issues matrix included:

- Arizona should look for opportunities to work with other states for parts of the plan if not the entire plan
- The purchase, and retirement, of carbon credits must be a permissible strategy to reach compliance

Staff noted that a mass-based approach allows for another option and is in the proposed rule. States are unsure about how to convert to mass-based, and EPA will provide guidance. ADEQ will also write a comment letter preserving its legal position.

ACTION ITEMS AND NEXT STEPS

Massey explained that stakeholder meetings would resume after January 1, 2015. He encouraged stakeholders to submit comment letters to EPA.

EPA's data availability announcement affects comments considered regarding the achievability of the interim goal and its timing. ADEQ will continue to provide comments in its own voice. The department will continue to post the comment letters it submits to EPA.

The current focus of stakeholder meetings has been to comment on goal setting and the proposed rule. Next steps will include drafting a specific plan, compliance strategies, and new technologies. Additionally, the department will provide follow up information regarding tribal plans via e-mail or at future stakeholder meetings.

Action items include:

- Project team to add link to EPA comment submittal page on stakeholder website
- Project team to add issues from this meeting to the issues matrix

Gunn reminded attendees to complete the meeting evaluation forms.

STAKEHOLDER ATTENDEES

Talonya Adams	Arizona Senate
Jim Arwood	Energy Services Coalition
Sandy Bahr	Sierra Club
Dominique Bain	NAU
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Todd Baughman	Policy Development Group
Andy Berger	Tri State Energy
Steven Bloch	Capitol Strategies
Al Brown	Arizona Public Health Association; ASU
Edward Burgess	ASU
Barbara Burkholder	Arizona Public Health
Ian Calkins	Copper State Consulting
Mukonde Chama	Civil & Environmental Consultants
Gary Crane	Southwest Power
Jo Crumbaker	MCAQD
Pedro Cruz	Chispa
Patrick Cunningham	Law Office of Patrick J. Cunningham
Michelle De Blasi	Gammage & Burnham
Todd Dillard	Robert S. Lynch & Associates
Nick Esch	ASU
Phillip Fargotstein	Fennemore Craig P.C.
Robert Geake	ACC
Joe Gibbs	City of Phoenix
Charlie Gohman	Arizona Home Performance with ENERGY STAR
Tony Grymewicz	ASU
Charles Hains	ACC
Bryan Hawthorne	Burns & McDonnell Engineering Company Inc.
Helen Heiden	Arizona Chamber of Commerce and Industry
Kevin Hengehold	Arizona Community Action Association
Morgan Holmes	Curtis Goodwin Sullivan
Spencer Kamps	HBACA
Suzanne Kennedy	Geosyntec
Thomas Knudsen	Freeport-McMoRan Mining Company
Matthew Laudone	ACC
Pedro Lopez	League of Conservation Voters
Anetha Lue	Yuma Cogeneration Associates
Lori Lustig	Arizona Corporation Commission

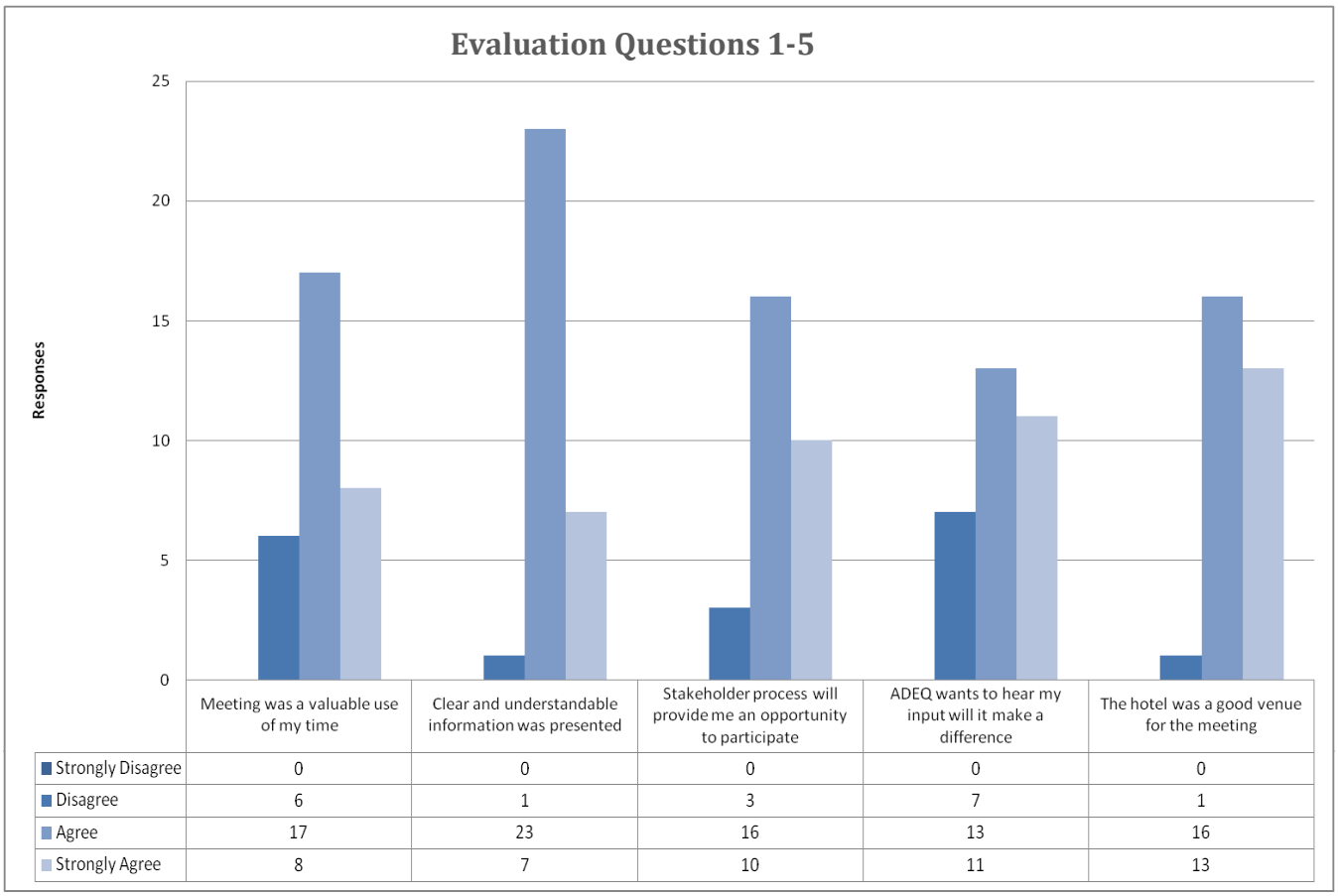
Verle Martz	SR Materials
Dean Miller	Lux Consulting LLC
Gary Mirich	Energy Strategies LLC
Cheryl Moorcones	Arizona Public Health Association; ASU
Maria Naff	SRP
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Steven Olea	Arizona Corporation Commission
Amanda Ormond	Interwest Energy Alliance
Lawrence Ornellas	Yuma Cogeneration Associates
Amanda Reeve	Snell & Wilmer L.L.P.
Tom Savage	Arizona House of Representatives
Maureen Scott	Arizona Corporation Commission
David Slade	Yuma Cogeneration Associates
Barbara Sprungl	Salt River Project
Barbara Stockwell	(representing self)
Richard Sumner	MCAQD
Karin Wadsack	NAU
Todd Weaver	Freeport-McMoRan Inc.
Laurie Woodall	ACC
Michael Wrapp	J.D./MBA University of Notre Dame
Gary Yaquinto	Arizona Investment Council
Ellen Zuckerman	Southwest Energy Efficiency Project

ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Thirty stakeholders returned meeting evaluation surveys. Some stakeholders provided multiple answers. Some did not answer all questions.

Attendees were asked to rate their agreement (Strongly Disagree, Disagree, Agree, Strongly Agree, 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 will it make a difference
- The hotel was a good venue for the meeting



	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 will it make a difference	The hotel was a good venue for the meeting
Strongly Disagree	0	0	0	0	0
Disagree	6	1	3	7	1
Agree	17	23	16	13	16
Strongly Agree	8	7	10	11	13

What was the best thing about the meeting?

- Adequate opportunity to speak. Too bad more didn't take advantage.
- Electronic voting generating discussion.
- I think it was valuable to hear a variety of different perspectives on air issues posed by the EPA proposal.
- New use of polling technique.
- Polling.
- Polls were educational.

- Talking with other participants.
- The online poll system.

What should be changed before the next meeting?

- A meeting room like ACC that provides opportunity for participation from around the state and reduce hardship of travel.
- I think that there should be a greater emphasis on how to create a workable compliance plan (and I understand that this is in fact ADEQ's intended focus for the upcoming meetings).
- Nothing.
- Nothing, keep electronic voting.
- Shorter.
- Some survey items ambiguous.

ADEQ – EPA Clean Power Plan

October 29, 2014 Stakeholder Meeting #4
Responses to Poll Questions

Participants were given an opportunity to respond to 15 poll questions using Poll Everywhere. Responses were provided via smart phone app, web browser or texting. Some attendees did not respond to every question. After each question, participants were asked to discuss the results to provide perspective.

Today I am representing

Answer	Responses	Percent
Myself	3	9.1%
Environmental organization	2	6.1%
Health organization	2	6.1%
Utility	3	9.1%
Law firm	2	6.1%
Government agency	6	18.2%
Rate payers	0	0.0%
Other business	8	24.2%
Other nonprofit	4	12.1%
Other	3	9.1%
Total	**33**	

ADEQ attendees did not participate in the polling process. “Other” included students attending from ASU and NAU.

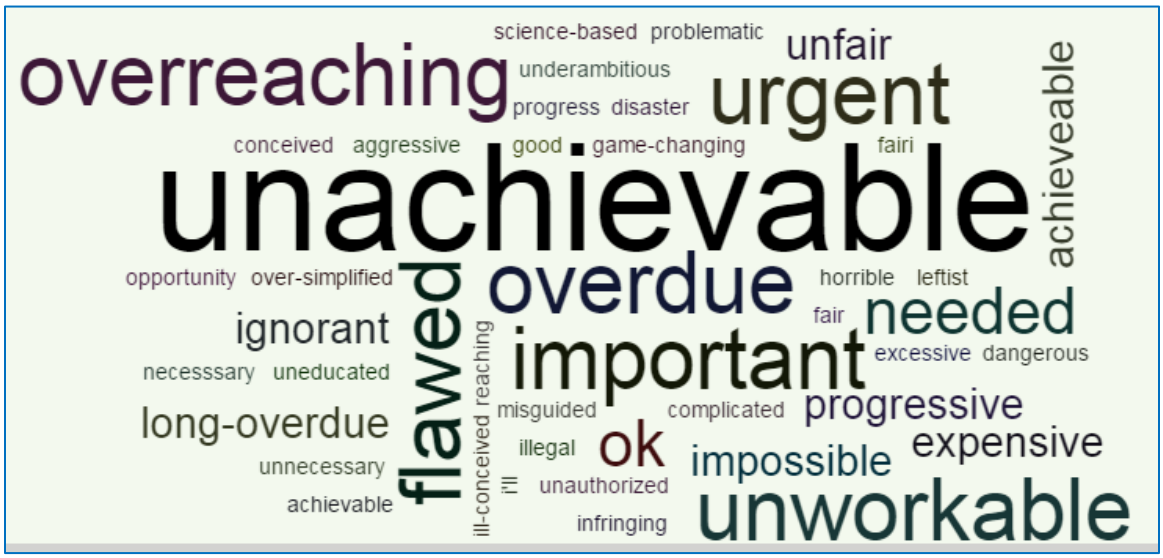
What's your overall impression of the proposed rule?

Answer	Responses	Percent
Good - no change	3	6.4%
Needs a few tweaks	13	27.7%
Draft needs lot of work	22	46.8%
Don't need the rule	7	14.9%
Don't' know	2	4.3%
Total	**47**	

What ONE word best describes the proposed rule?

Summary	Count
Total responses	99
Unique participants	43

Participants could submit more than one response. Larger words represent multiple submissions of the same word. Participants viewed live results as submissions were received. The screen shot (below) shows all participants' answers.



Which best describes AZ's goal of 702 lbs?

Answer	Responses	Percent
Right on target	5	10.6%
Realistic but a stretch	10	21.3%
Too stringent	28	59.6%
Not stringent enough	2	4.3%
Don't know	2	4.3%
Total	**47**	

Highlights of comments regarding why the goal might be too stringent included:

- Forced change
- Unable to recoup costs
- Rate below any dispatchable form of energy

Which best describes the interim goal?

Answer	Responses	Percent
Right on target	5	10.9%
Realistic - but a stretch	9	19.6%
Too stringent	30	65.2%
Not stringent enough	0	0.0%
Don't know	2	4.3%
Total	**46**	

Do we need an interim goal?

Answer	Responses	Percent
Yes	25	54.3%
No	21	45.7%
Not sure	0	0.0%
Total	**46**	

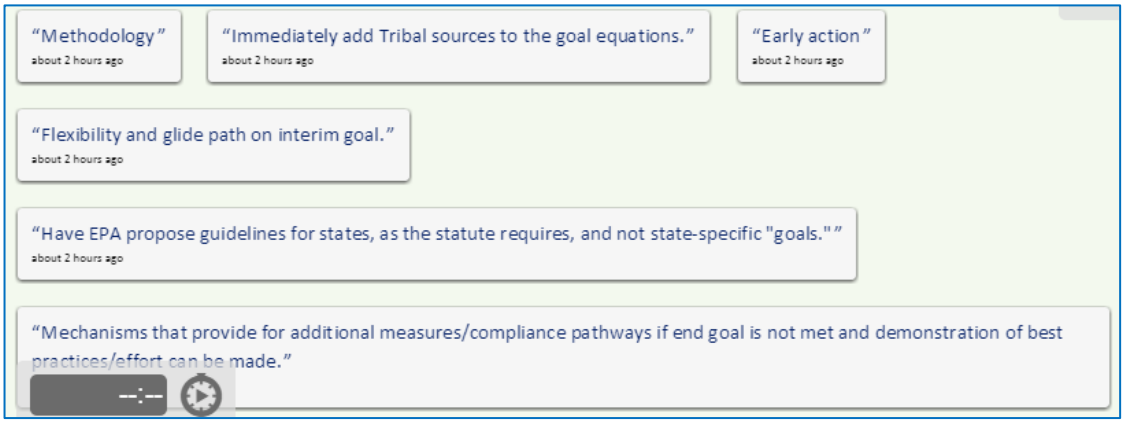
Highlights of comments regarding the interim goal included:

- Currently it's a cliff, not a glide-path
- Without an interim goal there would be added flexibility
- Interim goal should be a guideline, not a legal requirement
- Other pollutant reductions do not call for an interim goal
- Needed, otherwise Arizona will be lazy regarding implementation
- Interim goal must have legal ramifications or it becomes meaningless
- Interim goal helps Arizona focus on future technology
- States should set interim goal
- If it is considered a benchmark, states could be rewarded for meeting their interim goal
- An interim goal without legal ramifications would be no different than no interim goal
- Need strong achievement in CO2 reductions early to force action to start taking place
- An interim goal helps states get to their final goals

What one thing would you change about the rule?

Summary	Count
Total responses	56
Unique participants	42

Participants could submit more than one response. Larger words represent multiple submissions of the same word. Participants viewed live results as submissions were received. The screen shots (below) show all participants' answers.



What is the most important thing to remember when drafting AZ's plan?

Answer	Responses	Percent
Health benefits/costs	4	8.3%
Mitigation of climate change	10	20.8%
Stranded costs for utilities	2	4.2%
Impact to individual rate payers	15	31.3%
Just do what it takes to comply	0	0.0%
Focus on long term benefits not short term impacts	13	27.1%
Other	4	8.3%
Don't know	0	0.0%
Total	**48**	

Highlights of comments regarding this question included:

- An increased cost to rate payers can also result in the opportunity for businesses to serve them
- Impact to society versus impact to rate payer
- Connections between health and cost to rate payer
- Loss of portfolio diversification would have massive effects – need well-rounded approach
- Arizona should have a plan that is best for Arizona
- Arizona should have a plan that integrates with others for overall benefit
- Should pursue creative solutions that build on Arizona's strengths
- Could create economic opportunities
- Should look for win-win solutions like adaptation and mitigation

How important is a balanced power portfolio?

Answer	Responses	Percent
Very important	30	63.8%
Important	8	17.0%
Neutral	5	10.6%
Unimportant	0	0.0%
Very unimportant	2	4.3%
Don't know	2	4.3%
Total	**47**	

Highlights of comments included:

- Affordability and reliability are benefits of a balanced portfolio
- Sustainability should be considered
- Energy assurance and resiliency are benefits of a balanced portfolio

How much coal should AZ be able to preserve in 2030?

Answer	Responses	Percent
All (4281 MW)	11	23.9%
2500 MW	4	8.7%
1500 MW	4	8.7%
None	14	30.4%
Other	5	10.9%
Don't know	8	17.4%
Total	**46**	

Highlights of comments regarding coal use included:

- Should rely on all options, especially energy efficiency to reach goal
- In the future, values for megawatt generation versus emissions reduction are unknown
- A young coal fleet operates cleaner, and there are also costs to recoup

How concerned are you that AZ will become overly dependent on natural gas?

Answer	Responses	Percent
Very Concerned	20	44.4%
Concerned	12	26.7%
Neutral	5	11.1%
Not Concerned	7	15.6%
Very Not Concerned	1	2.2%
Total	**45**	

Highlights of comments included:

- Price volatility to rate payers
- Would require substantial infrastructure and therefore more potential stranded assets
- NG relies on pipeline – does not offer storage, and therefore the energy assurance, of coal

Should AZ consider a multi-state approach?

Answer	Responses	Percent
Yes	22	51.2%
No	10	23.3%
Not sure	11	25.6%
Total	**43**	

Highlights of comments included:

- States might want to coordinate parts of plan with other states, especially renewable energy
- Yes, as both pollution and power cross state lines
- Have used a multi-state approach in the past
- States or areas that might work well with Arizona include: California, New Mexico, Nevada, wherever we sell power, Mexico, close neighbors, wherever renewable sources are located

Should AZ consider a cooperative plan with Tribes?

Answer	Responses	Percent
Yes	36	85.7%
No	1	2.4%
Not sure	5	11.9%
Total	**42**	

Highlights of comments included:

- If the EPA administers tribes' plans, coordination could be complicated
- The Navajo Nation is interested in partnering with Arizona

Will AZ stakeholders be able to agree on a plan?

Answer	Responses	Percent
Very likely	5	11.4%
Likely	8	18.2%
Neutral	2	4.5%
Unlikely	13	29.5%
Very unlikely	16	36.4%
Total	**44**	

Highlights of comments included:

- Yes, an Arizona-written plan would be preferable to an EPA-written plan
- Will require understanding among stakeholders of what's reasonable
- Will need clear timelines and must stick to them
- Should ensure that stakeholders across the state are involved

Are you willing to collaborate to ensure a plan is completed?

Answer	Responses	Percent
Very willing	21	51.2%
Willing	14	34.1%
Neutral	4	9.8%
Unwilling	2	4.9%
Very unwilling	0	0.0%
Total	**41**	

Discussion highlights included:

- Willing to negotiate to come up with an agreeable plan
- Willing to compromise on plan, but not the goal