



Meeting Summary

ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

DATE: June 2, 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
Tai Wallace

ADDITIONAL ATTENDEES

Theresa Gunn, GCI
Kelly Cairo, GCI
Ashley Dunn, GCI

AGENDA

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

- Welcome
- Review Agenda and Introductions
- Progress Report
- Arizona Utilities Forecast
 - [APS 2014 IRP](#)
 - [AEPCO Resource Plans and the Impending CPP](#)
 - [SRP Resource Planning](#)
 - [UNS 2014 IRP \(TEP and UNSE\)](#)
- Effective Compliance Strategies
 - [ADEQ Clean Power Plan Stakeholder Generated Ideas](#)
- Next Steps
- Next Meeting

WELCOME

Air Quality Division Director Eric Massey welcomed stakeholders to the meeting and thanked them for their continued attendance. Phase 2 of the EPA Clean Power Plan process has included stakeholder brainstorming sessions on potential compliance strategies, and educational information on regulatory frameworks.

REVIEW AGENDA AND INTRODUCTIONS

Meeting facilitator Theresa Gunn reviewed the agenda. She facilitated introductions, with approximately 55 stakeholders attending in person and 10 via conference call.

PROGRESS REPORT

Based on EPA filing dates with the Office of Management and Budget at the White House, Massey anticipated a final CPP rule to be available no sooner than the end of August. EPA is expected to provide states one year to submit plans. In addition, the 111(b) rule will likely be finalized in July or August.

He noted that ADEQ Technical Advisory Group will be in place by the next CPP stakeholder meeting.

ARIZONA UTILITIES FORECAST

Four Arizona utilities provided presentations of their integrated resource plans or resource planning process.

Paul Smith, APS, Resource Planning

The complete presentation of [2014 Integrated Resource Plan](#) is available online. Presentation highlights included:

- Supplement to the IRP included retiring smaller coal units or converting them to NG
- Economies of scale allow for making upgrades to larger coal units
- New customer resources include EE, distributed energy, and demand response
- An additional 17,000 gigawatt hours is expected to be needed from 2014 to 2029
- More than half of that growth is planned to be supplied by zero-emission resources
- Problems with the draft CPP include:
 - Only considers existing generation
 - Separates tribal and state sources
 - Doesn't include nuclear
- Don't believe Arizona should use a mass-based framework for the CPP
- A more advanced power grid will be needed in the future, and APS is investing in those grid upgrades

Highlights of discussion topics included infrastructure security.

Logan Gernet, Arizona's Generation & Transmission Cooperatives

The complete presentation of AEPCO [Resource Plans and the Impending Clean Power Plan](#) is available online. Presentation highlights included:

- AEPCO has two coal units and four natural gas peaking units
- The NG units are primarily for summertime peaks, and are not combined cycle
- In response to the EPA Regional Haze Settlement, the AEPCO SIP alternative will cost \$32 million in capital costs and result in higher and possibly more volatile prices to customers
- The AEPCO SIP alternative also reduces significantly more carbon emissions
- The CPP building blocks mean cost and reliability concerns
- AEPCO customers live in low population density areas and rural locations
- Draft CPP is unworkable for AEPCO
- 75 percent of assets would be stranded under current proposal
- AEPCO debt would triple

- AEPCO provides 3 percent of power to Arizona
- Relief to AEPCO would provide significant aid to its customers

Highlights of discussion topics included:

- Solar and wind workable scales
- Access to imbalance market

Josh Robertson, SRP

The complete presentation [Resource Planning](#) is available online. Presentation highlights included:

- SRP is regulated by a publicly elected board and does not submit an IRP to the Arizona Corporation Commission
- Stakeholder groups and advisory panels met over the summer
- Generation resources include a mix of resources for reliable and cost-effective power for customers
- Use a resource planning process to create a strategic resource direction
- Solar, geothermal, and NG are planned for the near term

Highlights of discussion topics included:

- Impact of electric vehicles
- Increased load
- Battery use
- Modeling scenarios

Victor Aguirre, UNS, Manager, Resource Planning

The complete presentation [UNS 2014 Integrated Resource Plan](#) is available online.

Presentation highlights included:

- Presentation includes information for two UNS companies, Tucson Electric Power and UNSE
- 2020 anticipated coal use continues to evolve with further reductions from 2012 projections to 2014 projections
- Due to the pending CPP final rule, UNS doesn't know what the next IRP will contain. However, the plan is due in April of 2016
- Complexity of planning due to EPA final rule in summer of 2015, filing IRP in April 2016, filing SIP in 2016/2017, and approval of SIP in 2017/2018

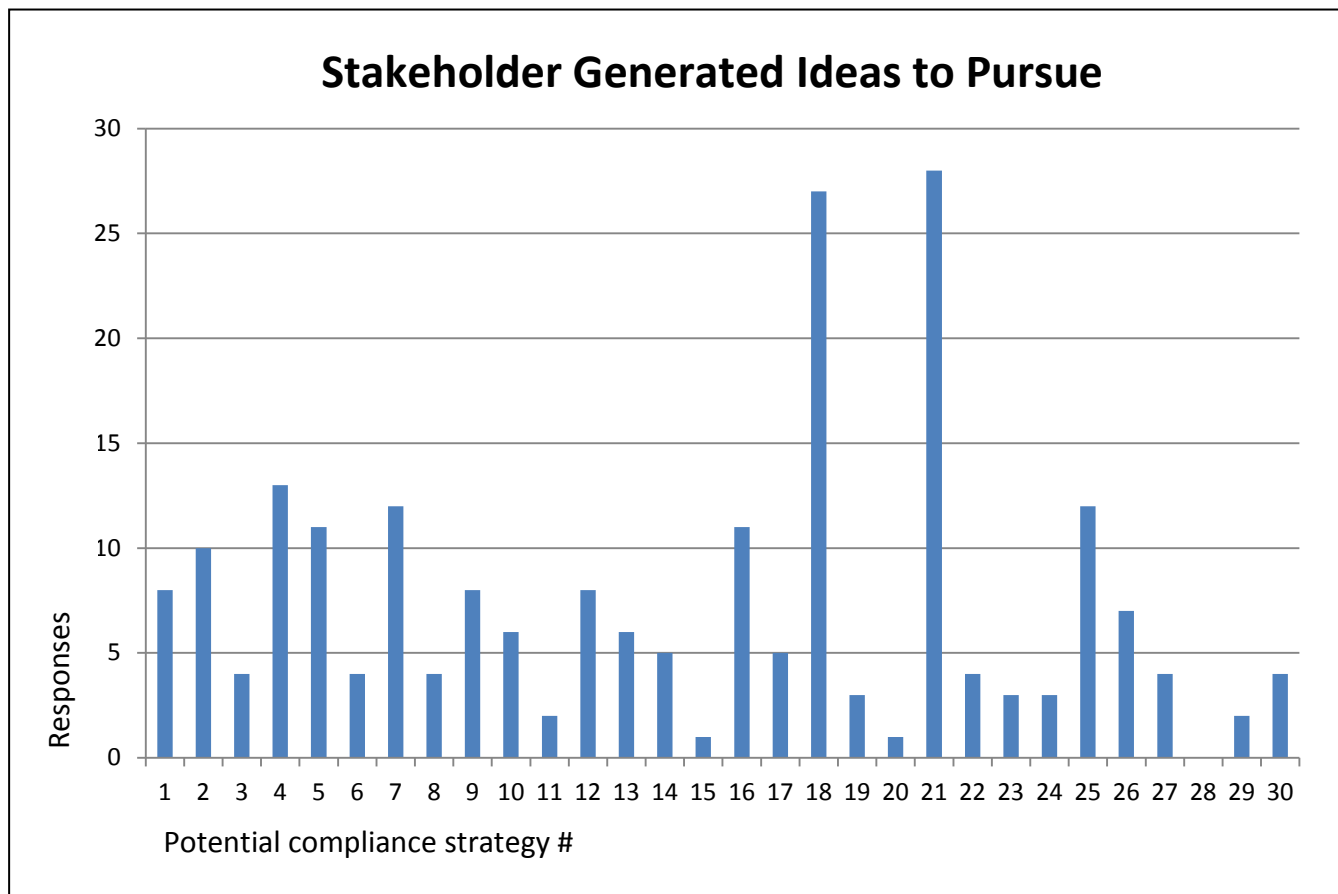
Highlights of discussion topics included:

- Possible IRP extension due to pending CPP final rule
- Adjusting down the load forecast due to renewables

EFFECTIVE COMPLIANCE STRATEGIES

Gunn provided an abbreviated list of 30 potential compliance strategies, [ADEQ Clean Power Plan Stakeholder Generated Ideas](#), which is available online. Attendees and callers were asked to submit the top five strategies that ADEQ should pursue by using Poll Everywhere software.

Fourty-four stakeholders participated, providing a total of 216 submissions as follows.



Top strategies included:

- 21. Respect remaining useful life of coal fire units by not requiring premature closure impacting owners' investments, employment and tax bases (28 responses)
- 18. Maintain a diversified portfolio without impacting reliability, limiting stranded investments, and minimizing rate impacts (27 responses)
- 4. Consider natural gas limitations: pipeline capacity; transmission, price volatility, water availability, anticipated ozone standard changes (13 responses)
- 7. Develop interstate mechanisms for accounting, verification, tracking and exchange of RE/EE emissions reduction credits (12 responses)
- 25. Equitable cost impact among ratepayers - no one utility customer base or customer class is required to shoulder a disproportionate cost burden (including out-of-state customers) (12 responses)
- 16. Determine AZ's "best" portfolio of energy resources based on existing power plants, RE potential, total system cost (annual and long term) and emissions (11 responses)
- 5. Look for ways to extend implementation schedule to control wider impacts on the bulk electric system and align with electric and gas infrastructure development schedules with affordability for ratepayers, owners, investors (11 responses)

2. Determine how to provide credit for EE/RE programs implemented by large industrial customers and a method to trade/ track/verify (10 responses)

Suggestions regarding the list included:

- Add: EE – implement utility programs with goals and benchmarks
- Several items listed could be part of either utility or non-utility BB4/EE portfolios, such as #17, #20, #28

NEXT STEPS

Massey thanked the utility representatives for sharing presentations with the stakeholder group. He acknowledged the ongoing assistance of stakeholders in helping the department where their time might be best spent on the CPP.

Those interested in the development of the 2016 APS IRP should contact [Paul Smith](#).

NEXT MEETING

Stakeholders agreed to cancel the July meeting. The next meeting will be held Tuesday, August 4, 9:30-11:30 a.m. at ADEQ in room 3175.

Massey asked for August agenda topics and other educational information stakeholders would like to hear. Suggestions included:

- Power mix in Arizona; Arizona emissions compared to the nation
- Presentations regarding EE, RE
- Other energy alternatives such as the Regulatory Assistance Project, and ASU and UA projects
- Presentation from Kinder-Morgan on NG infrastructure
- BB1 addressed on a larger scale, including ISO and EIM concerns, and addressing all of Arizona, not just APS customers
- Information about what other states are already doing, such as California greenhouse gas information

STAKEHOLDER ATTENDEES (IN PERSON AND BY PHONE) AND ORGANIZATION

Victor Aguirre	TEP
Catcher Bader	Arizona State Senate
Sandy Bahr	Sierra Club
Jason Baran	SRP
Will Barnow	GCSECA
Jason Barraza	Veridus LLC
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Andy Berger	Tri-State Generation and Transmission Association
Edward Burgess	ASU
Barbara Burkholder	Arizona Public Health Assoc.
Jeff Burks	Energy Strategies LLC
Jan Bush	(representing self)
Ian Calkins	Copper State Consulting
Sharon Langford Carpenter	Arizona State Senate
Rocio Castruita	CHISPA AZ
Peter Cavan	EnerNOC
Barbara Cenalмор	SRP
Mukonde Chama	Civil & Environmental Consultants
Susanne Cotty	Pima Association of Governments
Gary Crane	Southwest Power
Jo Crumbaker	MCAQD
Michelle De Blasi	Gammage & Burnham
Cosimo Demasi	TEP
Michael Denby	APS
Lew Dodendorf	SRMATERIALS
Phillip Fargotstein	Fennemore Craig P.C.
Robert Geake	ACC
Logan Gernet	AEPCO
Bob Gray	ACC
Rebecca Hudson	Southwest Gas
Spencer Kamps	HBACA
Suzanne Kennedy	Geosyntec
Johnny Key	Freeport-McMoRan Inc.
Matthew Laudone	ACC
Toby Little	ACC
Pedro Lopez	League of Conservation Voters

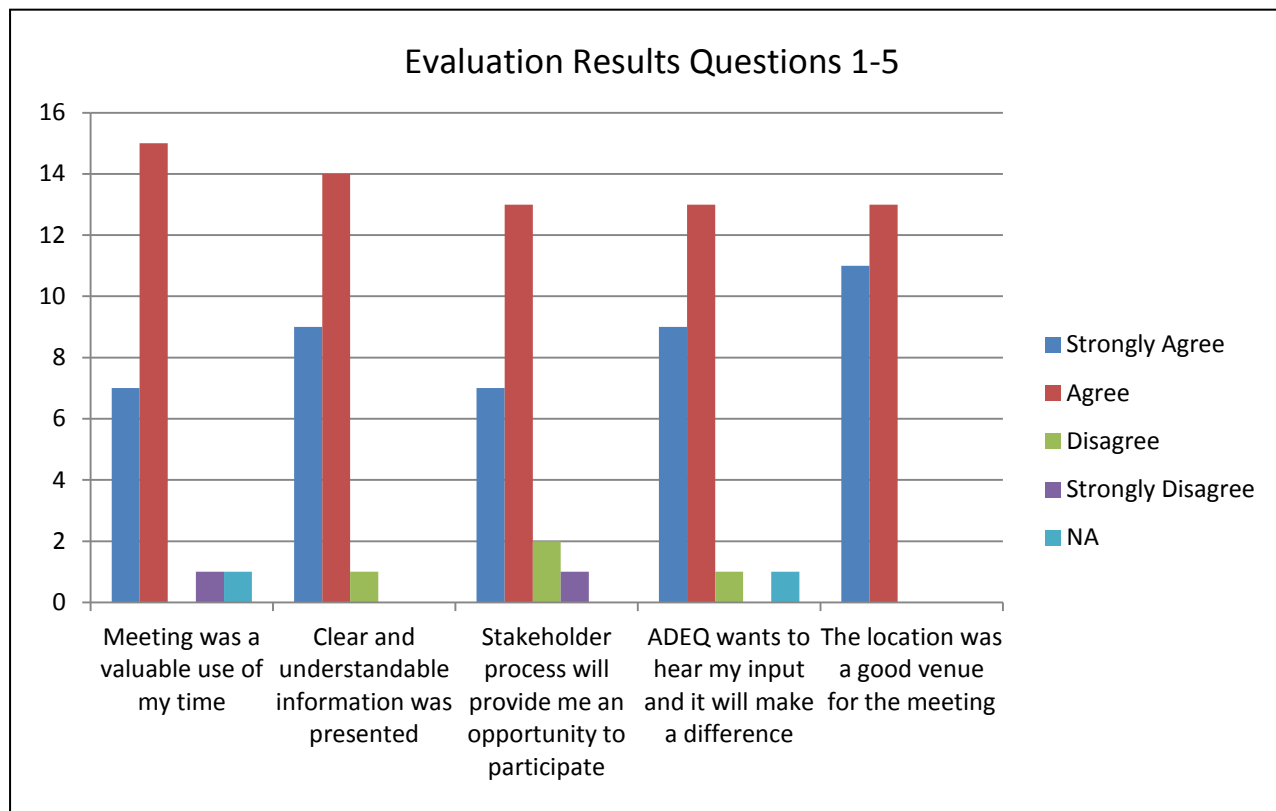
Ron Lunt	CAWCD
Lori Lustig	ACC
Stuart Luther	R&R Partners
David Manning	CNEE
Megan Martin	House of Representatives
Robert Medler	Tucson Metro Chamber
Dean Miller	Lux Consulting LLC
Gary Mirich	Energy Strategies LLC
Michael Nazario	CHISPA AZ
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Lawrence Ornellas	Yuma Cogeneration Associates
Peter Osmund	Arizona State Senate
Mark Ourada	ACCCE
Vince Pawlowski	Ultra SW
Sarah Reitmeyer	Pima County
Josh Robertson	SRP
Rod Ross	APS
Amanda Rusing	Dorn Policy Group
Jeff Schlegel	Southwest Energy Efficiency Project
Ron Schott	Arizona Technology Council
John Shepard	Sonoran Institute
Paul Smith	APS
Barbara Stockwell	(representing self)
Jaret Sullivan	Arlington Valley Energy Facility
Frank Swigonski	Advanced Energy Economy
Losila Vargas	CHISPA AZ
Karin Wadsack	NAU
Todd Weaver	Freeport-McMoRan Inc.
Jeff Yockey	TEP

ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Twenty-four stakeholders returned meeting evaluation surveys. Some stakeholders provided multiple answers. Some 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?

- 3-Hearing from the utilities
- APS presentation
- Learning about the impact the CPP will have on rural AZ
- Stuck to schedule, ran on time!

What should be changed before the next meeting?

- Coffee
- If presentations and list of 30 strategies would be posted to website a few days in advance of the meeting. That would be helpful and appreciated

- More views from other than utilities
- Other presentations around renewables and EE

Other

- Clear and understandable information was presented -- just not true
- It skewed the poll results -- doing this on a day with utilities overrepresented