



MINUTES

Friday, October 7, 2011

RAQC MEMBERS PRESENT:

Andy Spielman, *Chairman, Hogan Lovells*
Melissa Chalona, *CTL|Thompson Inc.*
Bob Fitzgerald, *City of Aurora*
Rick Garcia, *Department of Urban Housing and Development (advisory)*
Darryl Jones, *Coventry Development*
Elise Jones, *Colorado Environmental Coalition*
Richard Long, *Citizen*
Ben Manvel, *City of Fort Collins*
Paul Natale, *City of Commerce City*
John Putnam, *Kaplan, Kirsch, & Rockwell, LLP*
Jep Seman, *Corporate Advocates*
Nancy Severson, *Denver Department of Environmental Health*
Nancy Sharpe, *City of Greenwood Village*
Will Toor, *Boulder County*
Elena Wilken, *Colorado Association of Transit Agencies*

RAQC MEMBERS NOT PRESENT:

Debra Baskett, *City and County of Broomfield*
Reeves Brown, *Colorado Department of Local Affairs*
Eric Doering, *Town of Frederick*
Don Hunt, *Colorado Department of Transportation*
Linda Morton, *Morton Consulting Co*
Bob Murphy, *City of Lakewood*
Jennifer Schaufele, *Denver Regional Council of Governments*
Skip Spensley, *Environmental Consultant*
David Stewart, *EnCana Oil & Gas (USA)*
Chris Urbina, *Colorado Department of Public Health and Environment*

RAQC ALTERNATES PRESENT:

Andy Hill, *Colorado Department of Local Affairs*
Carla Perez, *Regional Transportation District*
Debra Perkins-Smith, *Colorado Department of Transportation*
Martha Rudolph, *Colorado Department of Public Health and Environment*

RAQC STAFF PRESENT:

Ken Lloyd, Sarah Anderson, Kate Cooke, Misty Howell, Steve McCannon, Aneka Patel, and Kate Riegle.

OTHERS PRESENT:

Cindy Allen, Encana; Will Allison, APCD; Theresa Amoroso, APCD; Greier Bailey, CWPMA; Kris Bohling, Wagner Equipment; Andrew Casper, COGA; Josh Epel, PUC; Sherman Feher, Arapahoe County; Karen Hancock, City of Aurora; Garry Kaufmann, APCD; Mark McMillan, APCD; Melissa Miles, CSSGA; Mim Mirsky, Denver Environmental Health; Scott Patefield, APCD; Natalia Swalnick, American Lung Association; Jeff Sudmeier, CDOT; Curt Taipale, APCD; Gregg Thomas, City and County of Denver; Rose Waldman, APCD; Jerry Williams, DIA; and Bob Yuhnke, SWEEP.

The meeting was called to order at 9:40 a.m. by Chairman Andy Spielman. A quorum was present.

Approval of Agenda

Jep Seman moved to approve the agenda. Seconded by Dick Long. Motion passed without objection.

Approval of Minutes

Dick Long moved to approve the minutes. Seconded by John Putnam. Motion passed without objection and with abstentions (Bob Fitzgerald, Nancy Severson and Elise Jones).

Informational Items

Chair

Andy Spielman introduced Will Allison, the new Director of the Air Pollution Control Division, to Council.

Executive Director

Ken Lloyd said he sent an email notice to Council members indicating that the Governor's office is considering new appointments to the RAQC and that members need to submit an application and resume if they are interested in continuing service on the RAQC board. He noted it is not necessary for agency members to reapply. Ken also asked that members let him know if they were not interested in continuing service.

Ken provided Council with an overview of the 2010 audited financial statements. He said the RAQC is in good financial shape. Council had no additional questions.

Members

Martha Rudolph said CDPHE is in the process of finalizing its updated strategic plan. She stated CDPHE has identified 10 goals, three of which related to environmental programs including clean water, safe food and clean air. The plan will be submitted to the legislature in November. If Council members want additional information contact Martha directly.

Public Comment

None.

Discussion of Next Steps in Implementing EPA's 2008 (0.075 ppm) Ozone Standard

Ken Lloyd reviewed a memo from Gina McCarthy, EPA Assistant Administrator, regarding implementation of the 0.075 ppm Ozone National Ambient Air Quality Standard. The memo indicated that EPA is moving ahead with certain required actions to implement the 2008 standard while being mindful of the President's and Administrator's direction to reduce uncertainty and minimize the regulatory burden on state and local governments. Based on an initial review of 2008-2010 ozone air quality data, there are 52 areas that exceed the 0.075 ppm standard. Using

the “percent above the standard” classification, 43 of the 52 areas would fall into the Marginal classification category. EPA’s modeling indicates that approximately half of the 52 areas would attain the 0.075 ppm standard by 2015 (the expected attainment deadline for marginal areas) as a result of the emission-reducing rules already in place.

Council discussion included:

- That a new standard would not be promulgated until 2014 at the earliest under the current process with implementation of a SIP for a new standard in the 2020 timeframe.
- Suggestion to review modeling to determine projected levels from ozone in 2015
 - Ken Lloyd noted that the modeling indicates that the Denver/North Front Range area will be below the 75 ppb standard by 2018/2020. He said it would be possible to run a new baseline and model for 2015.
- Litigation and the effect on the 75 ppb standard
 - Ken said EPA is expecting litigation and the current process has litigation that is moving forward due to the recent decision.
- What this change means for Council’s work
 - Ken Lloyd indicated meeting the 75 ppb standard by 2015 is still a challenge for the Denver/NFR region. He said it makes sense to look at short-term strategies (implementable within four years to meet the standard by 2015) for the current SIP and continue to look at long-term strategies in anticipation of meeting a lower ozone standard in future years.
 - Andy Spielman asked Council to consider having the subcommittees organize the strategies into categories of short-term and long-term.
 - John Putnam said it would be helpful to have a discussion of the implications of moving from marginal to moderate designation.

It was suggested that Council conduct subcommittee meetings as needed and hold Board meetings quarterly, with special meetings when necessary. Council decided to address this suggestion at the end of the meeting.

Public Comment

None.

Conversation with Joshua Epel, Chairman, Colorado Public Utilities Commission

Andy Spielman introduced Joshua Epel, Chairman of the Colorado Public Utilities Commission. He noted that Mr. Epel was previously a member of the RAQC and the Colorado Oil and Gas Conservation Commission. Andy informed Council that Mr. Epel will be sharing his personal views rather than speaking for the Colorado Public Utilities Commission.

Mr. Epel provided Council with his background, which included his work as staff for the Metropolitan Air Quality Council, the predecessor organization of the RAQC and as a Board member on the RAQC. He said he worked on the Carbon Monoxide SIP and changes to the oxygenated fuels rules.

Mr. Epel explained that the purpose of the informational docket on electric and natural gas vehicles is to allow the PUC Commissioners to ask questions, to bring forward information, to allow for conversations between interested parties and gain a better understanding of the issues and how the components interrelate. He encouraged Council to participate in the docket process.

During Council discussion the following questions and observations arose:

- The effect plugging in electric vehicles has on the power grid
 - Whether there is a comparison of amount of electricity used by electric vehicles (EV) to a household appliance – to give perspective.
 - It was noted there are three levels for charging EV which determine how long it takes to recharge: 120 volt (8-12 hours); 240 volt (4-8 hours) and 480 volt (30-40 minutes).
 - Anr example provided was that a Tesla Roadster uses 10 kilowatt hours of electricity per day (300kwh/month), which is a 50% increase to typical residential use and approximately a \$30 increase/month.
- How to address policy questions of infrastructure and fleet demand
- Analysis of economics should be considered as part of the process
- It was suggested that PUC staff reach out to DIA staff who have been evaluating CNG and EV issues.
- The use of smart metering in the future will be useful for estimating grid use and timing of increases due to EV use.
- It would be helpful to know effects on the grid and how they relate to air quality.
- The PUC should consider the impacts of EV on gas tax revenue.
- What the PUC is doing in the renewable energy/energy efficiency (RE/EE) arena and how the RAQC could assist in that area.

Mr. Epel summarized that the PUC is gathering a lot of information and wants an exchange of ideas. He emphasized the PUC is in the collecting information mode and the focus is on more basic information. He noted that the PUC would look to RAQC and APCD for emissions data. He stated the PUC has its own research group to assist with technical issues as well. Mr. Epel said he believes that RAQC would be a good source to provide input on the air quality benefits to factor into analysis.

Council should provide additional questions and comments to Ken Lloyd, who will forward them to Mr. Epel and the PUC. Council discussed whether to provide official comment to the docket process.

Elena Wilken moved to prepare a comment letter to the PUC. Seconded by Jep Seman. Motion passed without objection.

At Andy Spielman's request, Jep Seman and John Putnam volunteered to help staff prepare the letter.

Public Comment

Natalia Swalnick, Director of Environmental Health with the American Lung Association, reminded Council that Clean Cities has received a one-year grant of \$500,000 from the Department of Energy to develop community readiness plan for electric vehicle in Colorado that will address the barriers to developing a program. She noted that this grant is not to purchase electric vehicles or pay for infrastructure. CU Boulder has been commissioned to put together an air quality study as part of the process.

Bob Yuhnke, SWEEP, indicated that his organization is going to submit research done for the RAQC to the PUC as part of the docket. He said the research shows that if one-third of the fleet is converted to EV there will be approximately a 30% reduction in carbon dioxide emissions. He also

noted that the fuel savings benefit between now and 2035 would be \$17 billion from avoiding the increased cost of petroleum fuels during that timeframe.

Gregg Thomas, City and County of Denver, said Denver is looking at CNG vehicles in a fleet campus that uses a key card access system for fueling stations. He stated it is difficult to get private partners because of the multitude of state and federal codes affecting access to CNG stations. He indicated it would be helpful to have more information on the state and federal codes that are obstacles to making stations available to the public.

Report from Oil and Gas Sources Subcommittee

Martha Rudolph, subcommittee chair, introduced Scott Patefield, who provided an overview of EPA's proposed rule on the oil and natural gas sector. These rules will be required for all new sources. He also provided a comparison of the proposed standards to current Colorado requirements. Scott indicated that the most stringent rule will be used.

Scott stated that EPA proposed the rule on July 28, 2011 and the comment period ends October 31, 2011. He said EPA is under a consent decree deadline to take final action by February 28, 2012.

Martha provided an overview of the subcommittee's work. She said that given the recent ozone standard news and the oil and gas rule process, the subcommittee may want to reconsider some of its recommendations. The subcommittee made the following recommendations:

- Condensate tanks: system wide capture & control efficiency – retain for continued analysis. The subcommittee believes this strategy has SIP credit potential.
- Glycol dehydrators: modify applicability threshold, increase control – retain for continued analysis. The subcommittee believes this strategy has SIP credit potential.
- Condensate loadout operations at E&P sites: require submerge fill – retain for continued analysis. The subcommittee asked staff to work on compiling a list of companies already doing this and outline any enforcement issues.
- Condensate tanks: electronic surveillance system – retain for continued analysis. There is currently a pilot project underway.
- Compressor stations in NAA: potential electrification of natural gas-fired RICE – retain for continued analysis. Potential SIP credit. Martha suggested this strategy be given lower priority on the list because it is time intensive and costly.
- RICE under 500 HP and portable RICE: evaluate potential emission controls – “park” for now. Potential SIP credit. Requires substantial time and effort from APCD and facilities.
- Well completions: require green completions when feasible – “park” for now, but look at potential credit from COGCC rules.
- Fugitive leaks: require directed inspection and maintenance program – retain for continued analysis. Difficult to quantify emissions reductions and costs; enforceability is challenging.
- Drill rigs: adopt California requirements; voluntary program to add SCR controls – retain for continued analysis of possible EPA approval. Martha noted this is an expensive measure.
- Miscellaneous O&G sources: expand Reg. 7 applicability for small engines, require insulation of heated separators and install BASO valves – “park” for now. There are significant enforcement issues.
- Pneumatic devices: expand requirement for low/no-bleed devices to statewide – retain for continued analysis. It is possible that EPA's proposed NSPS would address this source.

- Pneumatic injection pumps: replace and control pneumatic methanol and chemical injection pumps – retain for continued analysis.
- Produced water tanks: require produced water tanks to be controlled sites with existing control equipment – This measure is likely to have a lower payback compared to other options, the subcommittee recommended this be “tabled”.
- Amine unit: VOC emissions controls – “table” and consider whether these units may be covered under a general minor source for BACT/RACT rules.

In response to a question, Martha replied that the subcommittee discussed organizing the strategies by likelihood of implementation and largest reductions. She said they determined there was a need for gathering additional information for further consideration before the strategies could be categorized.

Council had a discussion on how to prioritize all the strategies under consideration for staff work. It was suggested that the prioritization should occur on the subcommittee level with confirmation from the full board. Council discussed prioritizing the measures into short- and long-term to help staff manage time. It was noted that Council should not lose sight of the co-benefits of the long-term strategies. Elena Wilken indicated it would be good to have information on the long-term strategies for opportunities that may arise. Martha Rudolph suggested the subcommittees review and make any necessary changes to the lists and staff provide ballpark timeframes along with the level of difficulty for further refinement so that Council can prioritize the lists. Ken Lloyd said that staff would reconvene the subcommittees to review the strategy lists.

Public Comment

None.

Topics for Next Meeting

Andy Spielman reminded Council that Governor Hickenlooper is considering re-appointments to the RAQC, and they should submit their applications if they want to continue on the Board. In response to a question, Martha Rudolph stated the Governor’s office is considering making the appointments in the November timeframe. She said because of the current work of the Council, she would request the Governor’s office not make any changes until the Board has its November meeting.

Ken Lloyd clarified that Council wanted staff to reconvene the subcommittees before the November meeting to review their strategy recommendations. Andy indicated the subcommittees have done a lot of work and encouraged them to keep up the momentum.

Council discussed changing the date for the November meeting. Misty Howell will email Council to determine the best date.

Adjournment

There being no further business before the Council, the meeting was adjourned at 12:15 p.m.