

**DRAFT MEETING SUMMARY**  
**NEW MEXICO CLIMATE CHANGE ADVISORY GROUP (CCAG)**  
Albuquerque, New Mexico  
Meeting #6, October 30-31, 2006

*EDWINA TO PROVIDE ATTENDANCE IN ITALICS*

*Attending:*

*CCAG members present included:*

*Bensinger Charles Sunbelt Biofuels*  
*Etc....*

*State Agency Representatives present included:*

<i>Norton</i>	<i>Jim</i>	<i>NM Environment Department</i>
<i>Uhl</i>	<i>Mary</i>	<i>NM Environment Department</i>
<i>Aaboe</i>	<i>Erik</i>	<i>NM Environment Department</i>
<i>Musick</i>	<i>Brad</i>	<i>NM Environment Department</i>
<i>Weaver</i>	<i>Lany</i>	<i>NM Environment Department</i>
<i>O'Hare</i>	<i>Craig</i>	<i>NM Energy Minerals &amp; Natural Resources Department</i>

Center for Climate Strategies (CCS) team members present included: Tom Peterson, Karl Hausker, Ken Colburn, Steve Roe, Michael Lazarus, and Lewison Lem.

***October 30 Session***

Introductory Remarks

Ron Curry, New Mexico Environment Department (NMED) Secretary, and Sarah Cottrell, adviser to the Governor, made opening remarks, along with Jim Norton and Tom Peterson of CCS. Introductions of CCAG members and others in attendance followed.

Consideration of Draft Policy Option Descriptions

***Residential, Commercial and Industrial***

Michael Lazarus presented the pending options in the Residential, Commercial, and Industrial (RCI) sector, and answered questions regarding the content and analysis of specific options. Discussions and voting on options followed, summarized below.

- RCI-2: Demand Side Management (DSM) Programs, Energy Efficiency Funds, and/or Energy Efficiency Requirements for Natural Gas and Other Fuels. CCS explained that the specific implementation mechanisms were not determined, that the PNM gas efficiency study was used to develop estimated savings, and that this study incorporated a wide range of energy efficiency measures. CCAG member stated that only market-based approaches should be included; abstained from voting but did not object. Adopted by unanimous consent.
- RCI-7b: Solar Hot Water and Solar-PV-ready Codes for New Buildings. After discussion about how to estimate costs for this measure and associated emissions savings – as this

measure fits buildings for solar hot water and PV, and thereby enables but does not install the technology itself – it was agreed to proceed as a non-quantified option. Adopted by unanimous consent.

- RCI-7c. Solar Hot Water Systems as an Element of Building Codes for New Buildings. Discomfort with code requirements for all buildings was expressed by several CCAG members, and CCAG members drafted new language in response. Given major uncertainties on costs and savings, it was agreed to proceed as a non-quantified option. Subsequent to modifications, adopted by unanimous consent.
- RCI-8a: Building Energy Performance Requirements for State funded and Other Government Buildings (“Reach Codes”). No questions. Adopted by unanimous consent.
- RCI-8b: Building Energy Performance Promotion and Incentives for Energy Performance Enhancements (Attaining “Reach Codes”) in Non-Government Buildings (Including Existing Buildings). No questions. Adopted by unanimous consent.
- RCI-9: Government Agency Requirements and Goals (including procurement) – Focus on operations. One CCAG member asked if educational institutions are included, and CCS responded in the affirmative. Adopted by unanimous consent.
- RCI-13: Incentives and Promotion for Renewable Energy and Clean Combined Heat and Power. The CCAG agreed that ES options covered this area, and the final report should note this. Adopted by unanimous consent.
- RCI-14: Regulatory/Legislative Grid, Pricing, and other Policies to Support Distributed Generation. The CCAG agreed that ES options covered this area, and the final report should note this. Adopted by unanimous consent.
- RCI-16: Participation in Regional (or National) Industry Emissions Cap and Trade Programs. The CCAG agreed that ES cap and trade option covered this area, and the final report should note this. Adopted by unanimous consent.
- RCI-17: Voluntary Emissions Targets. No questions. Adopted by unanimous consent.
- RCI-18: Use of Alternative Gases (Non-Energy Emissions, Industrial Process Gases). No questions. Adopted by unanimous consent.
- RCI-19: Solid Waste Recycling, Source Reduction, and Composting. During discussion of this option, Gregory Green left the room because of *ex parte* considerations, and abstained from voting on this option. Member expressed concern about phrasing of mandatory in the language, and about viable markets for some recyclables. Language revised and adopted by unanimous consent.

### ***Energy Supply***

Ken Colburn presented the Energy Supply (ES) Policy Options as prepared by the TWG. In the course of his review, Colburn circulated handouts reflecting TWG negotiations after its last call. The options with handouts included ES-4, ES-11, ES-12, and ES-13. ES-7 also had changes to the “Contributing Issues” section of its template, which were displayed on the projection screen for CCAG discussion. Colburn noted that uncertainties with respect to quantification had led the

TWG to specify goal levels applicable to each overall oil and gas policy option rather than attributed to specific technologies within each option. The TWG did not reach agreement on costs for ES-11, ES-12, and ES-13, so costs were not scored for these options. After Colburn's review and answers to clarifying questions on Energy Supply options, the CCAG discussed and voted on the options, as summarized below.

- ES-1: Mandates for Renewable Energy (RPS, etc.). General discussion included utility indications that they could potentially support an increased RPS, on the order of 15-20%, up from the current 10% by 2011. The CCAG considered whether it should recommend a single percentage figure or vote on all three of the RPS options (ES-1a – 15% by 2021; ES-1b – 20% by 2021; ES-1c – 30% by 2021), deciding ultimately to do the latter. Members noted that ES-1 should be aligned with ES-4's incentives, and that ES-1 obligations should apply to independent power producers (IPPs) as well as investor owned utilities (IOUs). ES-1c received majority support with 9 objections. ES-1b was adopted by unanimous consent. ES-1a received 16 objections so it did not even receive majority support.
- ES-2: Financial Incentives for Distributed Energy. Adopted by unanimous consent.
- ES-3: Renewable Energy Transmission and Storage. Adopted by unanimous consent.
- ES-4: RPS with Financial Incentives for Centralized Renewables. A handout was distributed with amendment altering this policy option's title and adding text clarifying that while ES-4 would likely be implemented in conjunction with an RPS, and was modeled in that fashion for ease of analysis, ES-4 references specific incentives, it does not endorse a specific level of RPS. Handout language adopted by unanimous consent.
- ES-5: R&D including Energy Storage. Adopted by unanimous consent.
- ES-6: Advanced Coal/Fossil Technologies (e.g., IGCC with carbon capture). The CCAG strongly clarified its intent that this option apply to "advanced fossil technologies with CCSR" generally; it is not intend to be limited to IGCC but to include all advanced coal or fossil technologies. This policy option would provide incentives to encourage all new coal or fossil plants to be ready to capture carbon dioxide, and greater incentives to capture and sequester sufficient carbon dioxide to make the plant as clean in terms of GHG emissions as a natural gas combined cycle facility. Concern was reiterated regarding the applicability of securing reductions at tribal facilities. Adopted by unanimous consent.
- ES-7: Nuclear Power. Adopted by unanimous consent.
- ES-8: Incentives and Barrier Reductions for Combined Heat & Power (CHP). Adopted by unanimous consent.
- ES-9: Demand-Side Management. Already adopted by the CCAG as RCI-1.
- ES-10: Transmission Capacity and Corridors. Adopted by unanimous consent.
- ES-11: CO2 Capture and Storage or Reuse (CCSR) in Oil and Gas Operations. Handout language adopted by unanimous consent.
- ES-12: Methane Reduction in Oil and Gas Operations: BMPs and PROs. Handout language adopted by unanimous consent.

- ES-13: CO2 Reduction from Fuel Combustion in Oil and Gas Operations. Handout language adopted by unanimous consent.
- ES-14: GHG Cap and Trade. Some members that support a national cap and trade program expressed concern about implementation of a potential regional cap and trade program. Another member expressed opposition to all cap and trade programs at this time. Another member suggested that a regional program would never be an end in itself but only a stepping stone to a national program. The CCAG added language recommending the taking into account of concerns regarding social justice and communities of color in the implementation of any future cap and trade program. Adopted by unanimous consent with 3 abstentions.
- ES-15: Generation Performance Standard. The CCAG added language to ensure that this policy option applied to new imported power contracts as well as actual new generating facilities. The CCAG also added language recommending efforts to remove any perverse incentives to continue running existing dirty plants. Adopted with majority support with 9 objections.
- ES-16: Regulatory reform of cooperatives. A member recommended a title change to “Clean Energy Development for Electric Cooperatives” and there were no objections to this change. Adopted by unanimous consent.

### *Transportation and Land Use*

Karl Hausker introduced the Transportation and Land Use (TLU) Policy Options. Discussions and voting on options followed, summarized below.

CCAG actions taken on TLU options:

- TLU-2 – Low Rolling Resistance Tires. Bernie Zak inquired about safety of low-rolling resistance tires (TLU-2); Lewison Lem noted that there is no direct correlation. It was also clarified that the CA legislation targets light-duty vehicles, will be mandatory (minimum efficiency levels to be determined during rule making), and that consumer information on rolling resistance is currently not available. Adopted by unanimous consent.
- TLU-3 – Low-GHG Operation of State Fleet Vehicles. Adopted by unanimous consent.
- TLU-4 – Pay-As-You-Drive Insurance. Jason Marks noted that the PRC has no regulations that restrict PAYD insurance (TLU-4); Hausker replied that, in other states, regulators need to take positive steps to enable and encourage PAYD. Hausker also noted that a number of pilot projects are underway in other states. Adopted by unanimous consent.
- TLU-5 – Incentive/Disincentive Options Bundle. Adopted by unanimous consent.
- TLU-6 – Adopted by unanimous consent at CCAG#5.
- TLU-7 – Infill, Brownfield Re-development. Cecilia Abeyta suggested that reference to individual land trusts be removed from policy descriptions; the CCAG had no objections. Abeyta also suggested revising language to make more generic, e.g. “support community land trusts or other non-profit organizations... to purchase empty land and establish equity

controls.” Further clarification is requested on the meaning of “equity controls.” Adopted by unanimous consent.

- TLU-8 – Transit-Oriented Development. Adopted by unanimous consent.
- TLU-9 – Smart Growth Planning, Modeling, Tools. A request was made to post the Report of the Governor’s Task Force on Our Communities, Our Future on the web site. Adopted by unanimous consent.
- TLU-10 – Multimodal Transportation Bundle. Gary Esslinger noted that under state law one cannot bind and indemnify two state agencies, and noted that insurance is needed in order for some projects to go forward. Hausker suggested highlighting this in the text as an issue to address here and in TLU-9 as well. Adopted by unanimous consent.
- TLU-11 – Promote LEED for Neighborhood Development. Adopted by unanimous consent.
- TLU-12 – Targeted Open Space and Croplands Protection. Covered in Agriculture and Forestry TWG (F-1 and A-8)
- TLU-13 – Incorporated into TLU-5 as decided at CCAG#5.
- TLU-15 – Intermodal Freight Initiatives. Adopted by unanimous consent.
- TLU-16 – Lower Speed Limits. Hausker noted that TLU-15 (Speed Limits) analysis considered added costs of labor and time and fuel savings, and did not quantify the likely safety benefits of lower speeds. CCAG members expressed various concerns including safety valuation and public support levels. The CCAG agreed that costs would be reported as non-quantified and that the text would discuss key issues such as fuel savings, labor costs, and safety and life savings. The CCAG agreed to include all 3 scenarios of speed limits (and not recommend just one), and to use the lowest emissions savings estimates for determining contribution to meeting overall state targets. Title changed to “Lower Speed Limits”. Adopted by unanimous consent.

### ***Agriculture and Forestry***

Steve Roe presented the pending options in the Agriculture and Forestry (AF) sector. Discussions and voting on options followed, summarized below.

- A-1 - Manure Energy Utilization. No questions. Adopted by unanimous consent.
- A-2 - Biomass Feedstocks for Electricity or Steam Production. No questions. Adopted by unanimous consent.
- A-3 - Ethanol Production. Pat Hoffman expressed concerns about water usage, and need to encourage ethanol production with less water production. Response from dairy representative: research is ongoing and very important. Roe noted that various feedstocks examined including agricultural residue, municipal solid waste, etc. Member asked if estimates indicate NM would become exporter of ethanol. Answer: unlikely. Steve looked at how much ethanol projected to be consumed within the state under TLU 6, and looked at what would be benefits of producing in-state using production methods and feedstocks that would result in greater benefits, e.g. biomass gasification, cellulosic, and even starch based using renewable fuels. Adopted by unanimous consent.

- A-4 - Nutrient Management. Brad asked that option this be withdrawn – based upon tiny contribution in terms of GHG emissions reductions. Roe noted that CCS looked at emissions associated with application of nitrogen based fertilizers, so this is a lower end estimate, and a lower target that does not provide a huge penetration into the market. Voted on with 14 objections, therefore not adopted.
- A-5 - Manure Management - Land Application. Request came that the option be withdrawn, noting that it is not quantified. Roe noted that the science on this is conflicting and didn't form a good basis for estimating GHG emissions reductions. Voted on with 20 objections, therefore not adopted.
- A-6 - Conservation Tillage/No-Till. Brad – Lots of discussion on A-6 and A-9 overlap and on organic farming related issues. Adopted by unanimous consent. Proposal to language to bridge gap – goals would stay and combined with market development (escape clause) language. Adopted by unanimous consent.
- A-7 - Convert Agricultural Land to Grassland or Forest. No questions. Adopted by unanimous consent.
- A-8 - Reduce Permanent Conversion of Ag & Rangeland to Developed Uses. Clarifying question came up on keeping ag land at a specific price and on conservation easements. Adopted by unanimous consent. Adopted by unanimous consent.
- A-9 - Programs to Support Organic Farming. Discussed under A-6. Adopted by unanimous consent.
- A-10 - Programs to Support Local Farming/Buy Local. No questions. Adopted by unanimous consent.
- A-11 - Biodiesel Production. No questions. Adopted by unanimous consent.
- F-1 - Forestland Protection from Developed Uses. No questions. Adopted by unanimous consent.
- F-2a - Forest Health & Restoration - Residential Lands. No questions. Adopted by unanimous consent.
- F-2b - Forest Health & Restoration - Other Lands. No questions. Adopted by unanimous consent.

### ***Cross Cutting***

Ken Colburn presented the pending option prepared by the Cross-Cutting (CC) TWG to date. Discussions and voting on option followed, summarized below.

- CC-3 State Climate Public Education and Outreach No questions. Adopted by unanimous consent.

The session was adjourned at approximately 6 pm.

### ***October 31 Session***

Karl Hausker opened the session and reviewed the timeline for producing the final report of the CCAG:

- Comments on first draft should be emailed to Mary Uhl (NMED) and Karl by November 3.

- CCS aims to have a final report distributed by November 10
- Members should submit comments by November 15
- CCS will host a CCAG conference call on November 20 [not the 17<sup>th</sup>] to take final oral comments. The call will go from 8:30-10:30 a.m.
- CCS will work with NMED to prepare final report for Governor to be delivered on December 1.

Members had several initial comments on the first draft:

- Text should mention the State joining CCX.
- Text should note the number of objections on majority and super-majority votes.
- Text should present all assumptions regarding cost estimates.
- Report should contain the “Contributing issues matrix”. Karl stated that the Cross-Cutting Issues appendix will contain the matrix; and each policy write-up has a section on how contributing issues were raised in the TWG and CCAG.
- Request made to keep website updated – e.g. old date for next CCAG meeting.
- Text should have good summaries of options and how they rank by tons and costs.

Members expressed sincere thanks for being included in the process, and are eager to see the CCAG recommendations implemented. The session adjourned at 10 a.m.