

**AIR RESOURCES COUNCIL
MINUTES OF MEETING #233
9/21/15**

MEMBERS PRESENT: Chairman Robert Duval, Vice-Chairman David Collins, Kris Blomback, Deborah Chabot, Carmela Amato-Wierda, Mark Lambert Raymond Donald, Ryan Bielagus, William Smagula

MEMBERS NOT PRESENT: Georgia Murray

NHDES – ARD PERSONNEL: Craig Wright, Joseph Fontaine, Gary Milbury

OTHERS PRESENT: Anne Keach

Call to Order:

Chairman Duval called Meeting #233 of the Air Resources Council (ARC) to order at 9:00 a.m. on Monday, September 21, 2015. Chairman Duval announced that a quorum of the ARC was present.

Approval of Minutes:

Vice-Chairman Collins entered a motion to accept the minutes of meeting #232. Kris Blomback seconded the motion. All were in favor. The motion carried. The minutes of ARC meeting #232 of June 22, 2015, were approved and accepted by the ARC.

Division Activities & Legislative Update:

Chairman Duval introduced Craig Wright, Director of the Air Resources Division (ARD). Director Wright briefly updated members of the ARC regarding issues relative to the ARD, including:

Ozone Exceedances

Director Wright reported that on September 18, 2015, at 1:00 p.m., ozone exceedances were detected at levels higher than .75 ppb at monitoring stations in Rye, Portsmouth, and Peterborough (Pack Monadnock), NH.

Eastern States Collaboration

Director Wright explained that a State Collaborative on Ozone Transport (SCOOT) has been established with the goal of exploring the possibility of states working together, operating existing controls for NOx emissions from utility boilers in the Mid-West and Southeast to reduce ozone transport in the Northeast.

Chairman Duval asked if New Hampshire has a State Implementation Plan (SIP) for ozone. Director Wright responded that NH is finalizing the 2008 SIP and the ARD is reviewing NOx and RACT data before submitting an infrastructure SIP.

Chairman Duval requested that the ARD provide an overview of the ozone SIP process at the next meeting of the ARC. Director Wright agreed to arrange this presentation for the ARC.

Budget

Director Wright informed members of the ARC that SB 9 was adopted by the House and Senate on September 16, 2015, providing the NHDES with the FY16-17 budget.

ARD's 2-Year Work Plan Negotiated with EPA (Priorities and Commitments List)

Director Wright reported that the ARD has developed and submitted a 2-year Priorities and Commitments (P&C) List to the EPA which is based on a reallocation formula to include an expanded population base. The P&C List addresses forty-five goals to address climate change and improve air quality in NH.

Title V Petition ("Good Neighbor" SIP Revision)

EPA granted the Sierra Club and Eversource Title V petition concerning interstate air quality impacts. The NHDES-ARD must respond to the petition with a schedule for modeling and analysis by October 28, 2015.

NHDES Staff

Director Wright informed members of the ARC that Pamela Monroe, former Administrator of the Compliance Bureau has accepted a position with the Public Utilities Commission as the NH Site Evaluation Committee Manager.

Director Wright announced that Clarke Friese has been nominated as the NHDES Assistant Commissioner. His background is in the defense industry (BAE Systems, Inc.) and oceanography sciences.

Clean Power Plan Overview:

Chairman Duval introduced Joseph Fontaine, Technical Program Manager, of the Technical Services Bureau. Mr. Fontaine provided members of the ARC with copies of the Georgetown Climate Center (GCC) presentation; "*The Clean Power Plan: Summary of the Final Rule*" (GCC, August 13, 2015). Mr. Fontaine explained that the GCC was founded as a resource to states to coordinate Non-Government Organization (NGO) meetings to consider potential compliance pathways, facilitate group discussions between interested states in developing joint comments, as well as hosting regular informational and discussion calls for states.

Mr. Fontaine's presentation included the following content regarding the EPA regulating greenhouse gasses from existing power plants under the Clean Air Act § 111(d):

- EPA sets minimum emission guidelines for source categories
- Based on "best system of emission reduction" (BSER), set by EPA
- State establish equivalent performance standards on affected sources through state plans

Key changes to the emission guidelines, BSER and state goals include:

- Compliance period start delayed until 2022
- Regional approach to applying building blocks
- Guidelines expressed as nationally uniform performance rates
- Phase-in of shift to NGCC provides more gradual glide path
- Demand-side energy efficiency and nuclear elements removed from building blocks
- Renewable approach uses modified technical/economic approach, with revised assumptions and methodology
- Rate-to-mass translation defined, more equivalent rate
- Clean Energy incentive Program provides additional flexibility
- EPA projects 32% reductions in CO₂ in 2030 under both rate- and mass-based scenarios from 2005 levels

Implementation Timeline:

- Plans due September, 2016
- All states may request two-year extension (max. extension 2018)
- Compliance periods of 3,3, and 2 years in interim period (2022-2029)
- Two year compliance period for final goal starting in 2030

BSER Based on three building blocks:

1. Coal Plan Efficiency (more modest levels 2.1 – 4.3%, applied regionally)
2. Shift to NGCC (phase-in, applied regionally, net summer numbers)
3. Renewables (no nuclear, incremental RE only, modified technical & economic approach)

States can demonstrate compliance on basis of subcategorized rates (fossil stream and NGCC), statewide blended rates, or mass-based goals:

- All units in subcategory subject to the same rate, regardless of state
- Blended rates reflect generation mix in state
- Less variability compared to proposal
- Some states have significantly lower or higher rates
- EPA defines mass-based goal for existing sources
- EPA finalizes a different methodology than proposed as option in the Technical Support Documents (TSD) for existing sources
 - Final methodology reflects potential under rate-based system for existing sources to increase emissions as load grows (offset by credits)
 - Methodology assumes that existing sources may cumulatively increase emissions relative to renewable energy available in BSER calculations

Once the final plan is submitted, eligible projects under the Clean Energy Incentive Program commence, including:

- Renewables (wind & solar), for every MWh generated in 2020-21, State can allocate 1 credit, EPA will match 1 credit
- Energy efficiency for low-income communities, for every MWh avoided in 2020-21, State can allocate 1 credit, EPA will match 1 credit
- Credits or allowances can be used for compliance

Director Wright and Mr. Fontaine discussed the Regional Greenhouse Gas Initiative (RGGI) Program as a potential Clean Energy Incentive Program. Director Wright reported that RGGI states will require a two-year extension to submit plans.

Status of Appeals

Currently, there are no appeals before the ARC.

New Business

No new business of the ARC was discussed.

Other Business

Chairman Duval scheduled the next meeting of the ARC to be held on Monday, October 19, 2015.

Public Commentary

No members of the public were present.

Adjourn

Having no further business to discuss, William Smagula entered a motion to adjourn, seconded by Raymond Donald. All were in favor. Meeting #233 of the Air Resources Council adjourned at 10:15 a.m., on September 21, 2015.