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**TRANSPORTATION AND LAND USE TWG CALL #11
SEPTEMBER 13, 2006, 9:00 – 10:30 AM**

Attendance:

1. TWG members:
Charles Bensinger, Sunbelt Biofuels
Neal Butt, Albuquerque Environmental Health Program
Richard (Skip) Dunn, Los Alamos Sustainability Group
Patricia Hoffman, New Mexico State University
Ken Hughes, Department of Finance Administration
Gary McFarland
Kent Salazar, National Wildlife Federation
Eva Thaddeus, Sierra Club
2. CCS staff: Karl Hausker, Maureen Mullen, Will Schroeer, Lewison Lem

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 #11
3. Pending Policy Options in Transportation and Land Use (TLU) Sector

Discussion items and key issues:

1. Karl generally summarized the CCAG's response to the TLU policy options as a whole, noting that the CCAG approved most of the options and did not vote down any of the options, but did have some concerns that would need to be addressed in the options. The language for all options needs to be refined and all numbers need to be verified and double-checked. Specific comments are addressed in the individual policy option discussions, summarized below. Karl invited the group to provide modifications to the language of the recommendations by marking up the Word version of the policy recommendations that he sent via-mail earlier this week. We are working towards the final wording that can be used in the draft final report by mid-October.

2. The group reviewed the current set of policy options, focusing on markups that have occurred since the previous call and addressing any concerns raised by the CCAG. Key points of discussion are listed below.

TLU-1 California GHG Emission Standards: This measure was approved by the CCAG. Only minor editing changes will be made to this option.

TLU-2 Low-Rolling Resistance Tires: The CCAG concerns on this option dealt with safety issues. Lewison will add information to this option noting the German study that found no correlation between low-rolling resistance tires and safety. The group discussed whether to use Scenario 1 or 2 in the quantification. Only Scenario 2 will be retained for quantification, but the discussion will include information on the range of reductions.

TLU-3 Low-GHG Operation of State Fleet Vehicles: Karl explained that this option retains the elements of the current Executive Order and adds in the targets of TLU-6 to be applied to State vehicles. Skip asked whether there was an electric component to the Executive Order. Karl indicated that hybrid and fuel economy targets were included, but no electric component. Karl will incorporate the final goals of TLU-6a in this writeup.

TLU-4 Pay-As-You-Drive Insurance: The CCAG had a number of questions on this option, but no objections at this time. Will indicated that the changes to this option from the previous version were primarily changes in the layout of the text language. The TWG had no additional significant comments or questions.

TLU-5 Incentive/Disincentive Options Bundle: Karl noted that this is an important option if New Mexico does not go forward with the Clean Car Program, but that this option would be most effective if implemented on a regional basis (to eliminate buying/registering vehicles out of state). Eva recommended that NM join with a multi-state coalition and include wording for a qualitative proposal that follows the program proposed by the AZ CCAG. She also noted that the excise tax change should be maintained. Skip noted the significant fuel economy increases achieved in Japan with an annual engine tax, as described in the current writeup. The group agreed to retain policy design items 1, 3 (to be modeled after Massachusetts program), and 4. Skip will provide some potential edits for this policy.

TLU-11 Promote LEED for Neighborhood Development: This is a new option based on the CCAG's input. Will indicated that the LEED standard is currently under development and that the purpose of this option is to endorse that standard and implement it once it has been defined, on a voluntary basis. Ken would like to have financial assistance added as an implementation mechanism for the State to assist local areas that want to meet the LEED standard. Skip noted that Los Alamos has already adopted the LEED standards. The mechanism for verification of these standards is the U.S. Green Building Council.

TLU-7 through TLU-11 VMT Reduction Bundle: Karl noted that this group of options is currently evaluated at 11% reduction in VMT from a combination of all these options. Eva indicated that the CCAG had wanted follow-up on this with the NM Association of Counties and information about a similar program in Portland. Ken said that he had followed up with the NM Association of Counties on this and that they did not have any problems with these options. Pat stated that she has found that programs that apply to the State generally don't include the State universities. The group decided to add clarifying language to these options, and those involving the State vehicle fleets, to be as inclusive as possible (e.g., include State universities, public schools, etc.) in the language. Karl will also check with the RCI TWG to make sure they are also including State universities. The group agreed to keep the 11% VMT reduction in the quantification

TLU-6a Alternative Fuels Use and TLU-6b Alternative Fuels Production: Karl indicated that, based on CCAG comments, we need to make sure the alternative fuels goals are attainable and that this option is being coordinated with the Agriculture and Forestry TWG. Although TLU-6 does not indicate that the alternative fuels need to be produced in-State, the goal of the AF TWG option is to determine how much of this biofuel demand could be met by biofuels produced in-State. Maureen discussed additional quantification that has been done with the alternative fuels option to break out existing ethanol demand, demand that is expected to result from the National Energy Act, and the remaining demand that would be needed to meet the goals to TLU-6. The AF TWG will be investigating the feasibility of producing the needed quantities of biofuels in-State, including production facilities and crop land and water resources, and will also be looking at the timing of shifting from starch-based ethanol to cellulosic ethanol. The group discussed the feasibility of meeting the existing alternative fuels goals for the short term (e.g., 2012). Charles indicated that the Clovis plant should be operational within two years and producing 110 million gallons of ethanol annually and that another 30 million gallon cellulosic plant is also planned for NM. Several studies are also underway that should make cellulosic ethanol production more feasible. Charles will provide a listing of proposed ethanol plants along with their capacity. Based on this discussion, the group thinks the initial biofuel targets are feasible. Lewison noted that transportation costs of delivering the fuel will not be included in the overall fuel costs, but that these are a small fraction of the overall costs.

For the VMT portion of this option, Maureen indicated that it would make more sense to convert the VMT goals to vehicle goals in terms of developing mechanisms and incentives to promote this. Skip will develop a table for these goals in a chart format similar to the biofuels goals. The group decided that the wording for this option should be changed so that electric vehicles running on standard (e.g., non-renewable) electricity would not be eliminated from this option, since an electric vehicle using coal-based electricity still gets a significant emission reduction from a gasoline-based vehicle. The group also decided that the early VMT goals may not be attainable due to the time needed for fleet turnover. Maureen will work on revising these assumptions, but anyone with suggested changes should provide comments or a marked-up version of this option.

TLU-13 through TLU-16: There was not sufficient time to discuss these options individually on the call. Anyone with suggested changes should forward these to Maureen. Eva noted that a bill in the State legislature to lower the speed limit was killed several years ago. Eva will provide information on this to Maureen. Maureen also asked for the group to forward any suggestions on what the goals of the intermodal freight initiatives should be and what mechanisms should be used to achieve these goals.

General: Anyone providing information or markups on these options should provide the information no later than Friday, September 22 so that CCS will have time to integrate this information into the materials for the next (and final) call. Karl should be copied on all comments (karl.hausker@comcast.net). For options TLU-6 and TLU-13 through 16, please also send a copy to Maureen (mmullen@pechan.com). Comments on options TLU-4 and TLU-7 through TLU-12 should also be copied to Will (wschroeer@icfconsulting.com). Comments on TLU-1, TLU-2, and TLU-6 should also be copied to Lewison (lewisonlem@aol.com).

Next steps and agreements:

1. CCS will post meeting summary shortly after call.
2. TWG member assignments are included in above discussions.
3. All TWG members should provide any markups to the policy options, as indicated above, by September 22.
4. CCS will continue to refine the policy options, and will incorporate the input from the TWG members.
5. Next (final) TWG call October 5 at 1:30 p.m.
6. Next (final) CCAG Meeting: October 30.