



Meeting Summary

ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

DATE: January 5, 2016
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
Kelly Cairo, GCI
Ashley Dunn, GCI

AGENDA

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

- Review Agenda and Introductions
- Update
 - ADEQ Progress and Technical Advisory Group
- Proposed Federal Plan Comments
 - Comments from Sierra Club, Arizona Public Health Association, ACAA, GCT, WRA, and others
 - Additional stakeholder questions and comments
- Evaluation of Potential Compliance Options
 - Presentation available at <http://www.azdeq.gov/environ/air/phasethree.html>
 - Stakeholder questions and comments
- Next Steps
- Upcoming Meetings and Evaluation

REVIEW AGENDA AND INTRODUCTIONS

Meeting facilitator Theresa Gunn welcomed attendees and facilitated introductions. Approximately 65 stakeholders attended in person and 53 via conference call.

UPDATE

Air Quality Division Director Eric Massey reviewed the previous stakeholder meeting,

technical work group activities, and documents now available on the [CPP website](#). Highlights of Massey's presentation included:

- The last stakeholder meeting, held in November, focused on comments on the proposed federal plan, vulnerable communities, and ADEQ's draft [work plan](#). The December meeting was cancelled because there wasn't much new information to share.
- The next stakeholder meeting will be February 10. Please note, this is a Wednesday.
- The technical work group has been working on the areas where EPA has asked for help as well as comments on the proposed federal plan.
- EPA asked for early input on Clean Energy Incentive Program by December 15. Comments submitted by ADEQ as well as stakeholders are available on the website. There will be additional opportunity to comment on CEIP issues.
- Comments on the proposed federal plan are due January 21, 2016.
- ADEQ requested an extension given that some models are not fully developed. It is unlikely the extension will be granted. The department continues to move forward in preparing comments according to the proposed timeline.
- The TWG met three times. The group indicated that they were not ready to eliminate any of the regulatory framework options. ADEQ would benefit from ranking the options that could work for Arizona.
- A [quarterly update](#) prepared for the JLRC is available on the website and provides an overview of recent and upcoming activities.

PROPOSED FEDERAL PLAN COMMENTS

Comments from Sierra Club, Arizona Public Health Association, ACAA, GCT, WRA, and others were presented. Presenters included: Sandy Bahr, Sierra Club; Rick Moore, Grand Canyon Trust; and, Cynthia Zwick, Arizona Community Action Association. The complete [letter](#) is available on the CPP website.

Highlights from the presentation included:

- Many groups contributed to the comments posted including: Arizona Asthma Coalition, Arizona Community Action Association, Arizona Interfaith Power and Light, Arizona Public Health Association, Chispa Arizona, Grand Canyon Trust, People Power Now, Physicians for Social Responsibility Arizona, Sierra Club – Grand Canyon Chapter, Sonoran Institute, SunHarvest Solar, Western Resource Advocates, and others.
- The CPP benefits Arizona and the US.
- Arizona's plan should reduce carbon emissions expeditiously and maximize clean energy alternatives, including renewables and energy efficiency.
- Effective planning depends on early and robust environmental justice outreach and analysis.
- The marketplace should enable trading while protecting against potential co-pollutant hot spots.
- Adopting the New Source Complement as part of a mass-based plan provides more certain environmental benefits.
- Early submittal and long-term planning provide numerous benefits.

- ADEQ should recommend that EPA clearly state that energy efficiency programs can be used for compliance and incentivize these programs.
- ADEQ should participate in the CEIP. The program should benefit projects unlikely to occur without the incentive.
- Prefer RE allowances be awarded to third parties for a more open process.
- Arizona should urge EPA to increase the renewable energy set-aside to at least 10 percent.
- Arizona has the 3rd highest rate of poverty in US.
- Meaningful participation in vulnerable communities will be important.
- Arizona Community Action Association wants to help with outreach.
- Vulnerable communities should have enhanced opportunities to comment.
- Arizona also should consider future disproportionate impacts.
- ADEQ should evaluate whether there is an increased risk of pollution or hot spots under models that allow trading
- It will be important to prevent leakage from new sources.

Stakeholders were encouraged to continue to submit comments to ADEQ, review the [comment matrix](#) online, and submit individual comments to EPA.

EVALUATION OF POTENTIAL COMPLIANCE OPTIONS

Steve Burr provided a [Compliance Option Evaluation Presentation](#) and distributed a [Compliance Options Diagram](#), both of which are available online. Highlights of the presentation include:

- The department would like to prioritize options that would work for Arizona.
- There are six options --two for mass-based options, three rate-based, plus state measures options (with and without emission standards).
- ADEQ has identified three low priority options as well as pros and cons to these options.
- State Measures without Emission Standards
 - Pro: Affected EGUs not subject to federally enforceable requirements unless backstop triggered (Is this a benefit for the state?)
 - Cons: Projection of compliance with mass-based goals required; Still have to comply with mass-based goals; Have to make up shortfall if fail to comply; Unclear how to demonstrate no leakage if adopt existing EGU-only option; State measures have to meet EPA enforceability criteria at state level (60.5780); and, No interstate trading (nothing to trade)
- State Measures with Emission Standards
 - Pro: (none identified at this time)
 - Cons: This option has all the same disadvantages of previous option, plus a complicated import/export trading and accounting requirement
- Rate-Based with Varied Rates
 - Pro: EGU rates can be tailored to distribute compliance burden, but this would be complicated
 - Cons: Will result in protracted debate about what rate structure is equitable; Projection of compliance with goal required; and, Interstate trading is not allowed.

- Rate-Based Using Statewide Goal
 - Pro: Less stringent for NGCC (Is this a benefit for the state?)
 - Cons: More stringent for coal-fired EGUs (Is this a detriment for the state?); and, Not trading ready

Gunn asked stakeholders if they agreed a trading-ready plan would be preferable. Of those who indicated a preference, there was consensus that a trading-ready plan was preferred.

Highlights of staff input and stakeholder comments and questions include:

- Most states are still considering options and think it's a good idea to have the flexibility of interstate trading.
- There is EPA guidance for states with trading-ready programs to be able to trade with those states that only have a trading element in their plan.
- (Comment): Trading is important and a priority. The concern is with the exclusion of statewide goals as compared to specific units.
- (Comment): Further pros and cons could depend on how difficult it is to make options able to be traded.
- (Comment): State forests want to see how we fit in with this process, especially regarding sequestration and wood burning.
- EPA does not allow sequestration in preamble to this rule; however, biomass is on the table.
- (Comment): Trading could affect the pros and cons of rate-based options.
- (Comment): Trading-ready offers advantages. There also is a possibility that model rules may not be in final rule.
- ADEQ is authorized to adopt a state CPP.
- If a mass-based goal is selected, ADEQ may allocate allowances, but may not have authority to conduct an auction.
- ADEQ has not yet considered pursuing authority to conduct auctions due to other priorities.
Nothing is off the table at this point.
- (Comment): Modeling takes a huge amount of money and time, so it's helpful to narrow these options down.
- The draft of the initial submittal should be complete in June. ADEQ hopes to have two or three options selected.
- Cost-modeling shows the effect on utilities. This is ultimately related to customers' bills.
- (Comment): I think it's important for the TWG to identify which costs they are trying to control.
- ASU will be providing additional cost modeling, looking at effects on jobs, and the broader economy for ADEQ.
- None of the options are off the table. The presentation provides an overview of the approaches we are considering pursuing. This is an opportunity to collect additional pros and cons of the options

NEXT STEPS

Massey reviewed next steps. Highlights of his discussion and questions and comments include:

- A draft of the [outreach work plan](#) is available on website. The purpose of this plan is to provide opportunities for feedback to all members of the community and a basis for meaningful engagement.
- ADEQ remains open to identifying additional vulnerable communities and outreach methods. Contact [Steve Burr \(Burr.Steven@azdeq.gov\)](mailto:Burr.Steven@azdeq.gov) to partner on these issues.
- Next steps on the CPP work plan will include looking at what business-as-usual looks like for Arizona. Outreach plans will also be finalized.
- Comments on the proposed federal plan are due January 21. It is unlikely the deadline will be extended.
- ADEQ will speak with its own voice in comments to EPA. Stakeholder comments are available on the website, and we encourage you to see what others are saying as well as provide comments directly to EPA.
- We hope to have some modeling results to help us focus time and energy on the more plausible options for Arizona.
- We will move forward in fulfilling the requirement for a consultation work group.
- Most of our time will be spent identifying the most plausible options for Arizona. Let us know if certain approaches have pros or cons we have not identified.
- We will include the intent to opt-in to the CEIP in the interim plan.

Stakeholders were encouraged to provide information, comments, and concerns as early as possible. ADEQ and the preparation of the draft plan benefits from doing so. Please e-mail staff or provide anonymous comments through Poll Everywhere software. (See agenda for instructions.)

UPCOMING MEETINGS AND EVALUATION

The next stakeholder meeting will be held Wednesday, February 10. The meeting date was moved to accommodate environmental day at the Legislature.

ADEQ would like to “add- on” to existing events. Outreach meetings will be held in Tucson and other locations. Those who offered assistance included: PDEQ, PAG, Dan Millis/Tucson, and Sierra Club.

- *Action Item:* ADEQ to notify stakeholders when additional comments on the proposed federal plan are available online.

Massey thanked stakeholders for their participation and ideas. He encouraged stakeholders to complete evaluations. The meeting evaluation was also available online through January 6th.

STAKEHOLDER ATTENDEES (IN PERSON AND BY PHONE) AND ORGANIZATION

Keith Alexander	Eastern Arizona College
Ryan Anderson	City of Tucson, Mayor's Office
Sandy Bahr	Sierra Club
Don Bailey	Ne
Matthew Bailey	TEP
Casey Ball	EPIC
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Andy Berger	Tri-State Generation and Transmission Association
Zachary Branum	ACC
Clare Breidenich	Western Power Trading Forum
Al Brown	Arizona Public Health Association; ASU
Barbara Burkholder	Arizona Public Health Assoc.
Jan Bush	(representing self)
Ian Calkins	Copper State Consulting
Rocio Castruita	CHISPA AZ
Andrea Chalmers	DNV GL
Nonso Chidebell-Emordi	ACC
Susanne Cotty	Pima Association of Governments
Jo Crumbaker	MCAQD
Patrick Cunningham	Law Office of Patrick J. Cunningham
Gerald DaRosa	ASU
Michelle De Blasi	Gammage & Burnham
Cosimo Demasi	TEP
Michael Denby	APS
Lew Dodendorf	SRMATERIALS
Linda Eleanor	Renew
Doug Fant	Southwest Power Group
Phillip Fargotstein	Fennemore Craig P.C.
Jeremy Gerlach	Veridus LLC
Joe Gibbs	City of Phoenix
Joe Giudice	City of Phoenix
Bob Gray	ACC
Brian Henderson	Griffith Energy, LLC
Lisa Henderson	Arizona Department of Administration
Kevin Hengehold	Arizona Community Action Association
Hollie Hohlfelder	Energy Strategies, LLC
Emily Holder	(media representative)

Rebecca Hudson	Southwest Gas
Chico Hunter	SRP
Andy Jacobs	Policy Development Group
Kevin Johnson	TransCanyon
Spencer Kamps	HBACA
Gina Kash	Arizona House of Representatives
Johnny Key	Freeport-McMoRan Inc.
Justin Larson	ACC
Matthew Larson	Wilkinson Barker Knauer LLP
Matthew Laudone	ACC
Brandi Lease	Arizona State Senate
Anita Lee	EPA Region 9
Tina Lee	Star West Generation
Beth Lewallen	Italicized Consulting
Toby Little	ACC
Yue Liu	ACC
Ann Livingston	Southwest Energy Efficiency Project
Pedro Lopez	League of Conservation Voters
Anetha Lue	Yuma Cogeneration Associates
Ron Lunt	CAWCD
David Manning	CNEE
Megan Martin	SRP
Emily McGlynn	The Earth Partners
Steve Michel	Western Resource Advocates
Hugh Miguel	Kenergy
Dean Miller	Lux Consulting LLC
Gary Mirich	Energy Strategies LLC
Rick Moore	Grand Canyon Trust
Noah Mundt	Siemens
Brad Musick	Western Resource Advocates
Michael Nazario	CHISPA AZ
Ursula Kramer Nelson	PDEQ
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Amanda Ormond	Advanced Energy Economy
Lawrence Ornellas	Yuma Cogeneration Associates
Vincent Pawlowski	Association for the Tree of Life
Jerry Payne	Arizona State Forestry
Bruce Plenk	Solar Possibilities
Valerie Rauluk	Venture Catalyst Inc.

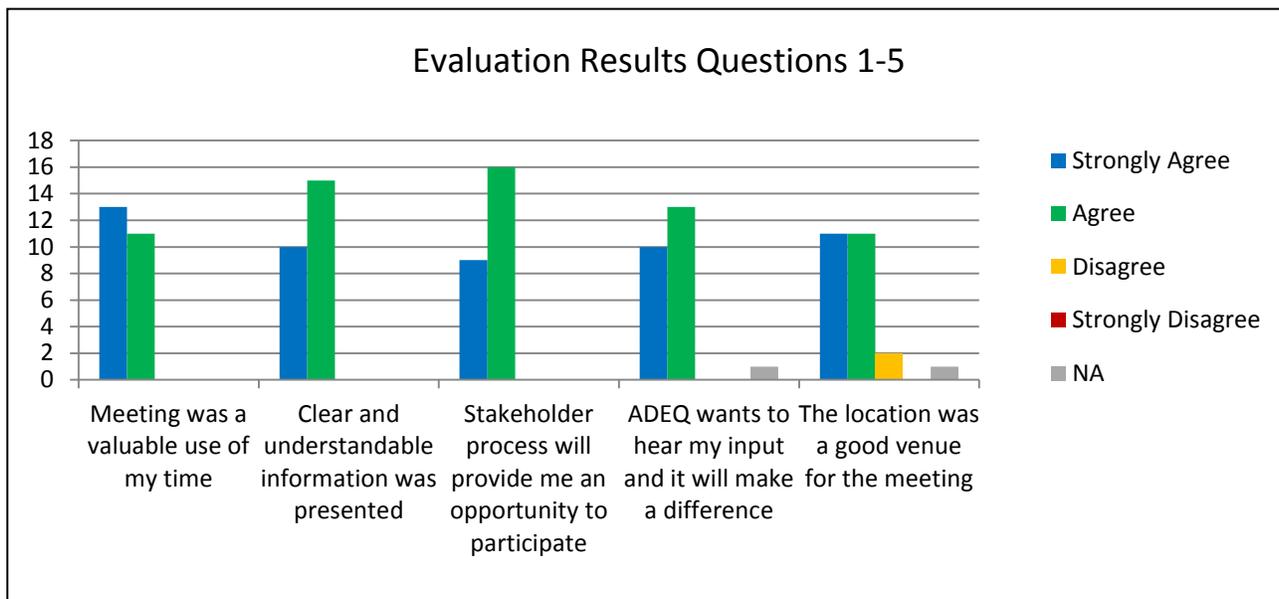
Dawn Reeves	Inside EPA
Sarah Reitmeyer	Pima County
Eric Robinson	SRP
Amanda Rusing	Dorn Policy Group
Tom Savage	Arizona House of Representatives
Ron Schott	Arizona Technology Council
Maureen Scott	Arizona Corporation Commission
John Shepard	Sonoran Institute
David Slade	Yuma Cogeneration Associates
David Stanley	Resolution Copper Mining LLC
Barbara Stockwell	(representing self)
Jaret Sullivan	Arlington Valley Energy Facility
Mona Tierney-Lloyd	EnerNOC
Jay Tomkus	Arizona House of Representatives
John Underhill	Arizona Power Authority
Lusila Vargas	CHISPA AZ
Karin Wadsack	NAU
Barbara Warren	Physicians for Social Responsibility Arizona
Todd Weaver	Freeport-McMoRan Inc.
Sandy Whitley	(representing self)
Jeff Yockey	TEP
Ellen Zuckerman	Southwest Energy Efficiency Project
Cynthia Zwick	Arizona Community Action Association

ADEQ STAKEHOLDER MEETING EVALUATION RESULTS

Twenty-five stakeholders returned meeting evaluation surveys including five who participated online. 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



- ADEQ's explanation of the higher priority options
- Asking the folks to consider other approaches. They need to be brought forth quickly
- Breakdown of CPP alternatives. Introductions of persons present. Handouts on ADEQ CPP website
- Comments from the public
- Dialogue among participants. Good to ask the audience questions. Liked having presentations by different stakeholders
- Diversity of stakeholders represented. Narrowing down CPP compliance options to two
- Focused and informative
- Good presentation by Steve Burr on pros/cons of various plans. Pleased that you put environmental group on the agenda

- Great job covering a lot of information in a concise way!
- I appreciated the presentation on pros and cons on regulatory frameworks. Thanks for the opportunity to hear from public health, environmental, and low-income housing advocates
- Improved my understanding of this complicated topic
- Learning ADEQ's ranking/priorities for the various options
- Lots of questions/discussion from stakeholders -- more than in previous meetings
- Opportunity to express our views
- Stakeholder group presentation
- Still an opportunity to submit comments. I appreciate the balanced approach to our AZ dilemma
- The presentation on priorities
- Understanding the six options and the process underway to begin eliminating some of these approaches. There is ample opportunity for everyone to speak their mind

What should be changed for future meetings?

- A faster way to do roll call, it takes too long
- Begin the next meeting with short explanations of the Pros and Cons of the three Tracks for Compliance that ADEQ believes are High Priority
- Brief overview of technical terminology at the beginning of meeting for lay-persons. (Five minutes after introductions would suffice.)
- Continue to have stakeholders present so we get a broad education of the issues and concerns
- Could we streamline the roll call at the beginning of each meeting? It's not very valuable considering the amount of time it takes
- Hold meetings in other parts of the State
- List dates of other meetings (tech committee, etc.) related to CPP. Indicate whether any of these are open to public. Consider providing summaries of these meetings. Thanks!
- Maybe increase frequency of meetings, or hold sub-meetings on topics
- Roll call not necessary
- Should ask people to take their loud phone conversations further outside the room
- Start whittling down the options, after the economic modeling evaluations
- This format works well

Other

- " The location was a good venue for the meeting" (Disagree) I'm from Tucson
- "ADEQ wants to hear my input and it will make a difference": Not sure yet, but it appears so