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**ENERGY SUPPLY TWG CALL #6 SUMMARY
JANUARY 6, 2006 – 10:00-11:30 AM**

Attendance:

1. TWG Members & Alternates:

Eric Ames, Western Environmental Law Center
Jeff Burks, PNM
Josh Epel, Duke Energy Field Services
Susan Gregory, NM Solar Energy Association
George Guthrie and Melissa Miller, Los Alamos National Laboratory
Jack Ihle, Xcel Energy
Robert Lee and Geri Waggoner, New Mexico Tech
Ben Luce, Coalition for Clean Affordable Energy
Steve Michel, NMIEC
Bernie Zak, Sandia National Laboratory

2. NMED/EMNRD staff:

Sandra Ely
Mark Fesmire
Lany Weaver

3. CCS staff:

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

4. Other attendees:

James Behnken, Interested Party
Cynthia Hall, Interested Party
Tom Singer, NRDC

Background documents:

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

1. Notice and Agenda for Call #6
2. Presentation for Meeting #6
3. Draft Summary for Call #5 on December 21, 2005
4. Matrix of GHG Reduction Policy Options in the Energy Supply Sector
5. List of Priorities for Analysis (“Short List”) with Example of Draft Policy Option
6. Tentative List of Volunteers for Policy Options
7. CCS Memo on Consolidation of Priority Options for Initial Analysis
8. CCS Policy Template

Discussion items and key issues:

1. **Process:** Ken Colburn brought the call to order and did a Roll Call. He then walked the TWG through the agenda and asked if there were any additions or changes to be made to the summary for Call #5.

Heading into next week’s third meeting of the CCAG, Ken recalled the decision of the TWG regarding acceptance of the inventory and forecast, with the exception of the remaining issue of production vs. consumption, for which a CCS memo has been drafted and which the CCAG may consider. The TWG concurred with the approach of maintaining the ability to calculate the inventory both ways until there was a policy reason to select one or the other. Ben Luce suggested that in light of this comprehensive approach, the CCAG should need to spend little if any of its time on this issue as well.

The TWG then renewed discussion of priority policies for initial analysis, starting with oil and gas options. After this section was completed, the TWG accepted the revised “short list” and turned to discussion of further consolidation of the list. The TWG made good progress consolidating several sections of the “short list.” Further discussion regarding consolidation of Renewable Electricity options and Grid and Demand-Side Policies options will be held in the next meeting on January 10, 2006 in Las Cruces.

2. **Priority Policies for Initial Analysis:** In considering oil and gas options, Eric Ames put forth three broad options reflecting (1) CO₂ capture and storage, (2) measures to reduce methane emissions, and (3) measures to reduce CO₂ emissions from combustion in oil and gas operations. The TWG thought this reframing made sense, noting only that (a) CO₂ reuse, not just storage, was an option that will likely grow in importance, and (b) that carbon capture, storage, and reuse (CCSR) opportunities applied equally to power plant CO₂ emissions as to oil and gas operations. The TWG then decided to combine the CCSR half of the “IGCC and CCS” option (ES-9, 1/6/06) with the new CCSR option under Oil and Gas Policies. At the same time, in order to avoid picking specific technologies, the TWG recharacterized ES-9 (1/6/06) as “Advanced Coal/Fossil Technologies” more generally.

Discussion then turned to ways that the “short list” might be further consolidated for analysis. Eric Williams reviewed his memo of a possible approach that he had prepared to foster discussion. TWG members proposed that the “Offsets” policy option (ES-20, 1/6/06 version) be consolidated with the “GHG cap and trade” option (ES-21, 1/6/06) because the latter is the platform that gives meaning to the former. The TWG also modified the “Nuclear relicensing” option (ES-10, 1/6/06) to reflect the possibility of analyzing new nuclear units, not just relicensed or uprated units. As a result of these changes, the “short list” now reflects 19 options. Additional discussion centered around possible consolidation of distributed generation options, transmission-related options, and R&D. Further discussion of consolidation of options under the Renewable Electricity and Grid and Demand-Side Policies sections will be the focus of the meeting on January 10, 2006.

TWG members asked CCS to provide more information in how “short list” options would be analyzed or modeled. Ken cautioned that there is a “chicken or egg” dynamic that applies here, inasmuch as how one models and analyzes depends in part on what one is analyzing, but indicated that CCS would come back to the TWG with what additional information could be offered at this stage. Ken also noted that small groups of TWG volunteers would be vital in helping to flesh out specific parameters of individual policy options (e.g., levels, timing, mechanisms, etc.) using the policy template needed for the options to be concretely analyzed or modeled. Ken will create a revised list of tentative TWG volunteers (and their emails, consistent with other TWGs) for the TWG members’ review.

Ken and Eric thanked the group for its constructive discussion and concrete progress in finalizing the initial “short list” and starting its consolidation.

Next steps:

1. CCS agreed to (a) prepare a revised “short list” of 19 policy options reflecting today’s discussion, to include tentative volunteers and emails for each option; (b) revise the consolidation memo in light of today’s discussion; and (c) provide TWG members with additional information regarding how modeling and analysis for options may proceed.
2. The TWG meeting on January 10, 2006 in Las Cruces will focus on further consolidating the “short list” and on determining TWG volunteers to help flesh out individual policy options for analysis. TWG volunteers for individual policy options are also invited to share thoughts on potential policy design at the CCAG meeting.
3. All TWG members are encouraged to review the revised “short list” with respect to if and where their name is listed as a volunteer for helping to flesh out individual policy options for analysis. Some TWG members are not yet listed at all; others may want to revise

which options they are currently listed for. We will try to firm up these small volunteer groups at the January 10, 2006 meeting in Las Cruces.

4. **Next TWG Meeting:** Tuesday, January 10, 2006 at 12:00 noon – 2:30 pm
Location: Bruce King Farm & Ranch Heritage Museum
4100 Dripping Springs Road, Las Cruces NM 88011