



# Meeting Summary

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## ADEQ EPA CLEAN POWER PLAN TECHNICAL WORK GROUP MEETING SUMMARY

**DATE:** October 20, 2016  
**TIME:** 10:00 a.m.-noon  
**LOCATION:** ADEQ, Room 3175, 1110 West Washington Street, Phoenix

**STAKEHOLDER ATTENDEES**  
(See attached)

**ADDITIONAL ATTENDEES**  
Kelly Cairo, GCI

**ADEQ Staff**  
Steve Burr

### AGENDA

The meeting agenda included:

- Introductions
- Ground Rules
- Presentation on Use of Third-Party Entities
- Discussion of Rate-Based Program Resource Needs
- Action Items/Next Steps

### INTRODUCTIONS/GROUND RULES

Steve Burr welcomed attendees to the 15<sup>th</sup> meeting of the Clean Power Plan Technical Work Group. Burr facilitated introductions. A total of 24 work group members attended in person and via conference call.

### PRESENTATION ON USE OF THIRD-PARTY ENTITIES

Maria Robinson, Advanced Energy Economy, provided a presentation on the use of third-party entities. Highlights of the presentation, including comments and questions included:

- There are many beyond-the-fence options with varying levels of documentation required.
- Third-party entities can include a variety of designated agents and contractors to count, track, and verify information.
- Roles a TPE could play include:
  - Registry/document manager – creates and reviews forms to prepare for the state agency, manages documentation
  - Accredited independent verifier – verifies projects and reports asset outputs

- Designated agent – determines if an asset is eligible, and provides asset output determination
- Third party entity functions could include:
  - Managing ERC sales and verification of eligibility for sale, particularly in a multi-state ERC or allowance exchange
  - Assisting with administrative burden
  - Increasing the likelihood states will use beyond the fence technology
- (Q): Regarding the NEER program, what functions do they contemplate? TPE review process?
  - The design is still in flux. Tracking and document management is definitely part of the intention, as is tracking and trading. This would only apply to energy efficiency.
- (Q): Is there an inventory of TPES?
  - Not aware of a list, but Advanced Energy Economy may be able to assist with this.
- (C): Regarding document management, the tracking system needs to be linked to project materials that support those background materials in issuing the ERC. This is an EPA requirement and allows for transparency to the public.
- (Q): Will there definitely be a fee for trading an ERC? Yes, or the affected EGU would be charged.
- (C): On page 26 of the document, there may be conflicts of interest in the TPE getting paid. A similar example would be the use of vehicle emissions inspection contractor Gordon-Darby. In this instance, the public pays at the VEI station, all funds to ADEQ, ADEQ pays contractor.
  - In this example, once the motorist passes, the state does not question this. Authority is essentially delegated.
  - Giving substantive determination powers to another entity needs to be done very carefully.
- (C): Multi-state trading and tracking may not be consistent.
  - A central repository would ensure that standards are met, rather than each EGU. The goal would be to streamline this to assure that an ERC that is purchased is valid.
  - Will the purchaser escape scrutiny on purchase? This could be an impediment to organizations subject to ACC regulations.
- A specific ERC would be purchased and have a registration number.
- Two entities can create an ERC differently. As long as they meet EPA requirements, it still counts as an ERC.
- (C): The understanding is that California won't recognize ERCs unless they are up to a certain standard.
  - Every state that has a different process creates a burden for the potential seller.
  - I thought once an ERC was issued, it didn't have any additional attributes.
  - ERCs are tradable if they meet EPA requirements, but no state is obligated to buy them.
  - Risk of invalidation of an ERC will have to be considered.
  - I hope this process is kept simple in an already complicated program.

- Would have to coordinate with other states considering rate-based system.
- NEER is still in the design phase, and includes Energy for the Future. This is in the process of being built and on track for states to use by 2020.
- (C): Greenhouse gas emissions may be an issue due to compliance requirements in California and especially as we move toward a regional grid in the southwest. This issue should be kept in mind in developing the CPP process. There may be a dual compliance issue.
- (C): If there is a state energy program, Arizona does not have a state energy office.
- (Q): Regarding tracking, is any level of aggregation being considered? How would many small residential programs be tracked?
  - A single MWh would be tracked, and each MWh would have a serial number. EPA has yet to determine whether a fraction of the ERCs from a single project can be purchased.
- Model trading rules are expected before the end of the calendar year.

### **DISCUSSION OF RATE-BASED PROGRAM RESOURCE NEEDS**

Burr facilitated a discussion on rate-based program resource needs. Highlights of the discussion, comments and question included:

- Items that need additional consideration include:
  - Dormant commerce clause—states can't interfere with movement of an ERC across state borders.
  - The paper assumes it's okay to delegate from a government entity to TPEs. This is addressed from a federal perspective, but I would need more information from a state perspective.
    - Arizona would take delegation very seriously.
- (Q): The TPE does not necessarily have to be a private entity. It could be the PUC that acts as a TPE. Is there a way the ACC could serve as the reviewer for project management applications such as EM&V?
  - Would the ACC be concerned that ADEQ would have oversight? This could be a separation of power issue. It could also be resolved with an MOU. Also, ACC does not regulate SRP, so this could be an issue.
- (C): I would imagine that the Navigant and other providers are gearing up for this type of work.
- (C): I like the NEER opportunity because it's at the state level.
- (Q): Wouldn't there have to be an RFP for a contractor such as Navigant.
  - Yes. Conflict of interest would be an issue, since a private entity that approves an EM&V for the customer should not be used.
- (C): This raises the question of whether the central tracking system contractor could change, and what that would mean.
- (C): I hope EPA makes ACS available.
- (C): It would be great if a repository makes this available, instead of each customer.
- (C): It seems the ACC burden would be lessened if there is a good program being put forth.
- (C): EPA believes their criteria differ from states (especially state-to-state).
- NEER sponsored by TCR, The Climate Registry.

- It is likely ADEQ will consider a process similar to the VEI contractor/oversight model.
- (C): I would like to see ACC and ADEQ work together to avoid duplication of effort.

Other discussion included:

- Regarding the stay, an oral argument occurred last month and was heard by the full panel. There is no information on a court decision date. It may be April or May before there is more information. Additionally, the addition of a Supreme Court Justice is pending.
  - Audio of the oral argument is available online.
- ADEQ will submit CEIP comments.

### **ACTION ITEMS/NEXT STEPS**

The next meeting will be held Thursday, January 19 from 10 a.m.-noon. This differs from the previously announced schedule. The date will also be reviewed pending release of the ACC calendar.

Future agenda items will include:

- Discussion of the federal plan when available
- Presentation of additional EE information (Ellen Zuckerman)
- Update on work with NAU on grid modeling (Eddie Burgess)

Action Items include:

- *Action Item:* Robinson to follow up with Burr regarding any TPE vendor list.
- *Action Item:* Burr to provide TPE list if one becomes available.
- *Action Item:* Burr to check January 19<sup>th</sup> meeting date against ACC calendar for conflicts.
- *Action Item:* Burr to confirm meeting date and send announcement to TWG stakeholders.

Burr thanked attendees for their participation.

## **STAKEHOLDER ATTENDEES (IN PERSON AND BY PHONE) AND ORGANIZATION**

Lee Alter	TEP
Philip Bashaw	Grand Canyon State Electric Power Cooperative Association
Edward Burgess	ASU
Michael Denby	APS
Doug Fant	Southwest Power Group
Logan Gernet	AzG&T
Bob Gray	ACC
Bob Greco	Tri-State Generation and Transmission Association
Eric Hiser	JHJ/AzG&T
Dena Konopka	SRP
Toby Little	ACC
Alfonso Mahkewa	(unknown)
Maren Mahoney	ASU Energy Policy Innovation Council
Bill McClellan	SRP
Brian Nelson	Tri-State
Amanda Ormond	Advanced Energy Economy
Bruce Polkowsky	EDF
Maria Robinson	Advanced Energy Economy
Frank Snyder	Sundevil Power
Todd Weaver	Freeport-McMoRan Inc.
Shaina White	Inter Tribal Council of Arizona
Lyle Witham	Tri-State Generation And Transmission Association
Jeff Yockey	TEP
Ellen Zuckerman	Southwest Energy Efficiency Project