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**ENERGY SUPPLY TWG MEETING #4 SUMMARY
NOVEMBER 14, 2005 – 2:00-3:30 AM**

Attendance:

1. TWG members:

Kyle Hoodenpyle, Dairy Producers of New Mexico
Andy Ramirez, El Paso Electric
Gregory Greene, National Environmental Trust
Craig O'Hare, NM Energy & Minerals
Steve Michel, NMIEC
Bernard Zak, Sandia National Lab
Bruce Gantner, Burlington Resources
Prasad Potturi, PRC
Frank Prager, Xcel Energy
Joshua Epel, Duke Energy
Ben Luce, Coalition for Clean Affordable Energy
Susan Gregory, NM Solar Energy Association
Keven Groenwold, NM Rural Electric Coop Association

2. NMED/EMNRD staff:

Sandra Ely
Lany Weaver
Craig O'Hare

3. CCS staff:

Ken Colburn and Eric Williams (ES TWG Facilitator and Lead Consultant); Tom Peterson (CCAG Facilitator)

4. Other attendees:

Jim Behnken
Miro Kovacevish

Background documents:

(unless noted, all posted at <http://www.nmclimatechange.us/documents.cfm>, click on Energy Supply)

1. Presentation for Meeting #4
2. Draft Call Summary: Summary of Call #3
3. Matrix of GHG Reduction Policy Options in the Energy Supply Sector
4. Policy template
5. Draft New Mexico GHG Inventory and Reference Case Projections
(<http://www.nmclimatechange.us/ewebeditpro/items/O117F6527.pdf>)

Discussion items and key issues:

1. **Process:** Ken Colburn walked the TWG through the agenda for the meeting and asked if there were any additions or changes to be made to the meeting summary for Call #3. No changes were suggested.
2. **Policy Matrix:** Ken Colburn and Eric Williams reminded participants that the purpose of the policy matrix document was to prioritize the list of options in order to target initial analysis to the highest priority options first. All policy options remain on the long list of options, and this list will be included in the final report. “Priority” refers only to the order in which we analyze options. Ken noted that no policies are being removed from the list and that, at any point, policies from the long list can be moved up in priority for analysis by the ES TWG or the CCAG. Policies that do not require or are not amenable to quantitative analysis may still be suggested by the ES TWG to the CCAG, and the CCAG also may recommend these policies. However, options that are not quantified will not count in the scoring toward achievement of targets in the Executive Order.

Ken and Eric noted that a conference call had been convened on October 27, 2005 for TWG members interested in oil and gas issues. Ken reported that the TWG members on that call recommended that the oil and gas GHG reference case emissions forecast should be held flat. The full ES TWG accepted this recommendation.

The group discussed how best to address the oil and gas sector and agreed that rather than have a separate oil and gas subgroup, they would dedicate ES TWG time to oil and gas issues. This could be accomplished either by scheduling separate calls in which either electricity production or oil and gas would be the focus, or by scheduling calls in which a portion of the call would be dedicated to each issue. A member pointed out that whichever issue comes first in a joint-issue call could consume the entire call, and the TWG agreed that it would be wise to pursue separately focused calls.

A stakeholder asked if the matrix was going to be updated to reflect the 2050 target. CCS committed to do so by the next call, and also will ensure that policy descriptions and

other assessment documents also include the option for the 2050 time period. In response to questions regarding quantification of options for the 2050 time period, CCS indicated that the ES TWG will need to decide on whether and how to quantify options out to 2050. Assistance from the TWG will be necessary in framing and conducting these assessments.

One member of the TWG also questioned whether a reference case forecast was necessary for the development of specific proposals to reduce greenhouse gas emissions that consider costs and benefits, as called for by the Executive Order, given that the targets in the Executive Order are expressed in terms of a base year (i.e., 2000 levels by 2012, ten percent below 2000 level by 2020, and 75 percent reduction below 2000 levels by 2050). Ken Colburn and Tom Peterson reminded the group that quantifying the greenhouse gas reduction potential (i.e., benefit) and cost per ton (i.e., cost) of specific proposed policy options requires an estimate of the magnitude of their individual emission reductions. The results of these policy-specific assessments will be aggregated to determine the cumulative impact of proposed measures beyond the reference case forecast in order to meet Executive Order targets. As a result, a reference case forecast is needed to numerically estimate the incremental impact of proposed new policies recommended for Executive Order target years of 2012, 2020 and 2050.

Members on the call also requested that definitions be added to the matrix to explain in greater detail what individual policies mean in lay terms. CCS committed to add policy definitions before the next call. There was much discussion about the policies in Section 5 of the matrix (*Electricity, Grid & Utility Policies*), especially item 5.1 (*Remove transmission and other barriers for renewable and other clean DG*). Some members suggested eliminating this item because it is not clear what it is. There was a discussion about the intermittent nature of renewables, the added costs, and the challenge of storing this type of energy. One member suggested that transmission is a FERC matter that the states can't do much about. Ben Luce offered to develop a proposal for how to consolidate and define policies in Section 5, to which the group agreed. Bernie Zak suggested that recycling of CO₂ be added to the policy matrix of options and offered to provide further information on this technology, to which the group agreed.

The group initiated discussion about the policies in Section 6 of the matrix (*Education and Awareness*). One member suggested that item 6.1 (*Public Education*) be ranked low here since this option will be picked in the Cross Cutting TWG and that item 6.2 (*Environmental (emissions) Disclosure*) receive a medium or high ranking.

Tom and Ken thanked the group for its broad discussion of issues and reminded it that these issues are considered settled for the purposes of further discussion in the TWG and CCAG.

Next steps and agreements:

1. The ES TWG agreed that for the purposes of the reference case emissions forecast, GHG emissions from oil and gas operations should be held flat.
2. The group agreed to schedule separate TWG calls dedicated to oil and gas issues, to which the entire TWG will be invited.
3. CCS will add definitions to the policy matrix, will revise it to reflect the 2050 targets, and will add CO2 recycling as an option.
4. Ben Luce offered to propose changes to Section 5 of the matrix before the next call.
5. Bernie Zak offered to provide information on CO2 recycling before the next call.
6. The ES TWG agreed that several issues discussed on today's call have been resolved and do not require revisiting. Specifically, the ES TWG understood and agreed: (a) that the purpose of determining priority is to order the policies for analysis (i.e., no policies are being removed from the matrix or from consideration); (b) that the TWGs and CCAG have the freedom to recommend both quantified and non-quantified actions, but that only quantified options will count toward attaining the numerical targets in the Executive Order; (c) that the 2050 target year will be added to all documents to adhere to the Executive Order; (d) that CCS will provide enhanced definitions of all policies to enhance the TWG's understanding of the options under consideration; and (e) that the statewide inventory and forecast of emissions was developed to support general diagnosis of emissions sources and trends as well as planning and assessment of the impacts of potential policy options, and that it will continue to be used for that purpose by the TWGs and CCAG.
7. In the next call we will continue prioritizing options on the policy matrix for initial analysis (beyond the nine that we have identified to date). Once this task is completed, we will work – if necessary – to refine or consolidate these “short list” options to a manageable number. We will review a template for individual policy design parameters to be used in defining and assessing individual priorities for analysis and modeling. As time permits, we will go through the “short list” of initial priorities and identify volunteers to prepare straw proposals for filling out the design parameter template for individual policy options.
8. **Next TWG Meeting:** Wednesday, December 21, 2005 from 9:00–10:30 am.