

MINUTES

REGIONAL AIR QUALITY COUNCIL Special Meeting Thursday, September 20, 2007

RAQC MEMBERS/ALTERNATES PRESENT:

Andy Spielman, Chairman, *Hogan and Hartson, LLP*
Theresa Donahue, *Metro Denver Health & Wellness Commission*
Doug Lempke, *Colorado. Department Public Health and Environment (alternate)*
Ben Manvel, *City of Fort Collins*
Jana Milford, *University of Colorado at Boulder*
Nancy Severson, *Denver Department of Environmental Health*

RAQC MEMBERS/ALTERNATES NOT IN ATTENDANCE:

Brad Beckham, *Colorado. Department of Transportation (alternate)*
Russell George, *Colo. Dept. of Transportation*
Mark Johnson, *Jefferson County Department of Health and Environment*
Jim Martin, *Colorado. Department Public Health and Environment*
Nathan Rabinovich, *National Jewish Medical and Research Center*
Joan Ringel, *Citizen Member*
Melanie Worley, *Douglas County/DRCOG*

OTHERS PRESENT:

Ken Lloyd, RAQC; Sara O'Keefe, RAQC; Sarah Anderson, RAQC; Sarah Sullivan, RAQC; Steve McCannon, RAQC; Jerry Dilley, RAQC; Margie Christiansen, RAQC; Bob Nixon, Denver International Airport; Tim Raphael, Pacific Ethanol, Inc.; Elizabeth Parawnos, Environmental Defense; Rebecca Cales, Transportation Solutions; Health Stoud, Hogan & Hartson; Curtis Rueter, Noble Energy; Melissa Young, Colorado Rock Products Association; David Crane, Special Advisor to Governor Schwarzenegger for Jobs and Economic Growth; Charles M. Shulock, Assistant Executive Officer and Director of Climate Program at the California Resources Board (CARB) and Christine Kirby, Deputy Director for Transportation Programs with the Massachusetts Department of Environmental Protection.

The meeting was called to order at 3:40 p.m. by Chairman Andy Spielman. A quorum was not present. Andy introduced speakers and then Council introduced themselves.

California Clean Car Standards

David Crane, Special Advisor to Governor Schwarzenegger for Jobs and Economic Growth, reviewed California's sustainability agenda and described how it was developed. He indicated that it is common wisdom that sustainability is an environmental imperative, while it is less universally embraced that sustainability is also necessary for economic growth and security. The Schwarzenegger administration recognizes and embraces the validity of these assertions.

He stated it is Governor Schwarzenegger's view that transformation is possible though use enlightened policies that harness market forces in order to achieve the magnitude of change required, while keeping costs under control. Sustainability is not possible unless governments employ policies that grow economies while achieving environmental and security goals. This means policies that reward efficiency, embrace competition and allow flexible forums of compliance. Mr. Crane used California's low carbon fuels standard as an example of how this can work. In January 2007, Governor Schwarzenegger established the first low carbon fuels standards for passenger vehicles. This was accomplished by setting greenhouse gas (GHG) performance standards for automobile fuels on a full life cycle without requiring how manufactures achieve the standard and it allows for an exchange of credits when manufactures exceed or fall short of the standard. By 2020, the standard is expected to displace 20% of California's gasoline consumption, increase the renewable fuels market by 3-5 times and boost advanced technology vehicles by seven million. This standard is a market oriented change agent which creates and environment that encourages technological change, but does so without limiting choice, providing subsidies, or picking winners. He went on to describe how the policy is changing how California views alternative fuels.

There was discussion on the life-cycle approach and how cost effectiveness is determined.

Charles M. Shulock, Assistant Executive Officer and Director of Climate Program at the California Resources Board (CARB), briefed Council on the California Vehicle and Fuels Programs. Program components included Low Emission Vehicles (LEV) Program (LEVII, Zero Emissions Vehicle (ZEV), and Green House Gas (GHG)); Reformulated fuels; and Low Carbon FuelsStandard.

He explained that LEV II required sport utility vehicles (SUVs) and pickup trucks to meet passenger car standards. Successful implementation is underway. LEV II Plus, adopted in 2000, requires that if a federal vehicle is cleaner than a California vehicle, the manufacturer must sell the cleaner federal vehicle in California and requires vehicles to comply with California evaporative, On-Board Diagnostic II (OBD), warranty and label requirements.

Mr. Shulock stated the Zero Emission Vehicle Program (ZEV) is categorized by pure ZEV ("gold") – H2 fuel cell, battery electric vehicles; AT PZEV ("silver") – CNG, hybrid, hydrogen internal combustion engine (ICE), grid connect hybrid, methanol fuel cell; and partial zero emission vehicles or PZEV ("bronze") – extremely clean gasoline ICE. HE explained that when other states adopt the California PZEV and/or AT ZEV programs, manufacturers must meet percentage requirements in each state. For ZEV programs through 2012, the requirement applies cumulatively across all LEV II states.

Mr. Shulock indicated that greenhouse gas emissions (GHG) reductions were adopted in 2004 and the regulation applies to 2009 and later model years. He stated the stringency of the requirement increases through 2016. Mr. Shulock pointed out that the manufactures have brought suit against these regulations so they are currently unenforceable. However, California had an extensive two year public process for the development of the regulation. The standards are designed to be feasible for manufacturers with the heaviest fleets while maintaining consumer choices. He reviewed the available technologies, emerging technologies and available technologies not considered in the process.

He also reviewed the California Reformulated Gasoline Program which began in 1990. Phase 3 was approved in 1999 and amendments were approved in June 2007. Phase 3 implemented the MTBE ban, provided flexibility to produce MTBE-free gas, enhanced emission benefits, and led to increased ethanol use. The amendments require the permeation increase associated with ethanol use from on-road motor vehicles to be mitigated and lowered the sulfur cap.

Mr. Shulock summarized the benefits associated with the low carbon fuel standard (LCFC). The key principles include 1) governs intensity, not amount of fuel sold; 2) measured on lifecycle basis; 3) market-based; 4) performance based; and 5) fuel neutral. The standard provides flexible options for fuel providers. He outlined the schedule, which included conducting workshops in 2007 and 2008, submitting the LCFS regulation to the Board at the end of 2008, submitting to Office of Administrative Law in 2009, and implementation from 2010-2020.

Council discussed how CARB works with the public utilities and other groups; how concerns were addressed during the regulation framework; and types of vehicles included in the GHG standards.

Christine Kirby, Deputy Director for Transportation Programs with the Massachusetts Department of Environmental Protection, gave a presentation on the Northeast Low Emission Vehicle Program for Northeast States for Coordinated Air Use Management (NASCAUM). She presented the reasons and process used by the NASCAUM to adopt the LEV program. Ms. Kirby also reviewed the northeast states' policies on GHG.

Ms. Kirby concluded that the LEV program has provided critically important NO_x and VOC reductions in the Northeast LEV states. She stated that with the introduction of the new ozone standard, emissions reductions from the LEV program remain essential to the Northeast air programs. The LEV program is an essential component of the Northeast state climate action plans to reduce GHG and it has proved to be relatively easy to administer and is cost effective. She indicated that consumers have maintained the same choices of vehicles over the past 12 years of the program implementation and the program is transparent to the consumer.

Council discussed issues that the Northeast states encountered while implementing the LEV programs.

Adjournment

There being no further business before the Council, the meeting was adjourned at 5:30 p.m.