

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Climate Protection Committee Meeting
9:30 a.m., Monday, April 16, 2012

1. Call to Order – Roll Call

Committee Chairperson Jennifer Hosterman called the meeting to order at 10:33 a.m. and made opening comments.

Present: Committee Chairperson Jennifer Hosterman and Director Mark Ross.

Absent: Vice Chairperson Edwin M. Lee; and Directors Susan Garner, Susan Gorin, Carole Groom, David Hudson, Katie Rice and Shirlee Zane.

Also Present: Board of Directors Chairperson John Gioia.

2. Public Comment Period: None.

3. Approval of Minutes of October 21, 2011

Approval of the Minutes of October 21, 2011, was postponed for lack of a quorum.

4. Local Climate Action Planning Update

Henry Hilken, Director of Planning, Rules & Research, introduced Abby Young, Principal Environmental Planner of Planning, Rules & Research, who gave the staff presentation Climate Action Planning Update, including reviews of the state of climate action planning at large; Air District initiatives that spurred climate planning; increases in climate action planning in the Bay Area; the interplay between the California Environmental Quality Act (CEQA), climate action plans (CAPs) and the Sustainable Communities Strategy (SCS); localities the Air District has confirmed have adopted CAPs; forms of Air District assistance in plan development; current trends and innovative measures; and the next steps in CAP efforts.

Chairperson Gioia asked, regarding slide 3, District Initiatives Spur Climate Planning, whether the \$770,700 in grants represents the total of Air District funding. Ms. Young said there was a total of \$3 million that was broken up; first, into planning grants of approximately \$770,000; second, a large portion went to Innovative Solutions for more typical project funding like Berkeley First and Marin Community Choice Aggregation; and finally, a handful of grants that went to seed fund energy and climate protection staff positions.

Director Ross asked if the \$3 million came from the Bay Area Clean Air Foundation. Ms. Roggenkamp responded that it was excess funds from the radio room but technology advanced so much that the upgrades were possible via a much cheaper solution. Chairperson Gioia confirmed that the \$3 million was all for climate change issues and asked if all of the climate change plans being discussed came from the \$770,000. Ms. Young said no and more funding has come from other sources. Chairperson Gioia asked if the total Air District funding was \$770,000. Brian Bunger, District Counsel, confirmed. Chairperson Gioia said that money then leveraged other dollars and asked staff for the information as it is important to know exactly how much was leveraged.

Ms. Young continued the presentation.

Chairperson Gioia asked, regarding slide 4, Bay Area Climate Action Planning, if 23 CAPs were adopted in 2011 plus 30 in 2012 or if those are running totals. Ms. Young said there are currently 30 CAPs adopted that approximately 13 will be adopted in 2013. Committee Chairperson Hosterman asked when the number will get to 110. Ms. Young said it is a long process from the time a decision to adopt is made and its fruition, averaging approximately one and a half years, and a great deal of resources in the form of meetings, funding, document preparation and so forth. Ms. Young noted a CAP template was created and may prove helpful for those who have not yet adopted a CAP. Committee Chairperson Hosterman stated that one may also be available through the Local Government Commission. Mr. Hilken said there are many CAPs in the works that were not included as they are still in the early planning stages.

Ms. Young concluded her presentation.

Committee Comments:

Director Ross said so few cities have a CAP but so many cities having to contend with the SCS and asked why someone has not found a way to link the two. Committee Chairperson Hosterman said the Air District is doing well working with various agencies to support the process and move things along and suggested that the Association of Bay Area Governments (ABAG), with the Metropolitan Transportation Commission (MTC), has the reins on the SCS discussion. Director Ross suggested, as a benefit for the SCS strategy, that a model CAP be prepared that could be incorporated under an SCS strategy. Committee Chairperson Hosterman said the interrelation was part of the argument in favor of completing a CAP at the City of Pleasanton. Director Ross said this may have been a better idea early on and asked if it might still help.

Jack Broadbent, Executive Officer/Air Pollution Control Officer, suggested discussing SCS now as a related sub-item of this agenda item and Committee Chairperson Hosterman agreed.

Mr. Broadbent said there is a lot of work being done on SCS, and the staffs of ABAG and MTC want to provide a brief on SCS around June, probably to the Executive Committee and then the Board. Mr. Broadbent added that Ms. Young and Air District staff spend a great deal of time on SCS and the points being made about CAP and particulate matter exposure are all comments that will be made by staff with a request for Board endorsement, probably around June. Mr. Broadbent and Ms. Roggenkamp discussed the timeline.

Committee Chairperson Hosterman agreed and said work on this has been done for a couple years, with a huge amount of staff effort expended at the various agencies throughout the Bay Area, and the general consensus seems to be that it is a great idea but its implementation is only marginally realistic and there is some question as to whether a revenue stream exists to do so. Committee Chairperson Hosterman solicited the input of others about how long this should be kept alive artificially if it is not gaining traction instead of confronting the state legislature regarding the fruitless efforts and need for a revenue stream.

Chairperson Gioia asked if Committee Chairperson Hosterman is proposing that this message come from the Air District alone or that it be raised in conjunction with the other regional agencies. Committee Chairperson Hosterman said it makes sense to include all of the agencies in the discussion, as it seems there is general agreement among them, but it is important to consider whether work is being done towards an unattainable goal and the Air District is in the perfect position to take a lead role in that discussion.

Mr. Broadbent said SCS is trying to direct 60 to 70% of future housing into priority development areas (PDAs) and rely on transit opportunities to reduce greenhouse gases (GHG) and while the point being raised of exposure is front and center in the minds of Air District staff, the SCS is operating at a somewhat high level, leaving implementation up to the jurisdictions through their planning processes. Mr. Broadbent added that it is worth raising the issue and then talking about how to implement exposure mitigation measures at a higher-than-staff level. Committee Chairperson Hosterman suggested the final solution may be making a declaration that the Bay Area is in compliance as much as possible without assistance. Mr. Broadbent recalled reports of a 6 to 8% gap towards the target and this is where the Air District can help with specific programs.

Director Ross suggested using the SCS as a vehicle to foster the implementation of more CAPs in order to obtain the necessary reductions and then bringing community risk reduction plans (CRRP) into the fold for a unified, more streamlined effort. Committee Chairperson Hosterman said some modicum of local control must be maintained. Director Ross asked what would happen if cities had an imperfect, untailed document that comes off the shelf with some basic measures that can be implemented with very little staff effort.

Chairperson Gioia asked if the goal of this discussion is to determine how best to start the dialogue about the compatibility of various plans for the region and what the proper venue would be for that dialogue. Chairperson Gioia noted the ongoing discussion at MTC and ABAG regarding the tension of planning for the various programs and asked what the helpful message from the Air District should be. Director Ross said the helpful message is you can get more support for the SCS strategy adoption by providing jurisdictions this low-cost, straightforward and streamlined package as a pathway to compliance. Chairperson Gioia noted that the deadline is fast approaching. Director Ross said that is all the more reason to proceed with developing a simpler pathway. Chairperson Gioia asked how it could be accomplished by April 2013. Director Ross said by preparing a template CAP that can fold into and implement SCS. Chairperson Gioia asked how this would play out. Mr. Broadbent suggested sister-agencies' and Air District staffs brief the Board regarding efforts to date and mentioned discussions about the viability of meeting

the target and further ways to decrease GHGs, such as increased penetration of electric vehicles, a project the Air District could take the lead on. Mr. Broadbent suggested working with cities to get CAPs adopted as implementation vehicles for a lot of these things.

Director Ross asked if those reductions can be plugged into the SCS. Mr. Broadbent said yes and the second SCS is due in 2017. Director Ross asked if the Air District can quickly put together a mutually beneficial package. Chairperson Gioia suggested progress briefings be presented to the Executive Committee and Board for further discussion and asked when those might occur. Mr. Broadbent said it has yet to be determined but would probably be June or July but staff needs to check with ABAG and MTC staffs regarding how the Air District can best help them to achieve their goals. Director Ross said that bundling the uses may go a long way towards adoption. Committee Chairperson Hosterman speculated that everyone will soon see tensions rise to a level that will prevent measures from being implemented.

Mr. Hilken said local jurisdictions are not left to recreate the wheel but are instead provided templates and suggestions on how best to streamline and tailor them to their individual needs.

Public Comments: None.

Committee Action: None; informational only.

5. Update on Assembly Bill 32 Implementation and U.S. Environmental Protection Agency Programs to Reduce Greenhouse Gas Emissions Under the Federal Clean Air Act

Brian Bateman, Director of Compliance & Enforcement, gave the staff presentation Update on Implementation of Assembly Bill (AB) 32 and U.S. Environmental Protection Agency (EPA) GHG Regulatory Programs, including AB 32 background and scoping plan, the revised scoping plan CEQA analysis, cap-and-trade regulation overview and recent activity, AB 32 landfill methane and semiconductor operations rules, stationary refrigerant management program, California Air Resources Board (ARB) and Air District coordination, EPA regulation of GHG under the Federal Clean Air Act, GHG tailoring rule, Clean Air Act permit programs, and New Source Performance Standards (NSPS) and Emission Guidelines (EG).

Committee Chairperson Hosterman asked, regarding slide 3, AB 32 Scoping Plan, the meaning of the “18 – 27” figure provided. Mr. Bateman responded that the current estimate is 18 but that it could go up.

Mr. Bateman continued the presentation.

Committee Chairperson Hosterman asked, regarding slide 9, Recent Activity on Cap-and-Trade, whether the registration deadline was met. Mr. Bateman responded that he believes so but would have to check to be sure. Committee Chairperson Hosterman asked how long Quebec’s program has been in existence. Mr. Bateman said about the same as California’s.

Mr. Bateman continued the presentation.

Committee Chairperson Hosterman asked, regarding slide 12, Stationary Refrigerant Management Program, what systems are included in “non-residential stationary refrigerant systems that require more than 50 lb. of fluorocarbon refrigerant charge.” Mr. Bateman responded that grocery stores have them for food storage, not climate control.

Mr. Bateman concluded the presentation.

Mr. Bateman added, regarding slide 12, Stationary Refrigerant Management Program, that although the effective date has passed, the standards are largely unenforced because the memorandum of understanding is still being developed and work is still needed on outreach and enforcement efforts.

Mr. Bateman added, regarding slide 16, Clean Air Act Permit Programs, that all five of the formerly eligible plants in the Bay Area have shut down because the plants were fairly old and compliance would be too expensive.

Committee Chairperson Hosterman asked, regarding slide 17, NSPS and EG, whether the standards are so strict that no plant will come to the Bay Area. Mr. Bateman responded that it seems they are not preventative but that they do make it very difficult for industry to compete.

Committee Comments:

Committee Chairperson Hosterman asked how Air District staff are responding to the EPA regarding the NSPS and EG. Mr. Bateman responded that the Air District is generally supportive.

Director Ross asked if cap-and-trade allowances are valid for one year. Mr. Bateman said no but fewer allowances will be issued each year. Director Ross asked if the allowances expire. Mr. Bateman speculated no.

Director Ross asked what is going to prevent a facility from fudging its initial numbers. Mr. Bateman said there is an independent, third-party verification system. Director Ross asked if the verifier will be checking Air District numbers. Mr. Bateman said facilities have to have direct third-party verification. Director Ross asked if facilities hire their own verifiers. Mr. Bateman responded yes. Director Ross speculated they will have different numbers than the Air District. Mr. Broadbent said this was discussed with ARB and whether the air districts should be the verifiers and believes they are currently excluded from that role, adding that the program is estimated to generate billions of dollars in revenue so there is a lot of discussion about what to do with the revenue. Director Ross asked for a report back on when the allowances expire. Discussion ensued between Director Ross and Messrs. Broadbent, Bunger and Bateman regarding allowance expiration dates, the burgeoning speculation market, and program requirements.

Director Ross asked if the Air District should buy credits. Mr. Broadbent and Mr. Bunger recommended waiting until the program is matured. Committee Chairperson Hosterman and Chairperson Gioia discussed the relevancy and timing of briefing the Board on the matters discussed today.

Mr. Broadbent said the Air District role is still being clarified in terms of implementing AB 32 and asked Mr. Bateman about the next steps. Mr. Bateman said the Air District has a statement to issue and potentially forming a working implementation group. Mr. Broadbent said the industry concern is their having to work with the ARB on one front and the Air District through the permit process.

Director Ross asked whether the Air District should obtain credits and then retire them in some way as an emission mitigation strategy. Mr. Broadbent said there has been and continues to be a great deal of discussion about reductions under, possible conflicts between, and the interplay of CEQA and AB 32, and urged caution in that regard for the time being.

Public Comments: None.

Committee Action: None; informational only.

6. **Committee Member Comments/Other Business:** None.
7. **Time and Place of Next Meeting:** At the call of the Chairperson.
8. **Adjournment:** The meeting adjourned at 11:58 a.m.

151 Sean Gallagher
Sean Gallagher
Clerk of the Boards