

# MINUTES

## REGIONAL AIR QUALITY COUNCIL

Thursday, June 18, 2008

### **RAQC MEMBERS/ALTERNATES PRESENT:**

Andy Spielman, *Chairman, Hogan and Hartson, LLP*

Brad Beckham, *Colorado. Department of Transportation (alternate for George Russell)*

Theresa Donahue, *Citizen Member*

Mark Johnson, *Jefferson County Department of Health and Environmen*

Doug Lempke, *Colorado. Department Public Health and Environment (alternate for Jim Martin)*

Joan Ringel, *Citizen Member*

Nancy Severson, *Denver Department of Environmental Health*

### **RAQC MEMBERS/ALTERNATES NOT IN ATTENDANCE:**

Ben Manvel, *City of Fort Collins*

Jana Milford, *University of Colorado at Boulder*

Nathan Rabinovich, *National Jewish Medical and Research Center*

Melanie Worley, *Douglas County/DRCOG*

### **OTHERS PRESENT:**

Ken Lloyd, RAQC; Misty Howell, RAQC; Steve McCannon, RAQC; Jerry Dilley, RAQC; Kate Riegle, RAQC; Sandi Garcia, RAQC; Ron Meyer, City of Aurora; Heather Stroud, Hogan and Hartson; Abby Gaffney, Davis, Graham & Stubbs; Korry Brarren, Anadarko; Jeff Schwarz, CSMS; John Jacus, Davis, Graham & Stubbs; Darby Doll, JohnstonWells Public Relations; Theresa Amoroso, APCD; Jennifer Johnson, Environmental Defense Fund; Dennis Creamer; Don Smith, Suncor Energy; Jay Christopher, Suncor Energy; Fo Farland, Correct Action Int. Paul Tourangeau, ACPD; Curtis Taipale, APCD; Zac Graves, CDOT; Kevin Lynch, Environmental Defense Fund; Brian Lockard, Noble Energy; Grier Bailey, CWPMA; Mark Larson, CWPMA; Kerri Fiedler, EPA and Cindy Cody, EPA.

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The meeting was called to order at 3:15 p.m. by Chairman Andy Spielman. A quorum was present.

### **Approval of Agenda and Minutes**

**Theresa Donahue moved to approve the agenda. Seconded by Doug Lempke. Motion passed without objection.**

**Theresa Donahue moved to approve the minutes. Seconded by Mark Johnson and Nancy Severson.**

Joan Ringel requested additional detail be added to the modeling section of the minutes to capture the Council's discussion regarding the interactions of the various sensitivity tests. Misty Howell will review the tape to get the discussion into the minutes.

The minutes will also be updated to reflect the additional sensitivity test requested by Council. Nancy Severson requested more detail to be added to paragraph three and seven of the modeling discussion as noted in italics below:

Council had a discussion regarding ozone model performance in other areas of the country. Ralph explained the differences between areas. *He specifically noted the difficulty for the model to accurately predict the ozone peaks due to the geography of the Front Range area. Therefore, weight of evidence is an important tool for selecting strategies.*

Kevin Lynch, Environmental Defense Fund, suggested Council consider using standard tons per day (tpd) reduction rather than percentages for the sensitivities. *This would help determine which source categories have the greater impact on ozone and would eliminate the need to do scaling calculations in order to compare categories.*

Misty Howell needs to add Doug Lempke to the attendance list.

**Theresa Donahue, Mark Johnson and Nancy Severson agreed to add the noted changes to the motion. Motion passed with changes noted above and without objection.**

### **Informational Items**

#### *Chairman*

Andy Spielman suggested the Council move the September 4 meeting to September 8 at 2:30 p.m. Misty will confirm the availability of members for the September 8 via email.

#### *Executive Director*

None.

#### *Committees*

None.

#### *Members*

**Theresa Donahue moved to make Joan Ringel the Vice Chair. Seconded by Nancy Severson. Motion passed, Joan Ringle abstained.**

Doug Lempke informed Council that the AQCC, at its June 19 meeting, will be receiving information on photochemistry and meteorology and an update on the ozone plan development. He invited Council to attend the meeting to hear the explanations.

### **Public Comment**

Paul Tourangeau, APCD, stated the Air Pollution Control Division is working to evaluate all options with the RAQC and the North Front Range. He indicated they are open to strategies that make sense. The APCD is looking at environmental benefits, administrative issues, and costs.

Nancy Severson asked if the APCD is considering phasing strategies and utilizing pilot projects. Paul indicated the APCD is working through the logistics of phasing strategies.

Paul reminded Council that the Ozone plan and the SIP are two separate documents. Some of the strategies can be included in regulation and not be included in the SIP.

Theresa Donahue asked whether the APCD has impact information from the climate change work. Paul indicated the technical staff is trying to understand the balance with the ozone work and climate change work.

### **Agenda for June 25 Joint Meeting with the North Front Range MPO**

Ken Lloyd reviewed the draft agenda for the June 25 meeting. The only change was to add "discussion" to item II.

### **Discussion of Ozone Fuels Strategies**

Ken Lloyd provided an overview of the ozone fuels strategies. He outlined the current programs and the potential fuels options. Ken listed the approvals needed for various options:

- 7.0 RVP gasoline must be approved by EPA as part of the SIP and is state enforced.
- To obtain an ethanol waiver, the Governor must petition EPA. It must be approved by EPA based on demonstrated contribution to air pollution. It would become effective one year after receipt by EPA unless EPA extends the effective date due to supply issues. This is uncharted territory for EPA.
- The Governor must also petition EPA to make reformulated gasoline mandatory. This would take effect one year after receipt of petition unless EPA extends the date due to supply issues. This is federally enforced with extensive record-keeping requirements.

Ken also reviewed the emission benefits and impacts of each option. On the summary of potential impacts, the market shift accounts for suppliers choosing to sell their product in another market due to the constraints of the selected RVP limit. The Colorado Petroleum Association hired EAI, Inc. to conduct an economic impact study which was based on CPA member refineries. The study looked at impact of fuels options on supply, costs, and logistics. Ken indicated the study results were presented at the June 10 stakeholder meeting.

There was discussion on the supply and demand issues as they relate to the different RVP options.

Stan Dempsey, President of the Colorado Petroleum Association, offered to make their study contractor available to make a presentation on the report to Council. He stated that he has encouraged members to contact Ken directly to discuss fuels issues. Due to anti-trust issues members cannot discuss these issues with each other.

Nancy Severson asked Stan if there were incremental improvements that would get the region to reformulated gasoline option. Stan Dempsey stated that all of the refineries have made huge investments to achieve the low sulfur and ultra-low sulfur gasolines. Most of the refineries that produce RFG are located in Houston, California and along the Gulf coast and have a larger capacity than the Denver area.

Jay Christopher, Environmental Manager for Suncor Energy, stated Suncor has a strong record regarding emissions controls and renewable fuels. Suncor has already invested five million dollars in upgrades, owns an ethanol plant and four wind farms. Jay informed Council that Suncor has committed to taking additional measures to reduce ozone levels in the Front Range, which have been outlined in a letter to the RAQC. Suncor recommends an incremental approach. He stated that reformulated gasoline (RFG) is not realistic for the current Denver market since it requires massive capital expense on top of other fuel standard requirements being mandated by EPA.

In response to Nancy Severson's question about incremental improvements, Don Smith, Director of Sales for Suncor, stated that undertaking improvements to produce lower RVP fuel would not cost as much as moving immediately to reformulated gasoline (RFG), and confirmed that the improvements needed for lower RVP would not be wasted capital for refineries if they were later required to produce reformulated gasoline.

Suncor believes the best alternative would be 7.8 RVP without a waiver.

There was discussion on what it would take to reach lower RVP levels and how that would affect the market.

Patty Stulp, ERAS, Inc. provided Council with an Ethanol and Ozone White Paper, which supports that ethanol blending at ten percent is neutral for ozone. She stated E10 allows for a move to E85 and an energy independence from foreign oil. She also indicated that some areas using reformulated gasoline have added an ethanol waiver.

Rick Griffith said the discussion is premature since the sensitivity modeling will not be available for another 2-3 weeks.

In response to an earlier question, Ken Lloyd provided Council with a listing of areas that use reformulated gas which include Sacramento, Fresno, Los Angeles, San Diego, Houston, Dallas/Fort Worth, St. Louis, Chicago, Milwaukee, Richmond, Norfolk and the entire eastern seaboard from Boston to Washington.

Ken stated that RAQC staff and APCD staff are requesting the Council narrow its focus for the short-term. The recommendation is to define the 7.8 RVP with no waiver and 7.0 with a waiver options for the SIP.

Joan Ringel suggested staff focus on the 7.0 RVP with waiver as the strategy in the 2010 SIP. Some Council members requested staff perform an analysis of costs and air quality benefits for a 7.0 RVP to reformulated gas phase-in strategy that would extend beyond the 2010 SIP process to provide additional information to the Council for the ozone plan.

**Joan Ringel moved that staff focus on the 7.0 with waiver option and pursue the implementation strategy for the SIP and that staff provide a comparison of costs/benefits for lowering Reid Vapor Pressure (RVP) by December 2008 or January 2009 and moving toward reformulated gas (RFG) in order to provide information to the legislature. Seconded by Mark Johnson.**

Doug Lempke said he would like to keep open the option for staff to present the modeling sensitivity analysis on eliminating the waiver (7.8 no waiver option) so Council will have some data to better understand what kind of ozone impacts that might present.

### **Discussion of Phase II Vapor Recovery**

Ken Lloyd reminded Council that background information on this topic was provided via email.

Curtis Taipale, APCD, reviewed slide 14 which graphically showed the level of benefit from Stage II Vapor Recovery over time. Because gasoline stations cannot convert pumps immediately, the program would require a three-year phase-in. He stated it does not provide much benefit into the future.

Council discussed the large investment requirements for the small air quality benefit of this program. Discussion also included fueling message. Ken Lloyd reminded Council that fueling messages are part of the current ozone outreach program.

Grier Bailey, CWPMA, stated that Stage II Vapor Recovery eventually becomes a redundant technology. There was discussion as to whether gasoline prices could be adjusted for the time of day to encourage fueling in the evening. Grier indicated he would bring the suggestion back to members, but believes there would be anti-trust issue which would prohibit it.

Mark Larson, CWPMA, stated this is the tightest margin market for the petroleum marketers so it is not realistic to ask marketers to change gasoline prices during the day.

John Jacus, representing Noble Energy and Anadarko, expressed concern that this option was being prematurely removed from consideration. He urged Council to wait for the modeling results before making a decision. Ken Lloyd noted that the modeling is not for specific strategies, but for percentage reductions. John said Council will get photo reactivity in the modeling that is not reflected in a pie chart that treats every VOC the same. He asked the Council to be sensitive to skewing of the data and to wait for the modeling results.

Council asked staff what would be required if they left the strategy on the table. Ken Lloyd said staff would need to start working on regulations if this is going to be included in the SIP. Council directed staff to not move forward with this strategy at this time and Council will make a decision once the modeling sensitivities are complete.

Theresa Donahue asked staff to include dollars per ton to the tables for strategy comparisons.

### **Adjournment**

There being no further business before the Council, the meeting was adjourned at 5:45 p.m.