



MINUTES

Friday, March 4, 2011

RAQC MEMBERS PRESENT:

Bob Fitzgerald, *City of Aurora*
Darryl Jones, *Coventry Development*
Elise Jones, *Colorado Environmental Coalition*
Richard Long, *Citizen*
Ben Manvel, *City of Fort Collins*
Bob Murphy, *City of Lakewood*
Paul Natale, *City of Commerce City*
Jennifer Schaufele, *Denver Regional Council of Governments*
Jep Seman, *Corporate Advocates*
Nancy Severson, *Denver Department of Environmental Health*
Skip Spensley, *Environmental Consultant*
David Stewart, *EnCana Oil & Gas (USA)*
Will Toor, *Boulder County*
Chris Urbina, *Colorado Department of Public Health and Environment*
Elena Wilken, *Colorado Association of Transit Agencies*

RAQC MEMBERS NOT PRESENT:

Andy Spielman, *Chairman, Hogan Lovells*
Debra Baskett, *City and County of Broomfield*
Reeves Brown, *Colorado Department of Local Affairs*
Melissa Chalona, *CTL|Thompson Inc.*
Eric Doering, *Town of Frederick*
Rick Garcia, *Department of Urban Housing and Development (advisory)*
Don Hunt, *Colorado. Department of Transportation*
Linda Morton, *Morton Consulting Co*
John Putnam, *Kaplan, Kirsch, & Rockwell, LLP*
Nancy Sharpe, *City of Greenwood Village*

RAQC ALTERNATES PRESENT:

Jennifer Finch, *Colorado. Department of Transportation*
Martha Rudolph, *Colorado Department of Public Health and Environment (via phone)*

RAQC STAFF PRESENT:

Ken Lloyd; Sarah Anderson; Jerry Dilley; Misty Howell; Stephanie Lind; Steve McCannon; Aneka Patel; and Kate Riegle.

OTHERS PRESENT:

Kris Bohling, *Wagner Equipment*; Jim Brandon, *ESP*; Margy Christiansen, *RAQC*; Kathryn Clay, *Alliance of Automobile Manufacturers*; Steve Cook, *DRCOG*; Katrina Davis, *Colorado Corn Growers Association*; Stan Dempsey, *Colorado Petroleum Association*; Clint Ensign, *Sinclair Oil*; Greg Fulton, *Colorado Motor Carriers Association*; John Gallagher, *Suncor Energy*; David Hill, *EnCana Oil and Gas*; Garry Kaufmann, *APCD*; Mark Larson, *CWPMA*; Kim Livo, *CDPHE*; Jessica Osborne, *CDPHE*; Emily O'Winter, *UC Denver*; Mike Salisbury, *SWEEP*; Mike Silverstein, *APCD*; Patty Stulp, *ERAS, Inc.*; and Paul Tourangeau, *APCD*.

The meeting was called to order at 9:40 a.m. by Councilmember Skip Spensley. Skip indicated Chairman Andy Spielman asked him to chair the meeting in Andy's absence. A quorum was present.

Approval of Agenda

Elise Jones moved to approve the agenda. Seconded by Darryl Jones. Motion passed without objection.

Approval of Minutes

Elise Jones moved to approve the minutes. Seconded by David Stewart. Motion passed without objection.

Informational Items

Chair

None.

Executive Director

Ken Lloyd informed Council that Andy Spielman, as RAQC Chair, sent a letter to DRCOG regarding concerns over upcoming allocations of the 2017 TIP funds. Ken said that 75 percent of the funds are allocated based on ranking through the competitive process. Two RAQC air quality projects, which qualified for funding in the competitive process, were removed from the funding list in order to secure full funding for the Smith Road/Peoria project. Consideration of this alternative funding option is a clear deviation from DRCOG policy. Bob Fitzgerald said that the Smith Road/Peoria project is important and needed to be funded.

Ken also informed Council that RAQC, DRCOG and EPA staff have begun work on the land use and transportation modeling funded through EPA. A workshop to kick-off of the program will be held on April 7.

Members

None.

Public Comment

None.

Legislative Update

Margy Christiansen provided Council with updates on current legislation of interest. She said HB1082, concerning excluding portions of Weld and Larimer County from the inspection and maintenance program, has passed the House and has not been assigned in the Senate yet. The expectation is that it will not pass the Senate. HB1187, concerning exempting heavy duty

vehicles working outside the program area but licensed in the non-attainment area, has been introduced.

Ken Lloyd asked Greg Fulton, Colorado Motor Carriers Association, to provide information on HB 1275, concerning diesel engine idling. Mr. Fulton indicated his members are concerned with the different local government ordinances and believe a state-wide standard would help them with driver training. He noted this late bill is not a mandate, but an opt-in standard. He said his members believe this type of standard would assure greater compliance. He asked for RAQC support.

In response to questions, Mr. Fulton confirmed that the bill would create a maximum idling standard and pre-empt any local government ordinance that might be more stringent. The ordinance would also clarify situations where idling cannot be avoided. Paul Tourangeau indicated that the APCD worked to streamline this bill and see some process issues that need to be addressed. Ken Lloyd reminded Council that very few local governments currently have an idling ordinance. He said RAQC staff was also expressed concern with the ordinance pre-empting local government control.

Martha Rudolph explained that Legislative Council is conducting a hearing to determine if the AQCC followed the proper procedures in approving the Regional Haze SIP. She asked Council to support the Regional Haze SIP and testify in favor of the SIP, if necessary, at the Legislative Council hearing.

Elise Jones moved to support the Regional Haze SIP and oppose any legislation that changes the SIP. Seconded by David Stewart.

Council discussed how HB1365 is incorporated into the Regional Haze SIP for BART (Best Available Retrofit Technology) sources retirement/control. Martha Rudolph clarified that the hearing is to determine if the AQCC went beyond its statutory authority, not to question the measures included in the SIP.

A few Council Members asked for advance notice and background before making decisions on these types of issues. It was noted that the APCD presented an updated on the status of the Regional Haze SIP at the February RAQC meeting.

The motion failed with a 9-3 vote.

Council agreed to continue discussion of this topic at the end of the meeting so that the invited speakers would have time to make their presentations.

Gasoline Fuels Ozone Strategies

Ken Lloyd introduced Joseph Leto, Energy Analysts International (EAI), Inc., who provided Council with an overview of results from the Fuel Study. Mr. Leto outlined fuel scenarios considered within the study. He summarized some of the key findings from the study, including: incremental non-attainment area fuel costs; rejected light ends and gasoline market shift; and refinery investment risk and consumer cost exposure.

Ken Lloyd introduced industry representatives who provided their perspectives on the fuels strategies under consideration by the RAQC. He noted Council will have time for discussion after the presentations.

Stan Dempsey, President, Colorado Petroleum Association (CPA), informed Council that the CPA represents the majority of refiners and terminals that supply the Denver/Northern Front Range market. He said CPA appreciates the RAQC's efforts in moving the discussion forward and he has encouraged his members to participate in the Fuels Study. He said that individual refiners must analyze their ability to produce the proposed fuel choices and their unique market structure. He emphasized the uncertainty around how the yet to be determined standard will effect the distribution of gasoline supply. He said the CPA strongly supports the enhanced vehicle emissions testing and encourages the RAQC to continue its work of identifying new strategies.

Mr. Dempsey also provided Council with an overview of CPA's analysis of the Fuels Study. He noted that the projected declining demand along with the higher fuel costs will drive his members' capital cost decisions. He concluded that the possible fuel strategies inherently result in less supply and that the strategies reduce the flexibility of refiners to use the increasing production of Colorado crude oil.

John Gallagher, Vice President of Refining (USA), Suncor Energy, provided Council with background on Suncor Energy and its contribution and impact on Colorado's economy. He said Suncor's position is to recommend no change to fuel specifications. He cited the following reasons for Suncor's position: unknown ozone standard; motor vehicle emissions are declining with fleet turnover; the distribution infrastructure is currently not in place to segregate additional lower RVP gasoline grade; the full impact of fuel changes needs to be understood before making any changes; and the RAQC was directed to evaluate and do additional analysis on all strategies and is not mandated to chose a new fuel specification. He said a fuel change would have a significant financial impact on Suncor's business.

Patty Stulp, President, ERAS, Inc., provided the ethanol industry perspective on the Fuels Study. She said that a 2005 study completed by Environ for Ethanol Management Company showed that ethanol is ozone neutral. She also cited results of the 2008 ozone modeling sensitivity which showed a slight improvement in ozone with 100% ethanol market share. She asked Council to consider how a change to the ethanol waiver can be justified if the model shows ethanol is neutral to ozone.

There was clarification on the amount of time that would be required for industry to make capital changes with a lower RVP grade. It was noted that Council needs to look at all alternatives.

Public Comment

Mark Larson, Colorado/Wyoming Petroleum Marketers Association, said his Board is recommending that the RAQC select the "no action" option for these strategies. He stated that making these changes to RVP will increase gasoline prices and cause shortages.

Bob Fitzgerald said it would be helpful to hear from National Jewish on the ozone and health affects of ozone to consider the trade-offs.

Garry Kaufmann, APCD, reiterated that this is not the point where the RAQC will be making decisions on options. The RAQC and APCD will continue to look at the costs and benefits of strategies.

Panel Discussion – Alternative Fuels Options and Market Penetration

Ken Lloyd introduced the panel for the alternative fuels options.

David Hill, EnCana Oil and Gas, provided Council with background on EnCana. He stated the mission of EnCana, along with other America's Natural Gas Alliance (ANGA) members, is to establish natural gas as the foundation of North America's energy portfolio. He said the ANGA exists to increase appreciations from the environmental, economic, and national security benefits of clean, abundant, dependable and cost efficient American natural gas. Mr. Hill said EnCana is working to convert its fleet to run on natural gas, developing natural gas fueling infrastructure to support vehicles and communities, converting drilling rigs to natural gas, and working with companies and vendors to support infrastructure and use natural gas in their fleets. He noted that natural gas is part of the ozone solution. Mr. Hill highlighted the need to educate users on the use of alternative fuels.

Kathryn Clay, Alliance of Automobile Manufacturers (AAM), a major trade association representing 80% of the U.S. market, provided Council with AMM policy actions to support electric vehicles. She said the auto industry is transforming itself to meet the societal goals of energy security, GHG emissions, and sustainable, safe mobility. She noted that getting the right policies in place will enable automakers to market advanced technology vehicles successfully. Ms. Clay addressed the challenges and barriers to electric vehicle deployment. She noted the challenges to engaging consumers and the need to address the "marketing reality gap". Ms. Clay stated that moving forward it needs to be recognized that a competitive auto industry is necessary to continue to deliver innovative technologies and that consumers need to be engaged in the adoption of new technologies through appropriate price signals.

Council discussion included the political challenges associated with alternative fuels including the infrastructure for electric vehicles and how to continue support of funding for the roadway network when moving away from gasoline. Currently, there is a tax on gasoline that helps pay for roadway maintenance and construction.

Since the meeting was close to its adjournment time Council asked Katrina Davis, Colorado Corn Growers Association, and Mike Salisbury, Southwest Energy Efficiency Project, if they would be willing to postpone their presentations until the April meeting. Everyone agreed to continue discussions in April.

Adjournment

Council tentatively scheduled a conference call meeting for Thursday, March 11 at 1:00 pm to continue its discussion on legislation of interest. Staff will confirm a time and notice the meeting.

There being no further business before the Council, the meeting was adjourned at 12:40 p.m.