



# Meeting Summary

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## ADEQ EPA CLEAN POWER PLAN STAKEHOLDER MEETING SUMMARY

**DATE:** September 24, 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  
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:

- Welcome and Progress Report
- Review Agenda and Introductions
- Arizona's Goal
- Action Items and Next Steps

### WELCOME AND PROGRESS REPORT

Eric Massey thanked stakeholders for attending the meeting. He explained that the EPA extended the comment period by an additional 45 days. Comments from all interested parties must now be received by EPA on or before December 1, 2014.

### REVIEW AGENDA AND INTRODUCTIONS

Meeting facilitator Theresa Gunn reviewed the agenda and explained the purpose of the meeting would be to identify potential issues with the proposed Arizona goal. Discussion would be held to clarify and understand issues. She encouraged participants to hear and respect others' points of view. At this time, the purpose of the meeting would not be to seek agreement.

Gunn facilitated attendee introductions and prompted stakeholders to ask questions about the process.

Stakeholder questions included:

- How will questions on the matrix be dealt with?

- Has ADEQ provided comments regarding anticipated growth, energy use, etc. that would impact the goal in general?

Massey explained that questions appearing on the issues matrix would be answered where possible. Updates to the file will be posted on the [ADEQ EPA Clean Power Plan web page](#).

### **ARIZONA'S GOAL**

Stakeholders reviewed the issues matrix for issues that may be missing from the document. Gunn prompted stakeholders to print comments on note cards, which were then posted according to topic by ADEQ staff. Approximately 40 comment cards were received. (See the [ADEQ EPA Clean Power Plan web page](#) for the complete matrix.)

Massey explained that the department has not taken litigation off the table. The current approach is to work to adjust the goals and create an achievable plan for Arizona with EPA. The EPA extension of the comment period means that the department and stakeholders will need to focus on phase two of the process for six months without knowing whether those comments have affected the proposed rule.

Massey led discussion of topics, beginning with areas not previously discussed at the September 10 meeting. New comments on other topics were also reviewed.

Highlights of stakeholder questions and comments by topic include:

#### Roles

- How will ADEQ move forward in this process now? IPP – ITP – roles
- Who makes the decisions balancing issues such as power cost, public health, and grid reliability?
- Are there areas where stakeholders agree?
- What role is the Technical Advisory Committee playing? What is the makeup of the group? Is anyone missing?

#### Tribal/Multi-State

- Is Arizona an attractive partner?
- Should a multi-national approach be considered? What if Mexico generated natural gas for Arizona?

Massey explained that states in general are unclear about the multi-state regional plan. There is not a lot of incentive to be involved in this type of plan at this time. ADEQ is open to the idea, though perhaps on a limited basis. Tribal involvement is an issue for EPA determination, and more information may be coming in mid-October. The Navajo nation has approached the department to discuss the CPP.

#### Alternatives

- Are there opportunities for a BB5?
- The rule offers flexibility to consider other options

- Is there an alternative to the CPP?
- Are the calculations used rate-based or mass-based?

Steve Burr noted that there is an open-ended option in compliance strategy.

### Legal

- Do you plan to preserve the department's legal position?

Massey explained that the department intends to write a position preservation letter in its final comment submittal to EPA.

### General Goal Setting

- How do cleaner fleets impact the goal?
- Do some scenarios now and in the future impact our comments?
- Offsets
  - Can we use offsets?
  - Should offsets be authorized?
  - Could we buy credits nationally or internationally to help reach the interim goal and retire them?
  - Can we demonstrate any offsets would not be duplicative?
  - What about credits for other sources?
- If we use new control measures' credits, can we use those as credit?
- Rule should address end of pipe

### Building Block #2

- Adding more natural gas to the system is a risk regarding cost fluctuations. Arizona should maintain a balance

### Building Block #3 (Renewable Energy)

- If there is a SIP violation, would the utilities or others who didn't meet the goal or adhere to the plan be liable?
- Are bio fuels/algae considered renewable?

Burr explained that while everything is on the table as far as compliance strategy, the department must verify that strategies are creditable.

### Building Block #4 (Energy Efficiency)

- Does Arizona get credit for current EE measures?
- Department should comment on getting more credit for being a leader in this area
- What about credit above 1.5%? Does EPA allow early credit? Can non-utility EE count, and would it be enforceable?
- Should get more credit for prior to 2014 implementation

Massey informed the group that any excess EE would be credited to Arizona. Future EE measures will receive credit if implemented after June 2014.

## Other

- Priority of comments – what is wrong/omitted in EPA assumptions?
- Is it realistic to be able to change the proposed rule?
- Think from perspective of ADEQ and environmental protection. Be creative, do more talking about the future vs. short term impacts
- Impacts of growth
- ADEQ comments – how to balance comments with the political nature of the topic?
- Should address not just air issues but unintended consequences to water and land, and the drastic shift of potential impacts on the environment
- When do we need to have rules in place?
- Is the extension a given? Concerned about losing a year of compliance
- May want to hear statements from elected officials
- How will agency deal with political aspect and determine its own voice?

Massey explained that ADEQ will speak with its own voice in comment letters. The primary goal is to focus on goal setting and whether Arizona can achieve its goals in the specified timeframes. The department must balance environmental responsibility with economic growth and hope to affect the goal in a way that makes sense for Arizona's future.

The complete issues matrix will be available on the stakeholder website so that others may take advantage of issues raised in preparing their comments to EPA. The department will continue to send comment letters to EPA in order to provide issues and comments to the agency as quickly as possible. Letters will be posted on the stakeholder website.

Burr noted that while it will be a challenge to get rules and legislation in place in a timely manner, the bigger challenge will be the technical aspects. ADEQ will build a compliance plan and a menu of options. The department will likely request an extension on initiating implementation; however, this allows less time to achieve goals, especially the interim goal.

## **ACTION ITEMS AND NEXT STEPS**

Massey encouraged stakeholders to continue to submit ideas and comments. Stakeholders will receive a meeting announcement for the next meeting to be held in late-October. The agenda is expected to include addressing significant issues, interim goals, and possible areas of consensus.

Action items include:

- ADEQ to bring TAC issues to this stakeholder group
- Project team to add issues from September 10 meeting notes to the issues matrix
- ADEQ to answer questions appearing in the issues matrix by written comment
- Project team to add issues from September 24 meeting to the issues matrix

Gunn reminded attendees to complete the meeting evaluation forms.

## STAKEHOLDER ATTENDEES

Sandy Bahr	Sierra Club
Philip Bashaw	Grand Canyon State Electric Power Cooperative Assoc.
Todd Baughman	Policy Development Group
Andy Berger	Tri State Energy
Jeremy Browning	GovGroup
Barbara Burkholder	Arizona Public Health
Ian Calkins	Copper State Consulting
Gary Crane	Southwest Power
Jo Crumbaker	MCAQD
Patrick Cunningham	Law Office of Patrick J. Cunningham
Tom Dorn	Dorn Policy Group
Leslie Ethen	City of Tucson
Phillip Fargotstein	Fennemore Craig, P.C.
Robert Geake	ACC
Joe Gibbs	City of Phoenix
Charles Hains	ACC
Helen Heiden	Arizona Chamber of Commerce and Industry
Kevin Hengehold	Arizona Community Action Association
Lon Huber	AZRUCO
Spencer Kamps	HBACA
Ana Kennedy	Arizona Farm Bureau
Ron Lunt	CAWCD
Robert Lynch	Robert S. Lynch and Associates
Maren Mahoney	ASU Energy Policy Innovation Council
Verle Martz	SR Materials
Dean Miller	Lux Consulting, LLC
Gary Mirich	Energy Strategies, LLC
John Moody	Peters, Cannata and Moody PLC
Maria Naff	SRP
K. Nakew	CAWCD
Geoff Oldfather	Arizona's G&T Cooperatives/AEPCO/SSW
Amanda Ormond	Interwest Energy Alliance
Lawrence Ornellas	Yuma Cogeneration Associates
Vince Pawlowski	Ultra SW

Amanda Reeve	Snell & Wilmer L.L.P.
Amanda Rusing	Dorn Policy Group
Jeff Schlegel	Southwest Energy Efficiency Project
Maureen Scott	Arizona Corporation Commission
David Slade	Yuma Cogeneration Associates
Barbara Sprungl	Salt River Project
Barbara Stockwell	(representing self)
Ed Stoneburg	ACC
Mark Suehl	CEC Inc.
Jaret Sullivan	Arlington Valley Energy Facility
Richard Sumner	MCAQD
Jonathan Weisbuch	Arizona Public Health Association
Michael Wrapp	J.D./MBA, University of Notre Dame
Gary Yaquinto	Arizona Investment Council
Jeff Yockey	TEP
Ellen Zuckerman	Southwest Energy Efficiency Project

## **ADEQ STAKEHOLDER MEETING EVALUATION RESULTS**

Eight stakeholders returned meeting evaluation surveys. Some stakeholders did not answer all questions.

### 1. Please rate the following:

Meeting was a valuable use of my time

0-Strongly Disagree / 1-Disagree / 4-Agree / 3-Strongly Agree

Clear and understandable information was presented

0-Strongly Disagree / 0-Disagree / 6-Agree / 2-Strongly Agree

Stakeholder process will provide me an opportunity to participate

0-Strongly Disagree / 0-Disagree / 2-Agree / 5-Strongly Agree

ADEQ wants to hear my input will it make a difference

0-Strongly Disagree / 1-Disagree / 4-Agree / 3-Strongly Agree

The hotel was a good venue for the meeting

0-Strongly Disagree / 0-Disagree / 3-Agree / 5-Strongly Agree

### 2. What was the best thing about the meeting?

- I am still confused by the absence of a political agenda
- Interaction between the "factions." Great venue -- comfortable
- Interactions
- The open nature encouraging participation and the great mix of viewpoints of the participants

### 3. What should be changed before the next meeting?

- I'd hoped we would get to consensus building process today -- disappointed
- Better or more information given with regards to questions answered from prior meetings
- More table space for attendees
- Nothing