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**TRANSPORTATION AND LAND USE TWG CALL #9
JULY 20, 2006, 8:00 – 9:30 AM**

Attendance:

1. TWG members:
Charles Bensinger, Sunbelt Biofuels
Richard (Skip) Dunn, Los Alamos Sustainability Group
Patricia Hoffman, New Mexico State University
Ken Hughes, Department of Finance Administration
JW Madison, New Mexico Rails
Sally McCarthy, ABQ Environmental Planning Commission
Gary McFarland
Eva Thaddeus, Sierra Club
2. CCS staff: Karl Hausker, Maureen Mullen, Will Schroer, Lewison Lem, Carolyn McCormick
3. NMED: Mary Uhl
4. Public: Lauren Ketchum, New Mexico Public Interest Research Group

Background documents:

(unless noted, all posted at http://www.nmclimatechange.us/documents.cfm#Docs_TLU)

1. Meeting Notice and Agenda
2. Powerpoint Presentation for Call #9
3. Draft Summary of TLU TWG Call #8
4. Draft Policy Options

Discussion items and key issues:

1. The draft summary of the TLU TWG Call #8 was approved, pending an amendment to add pay-as-you-drive insurance as an additional option that the group had agreed to add during Call #8 .

2. The group reviewed the current set of policy options and discussed the quantification of options that had been prepared since the previous call. Key points of discussion are listed below. Additional comments will be reflected in the next round of the policy option write-ups.

VMT Reduction Bundle (includes TLU-5, 6, 7, 10): The group discussed the appropriate VMT reduction to use in the quantification of this bundle of options. Currently, this option is quantified at 2% and 11% VMT reduction. Karl indicated that the group should eventually select point estimates rather than ranges, although the point estimates may be different in the short and long term. The selection of a single point estimate should assess the potential for new reductions in NM (beyond base actions) and reflect the intended aggressiveness of the policy actions. Will Schroerer discussed the continuum of increasing VMT reduction as the policy actions move from 1) allowing smart growth measures to 2) promoting smart growth measures to 3) requiring smart growth measures. Will also noted that the VMT reduction percentage reflects the overall statewide VMT reduction. Reductions within small portions of urban areas could be much higher than the 2-11%, while reductions in rural areas would likely be much smaller. The group noted that there are a number of policies within the state that are close to being implemented and as a result the high end of the range, or even higher, should be selected. The group would like to have language in the policy that indicates that certain urban areas in the state would be expected to have reductions higher than 11%. The group discussed the need for conservation of natural resources, including water, to add impetus to the need to reduce sprawl and that adding policies that control or limit water infrastructure could significantly aid in achieving the desired results.

The group then discussed the issue of how quickly the VMT reductions could be achieved with this measure. Will noted that forecasts generally don't show a big impact of smart growth measures in the early years, but that with aggressive policy actions put into place quickly and the right market conditions that significant reductions can occur in the short term. Ken Hughes noted that there is significant activity going on in the legislature right now related to transit projects, which could help to accelerate some of the smart growth policies. In order to determine the appropriate VMT reduction percentages to apply in the short and long term, Will and Ken will look at the urban versus rural VMT percentages for New Mexico to determine if the high end of the range can be applied in 2012 and whether the long term reduction percentage could be increased beyond 11%. In general, the group felt that the long term reduction could go beyond 11%. Karl indicated that costs had not yet been quantified, but that there should be an overall cost savings from these measures.

Alternative Fuels Bundle (TLU-4a): Maureen discussed the draft quantification of the alternative fuels bundle, including ethanol, biodiesel, and ZEV VMT. The group questioned whether the goal of 10% replacement of gasoline VMT with zero-emission VMT was realistic by 2010. The group would like to know what technologies/fuels would be expected to contribute to this goal. Maureen will work with Charles to revisit the feasibility of this short-term goal and to estimate how this goal would be met. The group questioned whether

it would be physically possible to grow sufficient biofuels to reach the 40% penetration goal. Charles noted that the 40% penetration is based on the assumption that the amount of pure petroleum-based products forming the baseline for the 40% would be much smaller by 2040 as other fuels begin to penetrate the marketplace.

Truck Stop Electrification/Anti-Idling (TLU-12): The group indicated that the goals of 80% reduction of idling by 2010 and 100% reduction by 2020 seemed reasonable and noted that truck stop electrification should include solar covering. The fuel cost assumption of \$2.40 per gallon for diesel seems low. The group would like to see a more current fuel cost used as well (e.g., \$3.40/gallon). Karl suggested that it may be useful to have the CCAG discuss the fuel prices that should be used in the analyses. In a future TLU TWG call, the group would like to have additional discussions to make the policy mechanisms as specific as possible. The policy write-up should also note the benefit of reduced truck maintenance needs, costs, and time due to less wear on the engine from reducing idling.

Lower Speed Limit for Commercial Freight (TLU-14): This is a new option recommended by the group on the last call. The group would like the policy to include information on the number of accidents, injuries, or deaths reduced that would be expected from this measure. Again, costs should also be presented using a higher diesel price.

State Clean Car Program (GHG Standards) (TLU-1): Lewison Lem discussed the analysis for this measure and indicated that the reductions assumed in this analysis fall between those predicted by NM PIRG and those from the New England States analysis. The data used in the analysis, such as the VMT, fleet mix, and fleet vintage, are all based on NM-specific data. Karl recommended that this policy be renamed the State Clean Car Program and the group agreed. It was also noted that the group is still considering the European Union (EU) standards, but that these are being included in the Incentives/Disincentives Bundle since they cannot be mandated.

Low Rolling Resistance Tires (TLU-15): Lewison discussed the low rolling resistance tire quantification. He noted that these tires are primarily meant for every day driving. However, even for snow tires, there are some tires that are more efficient than others. Low rolling resistance tires may not be expected to last quite as long as regular tires, but adding an additional dollar to the base cost of \$5 to \$12 per set of four tires could increase the durability of the LRR tires. The best studies on safety indicated no correlation between LRR and safety. The performance of LRR tires would be comparable to what you would get with the tires on a new car.

General: The group would like to see more aggressive timelines on these policies be applied to State agencies. It should be noted that solutions in rural and urban parts of the State may be very different.

Next steps and agreements:

1. CCS will post meeting summary shortly after call.
2. Karl will reorganize and renumber the policies in order to have a more logical arrangement.
3. CCS will continue to refine the policy options, with input as needed from the TWG members. These will be posted as they are available.
4. Karl will recommend that CCAG have a discussion on fuel costs.
5. Include time for discussion of specific policy mechanisms on a future TWG call.
6. Next TWG call August 7 from 3:00-5:00 p.m. in Santa Fe. Those able to attend in person should consider doing so.
7. Next CCAG Meeting: August 8.