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DRAFT MEETING SUMMARY

NEW MEXICO CLIMATE CHANGE ADVISORY GROUP

Albuquerque, New Mexico

Meeting #2, October 19, 2005

Attending:

CCAG members present included:

Bineshi	Albert	Southwest Climate Council
Dave	Bearden	Waste Management, Inc.
Charles	Bensinger	Sunbelt Biofuels
Lucy	Boulanger	Physicians for Social Responsibility
Jeff	Burks	PNM
John	Curl	Public Regulation Commission
Joshua	Epel	Duke Energy
Gary	Esslinger	Elephant Butte Irrigation District
Frank	Gallegos	Intel
Bruce	Gantner	Burlington Resources
Sterling	Grogan	MRGCD member
George	Guthrie	LANL
Howard	Kaplan	Wilson & Company
Ben	Luce	Coalition for Clean Affordable Energy
Dave	Melton	Sacred Power Corp.
Steven	Michel	NM Industrial Energy Consumers
Richard	Moore	SW Network for Env. & Economic Justice
Ron	Curry	NM Environment Department
Joseph	Peynetsa	Zuni Pueblo
Frank	Prager	Xcel Energy - Southwestern Public Service

Alfredo	Santistevan	City of Albuquerque
Tom	Singer	NRDC
Reid	Smith	British Petroleum
Isreal	Tavarez	City of Albuquerque
Eva	Thaddeus	Sierra Club
Bernard D.	Zak	Sandia National Laboratory

State agency representatives present included:

Erik	Aaboe	NM Environment Department
Sandra	Ely	NM Environment Department
Brad	Musick	NM Environment Department
Jim	Norton	NM Environment Department
Craig	O'Hare	NM Energy, Minerals and Natural Resources Department
Mary	Uhl	NM Environment Department
Lany	Weaver	NM Environment Department

CCS team members present included:

Tom Peterson, Karl Hausker, and Eric Williams; and by teleconference David Von Hippel, and Steve Roe.

New Mexico Environment Department (NMED) Secretary Ron Curry opened the meeting shortly after 1 PM, and remarked on the progress of the CCAG and recent actions taken by the state, including its decision to join the Chicago Climate Exchange to establish greenhouse gas (GHG) reduction goals for state facilities. Introductions of CCAG members and others in attendance followed.

Tom Peterson reminded members that TWG calls had occurred in the morning at nearby sites and had been summarized by CCS for later discussion by the CCAG during the day. He reviewed the day's meeting agenda with CCAG approval. He also asked for and received approval of the summary of the July 27, 2005 CCAG meeting.

Sandra Ely of NMED invited input from the public, with extended response from many participants.

Tom Peterson opened the next agenda items for the CCAG, and noted the potential need to expand discussion of progress and next steps due to CCAG member interest, and the need to condense discussion of policy options due to time constraints, with approval. He then provided a

review of CCAG progress and next steps, with opportunity for extended discussion. Key points in the presentation included:

- Notation that the process will enter a next phase of more specific definition and discussion of policy options, and will slow down to allow for more extended consideration of issues. During this next phase, members will be able to add new options to the long list of policy options for consideration
- Review of the ten-step CCAG process plan for development of policy recommendations
- Review of next steps in the fact-finding process, including resolution of inventory and forecast issues and identification of priority options for first stage analysis
- Identification of policy options for all three-time periods in the executive order, including 2012, 2020 and 2050
- A review of the portfolio approach for combining options from all sectors and implementation methods
- A review of decision criteria to be used by the CCAG and TWGs in selecting options for analysis and or recommendation
- A review of the policy template to be used in the next phase of the process for defining and analyzing individual policy options
- A review of the structure of the final report
- A review of the next steps for the CCAG and TWGs regarding selection of options for analysis, including the addition of new options for 2012, 2020 and 2050 as well as identification of options needing further discussion and ranking

Various CCAG members asked questions and engaged in discussion, including:

- One member requested for information on how other governments reduced GHG to meet specific targets with interest in how the economy was affected during the process. Tom responded that various studies exist on the impact of carbon reductions on economic performance, and that CCS will provide one or more relevant studies for the CCAG to review. How will consumption versus production issues be addressed in the inventory and forecast of emissions? Tom responded that these issues would be taken up in discussion later in the day, and are expected to require extended discussion by the CCAG and TWG's in some cases. Tom also clarified that these issues do not affect protocols for quantification of individual options or for reporting systems.
- Where does distributed generation fall? The group responded that it could fall in either the RCI or ES TWGs, and agreed to be inclusive of these options in the TWGs at this stage so that these options do not fall between the cracks. Tom noted that several options are likely to straddle the lines of TWGs and suggested that members err on the side of being inclusive of options so that that redundancy and coordination issues could be sorted out effectively by the TWGs with CCS assistance.
- When do we start discussing the social, health, cultural and economic implications of these policies and how do we ensure that the CCAG remembers that these options are

being developed for people? Tom responded that these issues can be raised and reviewed in discussions of individual policy options as noted in the policy template, and that it may be helpful to discuss how this should happen as the CCAG reviews cost benefit analysis guidelines. One member suggested that this advisory group will not solve all our social problems and needs to focus on the executive order targets. Tom noted that these issues will require a broader discussion by the CCAG. One member requested that the CCAG visit places impacted by climate change.

- Isn't a list of criteria needed for evaluating policy options? Tom responded that the basic decision criteria have been presented and reviewed, but will need to be applied on a case-by-case basis for each individual option.
- How will imports and exports of electricity be handled by the CCAG? After group discussion it was agreed that these dynamics may be significant and should be addressed adequately in the inventory and forecast as well as policy options. TWG's would be encouraged to flag related issues for further discussion and resolution in the analysis of the incremental impacts of new policy options.
- Shouldn't the CCAG look at lifecycle carbon emissions, with solar as an example? After group discussion it was agreed that full life cycle emissions methodologies should be developed and deployed as needed in the TWG level discussion and analysis of options wherever possible.
- How will the CCAG handle development of 2050 options under the Executive Order target? Tom noted that the policy matrix would be modified to provide explicit focus on all time periods, including 2050 options, and that the policy description template also would be used for these options.
- Why is it important to look at production versus consumption issues? The group noted several reasons that these issues might be significant for New Mexico and the need for further discussion and evaluation of issues in the CCAG and TWG's. Some members expressed a concern that emissions from imported electricity could not easily be controlled at the source, while others noted that the use of consumption based policy approaches can manage emissions from both in state and imported power. Tom noted a general understanding by the group that it would be helpful for the CCAG to articulate a set of principles and options for dealing with production versus consumption issues. Some members suggested that a key guiding principle should be the ability to control emissions.
- How would uncertainty issues be handled on forecasts and options evaluations? Various members commented on the uncertainties in emissions forecasting. After clarification and extended discussion, Tom summarized group responses on methods for handling uncertainty that included: 1) transparency of calculations on both forecasts and individual options, 2) case-by-case evaluations of uncertainty as needed and where significant, and 3) the use of continuous inventory and reporting systems in the future by the state to measure progress of programs and policies against goals and targets. Further, one member suggested that uncertainty of implementation success for options be added to the assessment of options. Tom clarified that feasibility considerations are included in decision criteria and policy descriptions, and that this would be the logical place to raise

risk and uncertainty related to implementation on a case-by-case basis. The group agreed with this approach.

- What are the implications of cap and trade for forecasting of emissions? After clarification and group discussion it was noted by Tom on behalf of the group that an emissions forecast is critical to gauging the level of effort needed to meet targets and for guidance in later measurement of incremental policy impacts and costs. Also, Tom provided clarification that “baselines” and “reference case forecasts” are synonymous terms when used for general diagnosis of emissions source and planning, as distinct from “base years” that may be used for indexing of targets. Assessment of the cumulative effect of recommended policy options toward compliance with base year targets requires analysis of incremental impacts of policies against a reference case forecast; measurement of total tons reduced beneath the reference case, and costs per ton of these reductions are needed to assess potential compliance with targets and for cost benefit analysis of options as required by the Executive Order. Further, it was noted that the CCAG will need to decide whether or not to consider cap and trade programs as a viable option and, if so, what percentage of the pool of state emissions will be covered as well as other key policy design issues such as levels, timing and production versus consumption metrics. The assessment of total tons reduced from caps beneath the reference case, and measurement of costs per ton for capped emissions will be handled for cap and trade evaluations in a manner similar to other options.
- What is the impact of water conservation on electricity use? After clarification and discussion by the group, Tom noted that the inventory and forecast of electricity emissions could, potentially, split out water use, and also that this issue could be modeled through analysis of an individual policy option.
- One member asked that emails be sent with all addresses present so that members of TWGs can reply to all. There was no objection to this request. Subsequently NMED provided a list of email addresses to participants following an email request to each CCAG member for permission to distribute individual email addresses.
- Jim Norton explained that an email survey would be sent to each TWG and CCAG member to give participants an opportunity to express how the process is working and make suggestions for improvements.

Following extended discussion of next steps, Tom requested a time check for the remainder of the day’s agenda given limited time. The group agreed to postpone discussion of basic decision criteria and quantification approaches for examining policy options as well as the review of cross cutting reporting, registry and education issues. The group agreed to focus remaining time on a brief review of discussions by the TWG’s related to policy options and discussion of inventory and forecast issues.

CCS TWG facilitators presented a brief summary report of policy options and initial priorities by the ES, RCI, and AF TWGs. Mary Uhl presented the same material for the TLU TWG on behalf of Karl Hausker due to a travel conflict. These presentations were followed by comment by TWG members, and clarifying questions and comment by CCAG members. The CCAG affirmed

the work in progress by TWGs and requested that it continue and expand without modification in order to support extended discussion at the next CCAG meeting. During the review of options additional questions arose regarding treatment of production versus consumption accounting issues, as well as cost benefit issues, and methods for handling 2050 options, and were referred for further discussion by the TWGs and the CCAG in the interest of time. The CCAG also reviewed and approved ongoing work by the TWGs in updating emissions inventories and forecasts, but was not able to review all suggested updates by the TWGs in detail given time constraints.

Tom opened discussion of proposed agenda items and times for next meeting. Following extended discussion the group agreed to the following:

- The group affirmed the date and location of January 11, 2006 in Las Cruces as proposed for the next CCAG meeting by Jim Norton of NMED. Following discussion, it was agreed that TWG calls would be held the afternoon prior, with opportunity for public participation on site as well as teleconferencing.
- The TWG will review with CCS their preference for a continuation of three teleconference meetings before the next CCAG meeting, or hold two longer teleconference meetings instead.
- The CCAG will focus the majority of the next meeting agenda and time on in depth review and discussion of TWG activities, including the list, definition and design of specific policy options and priorities, and the addition of new options to the long list as needed.
- Additional discussion of inventory and forecast issues will be held as needed, with the goal of resolving any outstanding revisions and finalizing this work.
- Additional discussion of production versus consumption issues will be provided as they relate to design and analysis of options, time permitting.
- A discussion of cost benefit guidelines will be provided and include methods for addressing social, cultural and human values, as well as analysis of 2050 options.

No final announcements were made prior to conclusion of the meeting at 5 PM.