



Meeting Summary

ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

DATE: June 14, 2016
TIME: 9:30-11:30 a.m.
LOCATION: ADEQ, Room 3175, 1110 West Washington Street, Phoenix

STAKEHOLDER ATTENDEES

(See attached)

ADEQ Staff

Steve Burr
Kamran Khan
Marina Mejia

ADDITIONAL ATTENDEES

Theresa Gunn, GCI
Kelly Cairo, GCI
Alex Albert, GCI

AGENDA

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

- Review Agenda and Introductions
- Update
- [Comparison of Performance Rates and State Goal](#)
- Next Steps/Upcoming Meetings
- Evaluation

REVIEW AGENDA AND INTRODUCTIONS

Meeting facilitator Theresa Gunn welcomed attendees and facilitated introductions. Approximately 44 stakeholders attended in person with an additional 38 via conference call.

UPDATE

ADEQ Leadership

Steve Burr explained that former AQD Director Eric Massey accepted a position at APS. Tim Franquist, previously the deputy director, is now the director. With Massey's departure, work on the Clean Power Plan and vulnerable communities has slowed.

Federal Rulemakings

Contrary to expectations, progress has continued on federal rulemakings associated with the Clean Power Plan. During the pendency of the stay, EPA sent the CEIP proposal to OMB in May. Additionally, the EPA intends to finalize the model rule while the stay is pending.

Litigation

Numerous parties have filed petitions for appeal with the DC Circuit Court to challenge the CPP. The full court has independently voted to hear the case *en banc* (as a full court).

Typically, a case is heard by a three-judge panel and may or may not be heard by the full court. Oral arguments have moved from June to September. However, by going directly to an *en banc* process, it is likely that several months have been cut from the anticipated schedule.

Technical Work Group

The TWG met May 12. ASU presented an alternative analysis of a business-as-usual model under rate- and mass-based scenarios. There is a memorandum of agreement between ADEQ and ASU to conduct CPP-related analysis, but the department cannot make significant expenditures during the stay. ASU's work is independent at this point.

ASU used some different assumptions than those in the PACE Global study. The study found all rate or mass options could meet goals in all scenarios, with the Arizona mass option compliance to be met through banked allowances.

The study will be further reviewed at the upcoming TWG meeting July 28th. Due to a miscommunication, utilities did not attend the May meeting.

Burr noted the [presentation](#) and [TWG notes](#) are available on website. He cautioned stakeholders to use care in considering the study due to differing assumptions.

Vulnerable Communities

Work with the vulnerable communities outreach group will continue this summer/fall. Burr requested volunteers, especially those with existing connections to groups.

Highlights of questions and comments regarding these updates:

- Comment: The ASU study contemplated a significant amount of new generation (4500 mw) as replacement of renewables. I am a rate-maker and elected official, and want to get to the bottom of whether a possible \$4-6B expenditure will be needed. We need to know before the CPP goes forward.
 - CPP may have some influence on the type of generation, but this will be determined by regulators and utilities. Any decision to build will not be one that ADEQ makes. Any new generation would be necessary to meet demand, whether or not there is a CPP in order to meet increased load.
- Comment: The study did not include new nuclear. Why that wasn't included?
 - New nuclear was not included in information provided to ASU. Neither study (PACE Global or ASU) was projecting additional generation as part of the study.
- Comment: This kind of change in the CPP mandates a different mix of energy generation to utilities. It would cost **\$500M per year** to make this happen. Before there is a decision, ADEQ must ask the Legislature if they have the authority to do so.
 - Extensive consultation has occurred both before and during the stay with the Legislature and the governor's office. As far as rate-making authority, the ACC

continues to work with ADEQ, has been involved with this stakeholder group, and participates in the Consultation Work Group.

- What are the plans for vulnerable communities outreach?
 - ADEQ has started work on an outreach plan and put together a committee of community representatives. We are looking for help from additional organizations to reach communities they are already in contact with.
- Comment: It seems like outreach to vulnerable communities would be a benefit regardless of CPP.
 - This approach is exactly what we have in mind. Approaches we develop through CPP will be useful in other contexts as well.

COMPARISON OF PERFORMANCE RATES AND STATE GOAL

Burr reviewed a spreadsheet he developed which compares performance rates and state goals. This [comparison tool](http://www.azdeq.gov/node/1206) is available on the project website at: <http://www.azdeq.gov/node/1206>.

Highlights of the presentation and comments and questions include:

- The spreadsheet includes data for all states.
- One of the decisions states will need to make will be adopting a rate- or mass-based program. There are options within each of these types of programs.
- The spreadsheet assumes a baseline level of generation as established by EPA. Using equations based on the model rule and proposed federal rule to some extent, it calculates ERCs.
- Under the baseline assumption, total ERCs needed to comply would be easier to achieve under performance rates (vs. state goal). However, EPA believes the state goal would be less stringent.
- The spreadsheet allows users to change the assumptions to see how this would affect the state goal and performance rate goal. There is also a feature to show at what point the total ERCs needed would be equal.
- Comment: This is a very useful, interesting tool. I experimented with it and found the changes are very linear. I encourage everyone to experiment with the tool. To date, we see models solving for a compliance path. So far utilities' focus is on IRP.
- Comment: Freeport-McMoran participates in the TWG. That group has focused on rate-based plans not because mass-based is off the table. Rather, this is because there is more investigation needed in understanding the aspects of a rate-based plan.
- Both the PACE Global and ASU studies show that it would be easier to comply under a rate-based standard. The PACE Global study shows that under a business-as-usual approach, Arizona would meet the goal. Obviously this makes a rate approach attractive.
- How do you interpret the differences in the number of ERCs needed? Does this mean we could be over-building in certain circumstances?
 - No. If all you do is reduce the number of ERCs you need to purchase, that is not over-building or over-complying.

NEXT STEPS/UPCOMING MEETINGS

The next meeting is scheduled for **September 6, 9:30-11:30 a.m.** at ADEQ. In the event of significant changes or announcements, ADEQ will contact stakeholders.

ADEQ will continue moving forward with vulnerable communities outreach.

An additional meeting scheduled for December 6.

Action items:

- *Burr to add Robert Castanon and Johnny Key to vulnerable communities outreach group.*
- *ADEQ to inform stakeholders of any updates to CPP between meetings, as needed.*
- *Burr to conduct Vulnerable Communities Outreach Advisory Committee meeting in summer/fall.*

EVALUATION

Gunn encouraged stakeholders to complete meeting evaluations. The meeting evaluation was also available online through June 20. Results are attached.

STAKEHOLDER ATTENDEES (IN PERSON AND BY PHONE) AND ORGANIZATION

Joaquin Arredondo	EPIC
Sandy Bahr	Sierra Club
Dominique Bain	NAU
Andy Berger	Tri-State Generation and Transmission Association
Al Brown	Arizona Public Health Association; ASU
Richard Castanon	CHISPA AZ
Susanne Cotty	Pima Association of Governments
Gary Crane	Southwest Power Group
Michelle De Blasi	Fennemore Craig P.C.
Lew Dodendorf	SRMATERIALS
Alexandra Evans	Sierra Club
Doug Fant	Southwest Power Group
Phillip Fargotstein	Fennemore Craig P.C.
Elaine Genocio	Western Clean Energy Company
Bob Gray	ACC
Emily Holden	E & E Publishing
Lance Hsu	ASU
Rebecca Hudson-Nunez	Southwest Gas
Chico Hunter	SRP
Andy Jacobs	Policy Development Group
Tom Jenney	AFP
Greg Jones	(unknown)
Johnny Key	Freeport-McMoRan Inc.
Hether Krause	MCAQD
Justin Larson	ACC
Matthew Larson	Wilkinson Barker Knauer LLP
Anita Lee	EPA Region 9
Tina Lee	Star West Generation
Lynne L'Esperance	Arcadis
Beth Lewallen	Italicized Consulting
Mark Lewis	Central Arizona Project
Linda Lind	U.S. Forest Service
Toby Little	ACC
Ann Livingston	Southwest Energy Efficiency Project
Anita Lou	Cal Energy
Ron Lunt	CAWCD
Lori Lustig	ACC
Megan Martin	SRP
Bill McClellan	SRP
Dan Millis	Sierra Club Grand Canyon Chapter
Gary Mirich	Energy Strategies LLC

Brad Musick	Western Resource Advocates
Michael Nazario	CHISPA AZ
Ursula Kramer Nelson	PDEQ
Talia Offord	MCAQD
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Lawrence Ornellas	Yuma Cogeneration Associates
Vincent Pawlowski	Association for the Tree of Life
Amanda Reeve	Snell & Wilmer LLP
Dawn Reeves	Inside EPA
John Reissen	Tri-State Generation and Transmission Association
Josh Robertson	SRP
Reuben Ruiz	Central AZ Project
Janice Seall	(unknown)
Mark Severson	Bison Engineering, Inc.
Ian Shavitz	Akin Gump Strauss Hauer & Feld
Mike Shelton	(representing self)
Nicole Snook	Changemaker High School
David Stanley	Resolution Copper Mining LLC
Daniel Stornot	(unknown)
Jaret Sullivan	Arlington Valley Energy Facility
Atreya Tadepalli	PDG
Garrick Taylor	Arizona Chamber of Commerce and Industry
John Underhill	Arizona Power Authority
Matthew Van Benschoten	SRP
Don Wallace	Grand Canyon State Electric Power Cooperative Association
Emily Weissinger	Ramboll Environ
Leslie White	Americans for Prosperity - AZ
Shaina White	Inter Tribal Council of Arizona
Boaz Witbeck	Americans for Prosperity - AZ
Duane Yantorno	ASARCO
Jeff Yockey	TEP

Total

72¹

¹ Based on information provided by the conference call service, guests from 38 different telephone numbers dialed in to the meeting. Additionally, 44 participants attended in person and signed in. Not all participants identified themselves.

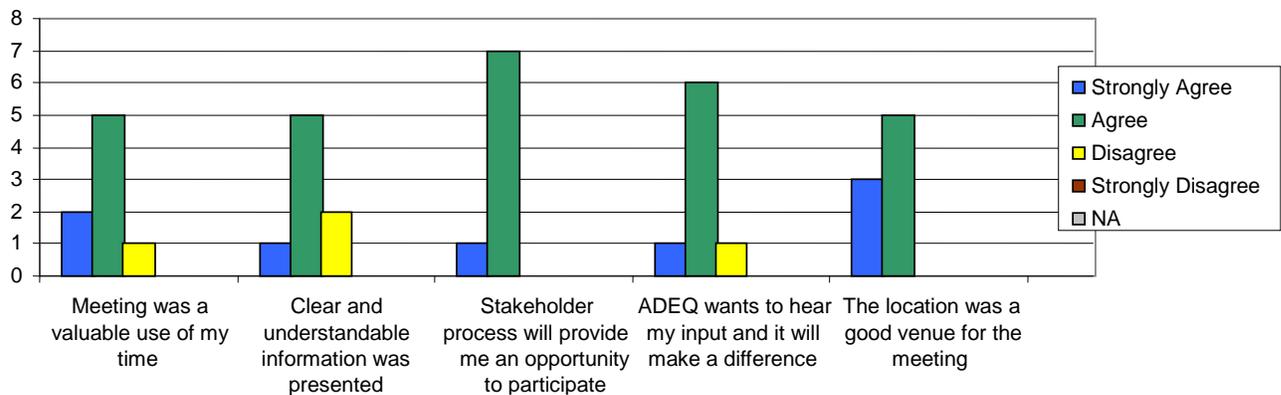
ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Eight 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

Evaluation Results Questions 1-5



What was the best thing about today?

- 1. To see the widespread level of interest. 2. To see ADEQ's commitment to achieve the CPP efficiently.
- Ability to call in; variety of stakeholders
- Learning that the AZ corporation commission would like our work to be completed sooner than later.
- Review of model spreadsheet

What should be changed for future meetings?

- Explain ERCs.
- User-friendly language for newcomers and/or for us to share with community when we do outreach. This stuff is data heavy. The general population will not understand it and cannot make informed decisions. Just look who was on the room! Community members are going to see changes in policies that are going to have financial consequences and they will not be able to disseminate why regardless of the environmental goals. The economic impacts of the plan needs to be more transparent for the tax payers.