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**MEETING SUMMARY
NEW MEXICO CLIMATE CHANGE ADVISORY GROUP
Las Cruces, New Mexico**

**Meeting #3
January 11, 2006**

CCAG members present included:

Bineshi	Albert	Southwest Climate Council
Charles	Bensinger	Sunbelt Biofuels
Jeff	Burks	PNM (representing Hugh Smith)
Robert	Czerniak	New Mexico State University (representing Mike Martin)
Lupita	Fierro	(representing Gus Cordova, NM Association of Counties)
Judith	Espinosa	Surface Transportation Policy Project
John	Fogarty	Physicians for Social Responsibility
Frank	Gallegos	Intel
Bruce	Gantner	Burlington Resources
Sterling	Grogan	MRGCD member
Melissa	Miller	LANL (representing George Guthrie)
Bruce	Milne	University of New Mexico (representing Jim Gosz)
Neri	Holguin	The Wilderness Society
Howard	Kaplan	Wilson & Company
Glenn	Kuswa	Sandia National Laboratory (representing Bernard Zak)
Ben	Luce	Coalition for Clean Affordable Energy
Tom	McC Campbell	Ski New Mexico
Steven	Michel	NM Industrial Energy Consumers
Jack	Ihle	Xcel Energy - Southwestern Public Service (representing Frank Prager)
Tom	Singer	NRDC
David	Salopek	Salopek Farms
Eva	Thaddeus	Sierra Club

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
Mary	Uhl	NM Environment Department
Lany	Weaver	NM Environment Department

CCS team members present: Tom Peterson, Karl Hausker, Ken Colburn, and Steve Roe; and by teleconference David Von Hippel, Maureen Mullen, Holly Lindquist, and Eric Williams.

Jim Norton opened the meeting shortly after 8 AM, and all participants introduced themselves. Jim then commented on the progress of the CCAG and recent developments in the State, including:

- Climate Change Impacts Report: The state released *Potential Effects of Climate Change on New Mexico*, a report prepared by an interagency group pursuant to the Governor's Executive Order.¹
- Renewable fuels: In a September 23, 2005 Executive Order, the Governor set a goal for state agencies to obtain 15% of their fuel needs from biofuels by 2010.²
- Environmental Justice Executive Order: The Governor issued this order on November 18, 2005.³
- State Solar Tax Credit: The Governor is supporting a proposal this legislative session that would provide state tax credits covering up 30% of the cost of a solar thermal or photovoltaic system.
- Chicago Climate Exchange (CCX): The State has entered an agreement with a consultant to assist it in meeting its obligations as a CCX member (e.g. 4% reduction by the end of 2006).

NMED made copies available at the meeting of the climate impacts report noted above (and CCS will make it available on the web as a document posted for CCAG meeting #3). One member suggested that, at a future meeting, the CCAG discuss impacts from climate change, drawing from the new NMED report. This was noted as a possible agenda item for CCAG meeting #4.

Tom Peterson reviewed the agenda for the meeting and invited and received public input. Tom then asked for and received approval of the summary of the October 19, 2005 CCAG meeting.

Next, Tom reviewed where the CCAG was in the 10-step plan for completing its final report and recommendations. Tom noted that a key goal of the day's meeting was for the CCAG to affirm initial policy priorities recommended by the Technical Working Groups (TWGs), and give guidance on modifications to this list where needed. In the weeks following today's meeting, the TWGs should be focused on completing items 1 through 4 of the policy template for those high priority options, namely:

¹ Available at www.nmenv.state.nm.us/aqb/cc/Potential_Effects_Climate_Change_NM.pdf and on the CCAG website at www.nmclimatechange.us/documents.cfm.

² Available at www.governor.state.nm.us/orders/2005/EO_2005_049.pdf. See also http://www.governor.state.nm.us/press/2005/august/080205_1.pdf

³ Available at www.nmenv.state.nm.us/Justice/EO_2005_056.pdf.

1. Policy Description
2. Description of Business-As-Usual Policies/Programs
3. Types(s) of GHG Benefit(s)
4. Types of Ancillary Benefits and or Costs

Tom then discussed next steps in the CCAG process, noting that there were no binding decisions being made at this CCAG meeting regarding final policy recommendations, and that the CCAG would be able to add or subtract items from the list of priorities for analysis at the next meeting. He reiterated voting procedures discussed at the first CCAG meeting and posted to the website at that time, including the four levels of voting on final recommendations and the expectation that early votes on priorities and general direction on policies would be less formal.

CCAG members raised several questions and points including:

- One member asked for, and Tom presented, an overview of the timeline between now and when the final CCAG report is due in July. Tom noted that the process is on schedule compared to the master schedule reviewed at the first meeting.
- One member noted the need for very robust analysis of costs and benefits of the policy options. Tom noted that the approaches for analysis of individual policy options would be discussed and approved by the TWGs, and may vary by option.
- One member questioned whether the policy template should include the potential to drive business away from the state, and Tom responded that such potential economics impacts could be noted in the identification and potential analysis of ancillary costs and benefits.

There followed an extended discussion of “ancillary costs and benefits.” Several members expressed concern over whether and how these would be addressed, coupled with questions of precisely how “direct costs” are defined, vs. ancillary costs and benefits. The need for clarity on the methods for analysis of these issues was stressed. Some members emphasized that the CCAG’s perspective on these issues should be clear in the final report. Members acknowledged that it would be hard to quantify all impacts, although potentially important in some cases. Tom reminded the group that 2050 options are included in the list of priorities for analysis and may require different approaches for analysis than 2012 and 2020 options. He cited the example of how hydrogen-related options were dealt with in Connecticut: they were not analyzed in a conventional way and instead the group decided to articulate the short and medium term pathways needed to create the potential for realization of these programs.

One member suggested that perhaps the Cross-Cutting Issues TWG could undertake an initial discussion of these topics, especially public health impacts, consumer impacts, and environmental justice issues. Some members advocated an analysis of all potential ancillary benefits and costs for all options; other members cautioned that the CCAG should keep its focus on GHG emissions, acknowledge the limits on time and resources, and be more selective in its analysis. Another member noted that a memo on modeling prepared for the Energy Supply TWG was relevant to this discussion, but could and should be expanded.

- Sandra Ely volunteered to lead an effort to develop a list of potential ancillary issues to be added to the policy template, and initiated within the Cross-Cutting Issues TWG. This effort would be targeted specifically to develop a general list of ancillary issues that could be used as a checklist by all TWGs as they propose design and analysis of options.

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- There was also a proposal to modify and expand the modeling options memo noted above to address economic analysis approaches in all sectors (the modeling options memo is specific to the energy supply sector at present) and to
- Develop other guidance, if needed, based on points raised by CCAG members.
- This information will be brought back to the next CCAG meeting for review, but the new policy template language on ancillary issues will be available to the TWGs before then.

The CCAG agreed to this proposal.

Tom then turned to an overview of the “priorities for analysis” identified by the TWGs, a total of 64 policy options. The goal was to have the CCAG review and affirm each TWG’s priorities and approve and/or modify them. TWGs were also to raise any outstanding issues relative to the NM GHG inventory and forecast. A presentation by each TWG facilitator followed, along with comment and clarification of intent by TWG members present, then clarifying questions by CCAG members and, finally, proposals for modifications (additions or subtractions) to the lists. Final approvals of the recommended lists were made by CCAG vote. In addition, each TWG facilitator presented the results of TWG recommendations for revisions to the draft inventory and forecast produced and presented by CCS at the first CCAG meeting (and reviewed subsequently in the TWGs). Following questions and an opportunity to modify TWG recommendations, these final revisions were then approved by CCAG vote.

Residential, Commercial, Industrial (RCI): Standing in for RCI lead facilitator David Von Hippel (who participated by telephone), Ken Colburn reviewed the high priority for analysis options identified by the RCI TWG. He noted that there are several areas of constructive overlap with the ES TWG and the need to capture the interaction of building efficiency and green power. One member raised the issue of new vs. remodeled buildings. A 30-40 year turnover is normal, and he asked how can one speed this up? Another member asked RCI to examine if there are health impacts of reduced air circulation in “tight” buildings. Another member noted that higher building costs might affect economic development. A member noted that here and in other TWGs, there is a potential cross-cutting education issue of how New Mexico can improve its licensing procedures for various professionals to make them part of the solution to GHG emissions, e.g., architects, engineers, planners, etc. One modification to the list was approved along with the full TWG recommended list: removing the word “utility” from descriptions of demand-side management programs to ensure that the TWG was focused not just on utility programs but on all programs. RCI had no inventory/forecast issues.

Energy Supply (ES): Ken Colburn reviewed the high priority options identified by the ES TWG. At its meeting on January 10th, the TWG had consolidated its priorities into 14 items, grouped into five general categories: Renewable Energy, Centralized Non-Renewable Electricity, Grid and Demand-Side Policies, Oil and Gas Policies, and Emissions Policies. Ken indicated that the TWG would be working with RCI to ensure that coordination rather than duplication occurred for overlapping options. Several TWG members made additional elaborations and CCAG members' questions were addressed. One TWG members recommended that ES should give further consideration to the option of a carbon tax, at least as an alternative to a cap and trade program. A CCAG member also recommended that to the extent possible, water use associated with ES policy options should be included as a consideration. Ultimately, the CCAG approved moving forward with ES's list of initial priorities incorporating these two additional suggestions. The TWG's only recommendation regarding the GHG forecast was that oil and gas emissions be assumed to remain level into the future (because production declines are likely to be offset by greater GHG intensity).

Transportation and Land Use (TLU): Karl Hausker reviewed the high priority options identified by the TLU TWG. He noted that in the previous day's meeting/teleconference, the TWG recommended that options be developed that would promote adoption of European Union motor vehicle GHG emission standards at the national or state levels. The CCAG approved this addition, along with the other priorities recommended by the TWG.

Agriculture and Forestry (AF): One CCAG member requested that some options be elevated to the priority list, namely (as numbered from the AF Policy Matrix):

- 1.2 Biodiesel Production
- 3.2 Reduce Summer Fallow
- 3.3 Increase Winter Cover Crops

After some discussion, the CCAG approved adding these three to the priority list, instructing the AF TWG to coordinate with the TLU TWG on biodiesel, and to bundle 3.2. and 3.3 with 3.1 (Conservation Tillage/No-Till) which is already a priority. Agriculture had no inventory/forecast issues. For forestry, it was noted that data sources for rangeland carbon were still being evaluated. Researchers at Duke University are expected to provide information on soil carbon in southwestern rangelands. TWG members will decide through expert judgment on modification of the current extrapolated forecast of forestry sinks.

Cross-Cutting Issues (CC) : Ken Colburn reviewed the TWG's progress defining recommended approaches to GHG reporting, registries, and education. There are were no modifications except the earlier directive to the CC TWG to frame a checklist of issues related to direct cost and ancillary costs and benefits.

Following this review of TWG options, Tom outlined next steps and suggested an agenda for the fourth meeting of the CCAG. A discussion ensued of what the final report to the Governor should contain. Some members expressed concern that a report that contained 50+ policy

recommendations would not have as much impact as one that focused on a smaller number of high-impact options. Some suggested that the TWGs should further prioritize within each of their priority lists. Others argued that the packaging, bundling, and presentation of the options would have a greater effect than exactly how many individual options were in the final report. The group agreed that the CCAG stay the course at this point and revisit the issue of consolidation of options following work on individual measures.

Tom then asked Sandra Ely to solicit any additional public input or announcements, but none were made.

Jim Norton then raised the potential date and location of the next meeting with CCAG. Members generally liked the idea of having a presentation at the next CCAG meeting on the State's report *Potential Effects of Climate Change on New Mexico* (noted above). The date of the next CCAG meeting was set for April 26, 2006 in Farmington, to be preceded by TWG meetings/conference calls on the afternoon of April 25. NMED will also aim to arrange a tour of oil and gas facilities in the area for the morning of April 25.