

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
(415) 749-5000

APPROVED MINUTES

Advisory Council Regular Meeting
9:00 a.m., Wednesday, April 14, 2010

CALL TO ORDER

Opening Comment: Chairperson Bramlett called the meeting to order at 9:00 a.m.

Roll Call: Chairperson Jeffrey Bramlett, M.S., Vice Chairperson Ken Blonski, M.S.; Secretary Stan Hayes; Council Members Jennifer Bard, Benjamin Bolles, Robert Bornstein, Ph.D., Harold Brazil, John Holtzclaw, Ph.D., Robert Huang, Ph.D., Rosanna Lerma, P.E., Jane Martin, Dr.Ph.H., Kendal Oku, Jonathan Ruel

Absent: Council Members Louise Bedsworth, Ph.D., Kraig Kurucz, M.S., Gary Lucks, JD, CPEA, REA I, Debby Mytels, and Dorothy Vura-Weis, M.D., M.P.H.

Introductory of New Advisory Council Members:

Chairperson Bramlett introduced new Advisory Council Members, Alexandra Desautels (*Public Health*) and Michael Sandler (*Community Planning*) and gave a background of each new member. Council Members welcomed both new members.

Oath of Office:

Oaths of Office were given to Alexandra Desautels and Michael Sandler.

Public Comment Period: There were no public comments.

Consent Calendar:

1. Approval of Minutes of the March 10, 2010 Advisory Council Meeting

Advisory Council Action: Member Holtzclaw made a motion to approve the minutes of March 10, 2010; Vice Chairperson Blonski seconded the motion; unanimously carried without objection.

DISCUSSION:

2. Discussion of Draft Report on the Advisory Council's March 10, 2010 Meeting on California's 2050 GHG emission reduction target of 80% below 1990 levels – Industrial Sector

Mr. Hayes, reporting on behalf of lead author, Mr. Kurucz, noted that he and members Kurucz, Brazil, Bolles and Bornstein worked on developing the Draft Report. The work group received comments which were incorporated into the report, and he suggested the Council focus on the body of the report and to forward any minor, non-substantive typographical corrections to Mr. Kurucz after the meeting.

Summary Section:

Advisory Council Members began review of the Draft Report and indicated they had no changes to the Summary.

Key Points Section:

Members agreed that Key Points should be clear and short; they should identify whether they represent a synthesis between speaker ideas and members' additions, and suggested enumerating them similar to what had been done in previous reports.

Members requested revision of the Calcination process equation by placing a "+" after CaCO_3 and capitalizing the "o" in "Cao" to "CaO".

Members acknowledged that while hearing from industry representatives is very important, two of the three speakers did not provide recommendations. It was suggested that additional information be asked to further consider issues of concern to the Advisory Council. Members generally agreed that the section on key points expressed the views of speakers and not necessarily the views of the Advisory Council.

Staff indicated that working with industry is fundamental to the work of the Air District; while speakers' statements may be viewed as biased, their perspectives need to be heard and discussed, and the Advisory Council needs to balance what is heard. Staff also noted that the Advisory Council can politely point out that the information is not helpful in achieving the Advisory Council's goal.

Emerging Issues Section:

There were no comments.

Discussion Section:

Members noted that producing cement requires "creation" of a CO_2 molecule, questioned the reference to a 30% reduction, requested clarifying percentages relating to 2020 and 2050, and requested adding verbiage to the paragraph regarding specific reductions. Members also asked to remove the last paragraph regarding a comment from the public ahead of Recommendations and moving it to the section which summarizes the process, under Discussion Meeting.

Recommendations # 1, 2 and 3:

Member Hayes indicated one take-home message he had was that carbon capture and sequestration was an essential piece of a strategy to successfully reach an 80% goal by 2050, which will take enormous resources, and said the group tried to be mindful of the District's authority.

Dr. Martin requested some mention of public health benefits and maximizing public health, in particular, to vulnerable communities. She suggested some examples to be included in Recommendation #2.

Dr. Bornstein referred to Recommendation #1 and believed that the paragraph seems like the industry perspective. He questioned whether the end users' perspective be the focus and not the manufacturers of energy, as it seems to take the onus off of industry and place it on the end user. He commented that in today's news, a recommendation came from a group that the trade part of cap and trade not apply to large sources in poor neighborhoods. Ms. Bard noted that this was the report she had distributed to all members at the onset of the meeting.

Secretary Hayes noted that the intent was that if criteria are used as additional criteria in deciding who to award grants to, and he asked to be mindful of who is using the most energy. Members suggested and agreed to eliminate "within the industrial sector" and remove the last sentence and Table 2.

Secretary Hayes said if grants are targeted to the industrial sector, it would be useful to take into account their energy use. Dr. Bornstein suggested adding in the word, “industrial” before end users; however, Secretary Hayes suggested leaving in the “within the industrial sector”. Chairperson Bramlett asked that the question be recorded and suggested that the group rework the paragraph to more clearly bring out the intent and identify what the operative control the group was trying to embark upon.

Dr. Holtzclaw noted that Recommendation #3 ends abruptly and it was suggested removing “so BAAQMD can”. Dr. Bornstein referred to Recommendation #2 and asked to insert the word “industry” into the paragraph. Chairperson Bramlett suggested that if the word is inserted into the first paragraph, it would generally intend to apply to all recommendations.

Member Bard requested adding a statement in the Discussion section that references the report and their findings which she distributed to Advisory Council members. Ms. Roggenkamp asked Members to check ahead of time with the Chairperson if they want to distribute something to the Council in order to provide time for review and consideration. Chairperson Bramlett suggested adhering to the process, and possibly bringing the report to a subsequent meeting.

Member Bard suggested an added recommendation that should research and implement best practices in control technologies, monitoring, regulations and policies to reduce GHGs from the refinery sector that have co-benefits of reducing air toxics and criteria pollutants. Chairperson Bramlett said he would prefer that if members had additional suggestions, that they be submitted to the author in the manner discussed and approved. He recognized another meeting most likely would need to be held, and the work group can consider the request.

Member Sandler said in encouraging the Air District to expand its grant approach, he questioned where the money would come from. One idea would be to continue with a polluter-pays principle, and he suggested adding something to indicate that it could be funded through carbon pricing strategies.

Dr. Holtzclaw supported Ms. Bard’s recommendation and also Dr. Martin’s concerns which express that these are the most heavily impacted communities, so co-benefits are also benefitting the area geographically where they are most needed.

Secretary Hayes suggested Ms. Bard work to incorporate her recommendation into Recommendation #3, as it speaks specifically to technology transfer, and more than just efficiency improvements could be referenced in the paragraph.

Dr. Martin said the Council heard that consumer demand will drive production from industry representatives, yet they employ so many people and economic impacts may decline. She suggested addressing economic impacts somewhere in the recommendations and suggested retraining people in clean energy jobs rather than petroleum industry jobs. She noted she had also forwarded information to the author regarding occupational training programs for people in industries that may be displaced; however there was no mention of this.

Dr. Bornstein said he finds the industry perspective throughout the document, noting that Recommendation #2’s statement projects to “reduce risk from adopting under-utilized new technologies”, and he questioned whether the Council wants to reduce their risk if they spend money on technologies. Member Hayes noted the thinking was that financial risk is a disincentive to people being innovative by adopting technologies that might not be proven. They were trying to say, is there anything we can do to help incentivize companies to be willing to take the risk associated with the more aggressive technologies. He suggested deleting “reduce risk” and replacing it with “provide incentives.”

Ms. Roggenkamp noted that the District funds projects for advance technologies demonstration projects to show new technologies can work. However, currently the District does not have funding sources for industrial uses. If the District should, it might be interested in the same kind of thing.

Mr. Hayes referred to Recommendation phrasing for numbers 2, 3, 4 and 5, and questioned what the Council was suggesting the District do as, as it takes billions to fund carbon sequestration work. The same might be true of helping fund the development of new technologies. He said he liked Recommendation #4's first sentence of encouraging and monitoring R&D on alternative motor vehicle fuels by ARB and other agencies, but questioned whether funding it was realistic.

District Counsel Bunger reminded the Council that fees can only be used to fund stationary source related regulatory activities.

Dr. Bornstein suggested rewording of Recommendation #3's last sentence, stating that if something new comes on line, the District cannot be expected to adopt each new innovation. He suggested removing the last sentence, stating that capital equipment is not the District's business. Secretary Hayes stated that the District can incentivize these things by the definitions for Best Available Control Technology (BACT), which will provide some teeth in the desire to provide some new technologies. Mr. Hayes asked to maintain the last sentence, and indicated he believed it was important.

Mr. Sandler referred to Recommendation #2; "grants should be available for demonstration projects to provide incentives to industry", and he suggested adding a period and add "Along side increasing a carbon price signal, this would". He said in the absence of a carbon price, a grant will get one demonstration project built, and you have to have the carbon price to move the entire industry to a new way of doing business. Dr. Martin asked to end the sentence at "technologies" and add, "Grants should be targeted..."

Member Bard suggested moving the last sentence of Recommendation #3 to the Discussion section.

Member Hayes suggested all recommendations start with "BAAQMD should encourage", and members agreed.

Recommendation #4:

In discussing Recommendation #4, Secretary Hayes said for the refining industry, it is not just the GHG emissions from facility operations which are the biggest part of the carbon impact that carbon will have on their operations. It is the fuels piece as the third leg of the three-legged stool. To the extent that fuels changes, which will be mandated by the Governor or other agencies, this will have implications for permitting, and he thinks it is important for the District to monitor progress on the fuels side.

Dr. Bornstein referred to the last sentence and said it is not the role that is not important; it is changes in the refining industry that can reduce important reductions. He recommended changes to the second and third sentences to remove: "three legged stool including", "the role of" and "are" and add "can produce" after the word "equipment". He also asked to replace "monitor" with "track".

Member Ruel referred to Recommendation #4 and said after hearing from WSPA, he thinks the future of fuels cannot be petroleum-based, which should be made more clearly. He did not believe the statement should be how to fix the refining industry. The other half of the battle is what to do without petroleum, as it is not sustainable to just be more efficient in how we produce petroleum. While the District cannot regulate mobile sources, refineries or production plants for alternative fuels could stationary sources, a facility which the District could permit. He suggested reframing the recommendation to embrace alternative fuels and indicate that changes to the petroleum industry and refining are not going to be enough.

Chairperson Bramlett clarified that the Council has covered transportation, will be covering carbon sequestration and capture in the near future, and he suggested putting that context into this report so the three-legged stool can be shown in other ways.

Ms. Bard stated that Recommendation #4 brings up general monitoring and encouragement of good policy and development of tools the District can use going forward. She suggested monitoring and researching power plants and refineries' best practices that are transforming themselves.

Recommendation #5:

Dr. Holtzclaw said the big polluters of coal, petroleum and even natural gas have huge financial incentives to put big money into carbon capture and sequestration or they will go out of business, and members agreed that funding it was not the District's role.

Dr. Bornstein questioned what areas the District wants them to expand into rather than make fewer restrictions. Regarding funding, he suggested targeting research and change "fewer" to "expanded". Dr. Holtzclaw suggested the District act in a role to support any good legislation. Ms. Roggenkamp noted it would be a significant departure for the District to fund fundamental research. The District funds best practices research, but the District is not a research agency.

Member Hayes noted there was a lot of discussion regarding Recommendation #5, agrees the District does not have the money, and he would favor rewording the recommendation to: "BAAQMD should encourage and monitor development in carbon capture and sequestration and facilitate permitting of associated infrastructure as appropriate." He noted the many life-changing events needed in the future, and he questioned whether a recommendation be that the District should continue in its efforts to define the place where large ticket issues intersect with the District's authority and mission. Dr. Bornstein believed this could serve as an introduction.

Mr. Bunger noted the District does monitor and track new technologies and advancements in control technologies and impose those in permitting systems as new sources come on line or are brought up to date.

Member Bard suggested removing Recommendation #5 and consider it during the carbon sequestration discussion in June, and members agreed.

Dr. Huang noted the scarcity of funding and that three of the seven recommendations require significant funding. He asked to narrow them down to no more than one or two.

Member Sandler said his understanding is that there are different types of sequestration; industrial capture and agricultural soil carbon sequestration. He was not sure if this was on the agenda. He was more interested in the agricultural soil sequestration, or bio char, and he was more worried about the industrial sequestration because you may end up with large carbon storage facilities in the impacted communities next to refineries which would just be one more climate gap. If we are looking at assisting in increasing this technology, we should be mindful of that potential disproportionate impact if this is what we end up with.

Dr. Bornstein agreed with Dr. Huang's suggestion, but he would leave all three recommendations in and let the Board of Directors decide, knowing that realistically, not all three can be funded, which could be part of the preamble.

Recommendation #6:

Dr. Holtzclaw suggested holding off on this recommendation for the June meeting recommendation on carbon capture and sequestration.

Recommendation #7:

Dr. Bornstein suggested removing the recommendation, noting that the paragraph serves as a recommendation to the Council and not to the Board. Member Brazil questioned the reason three years was included, and group authors believed it was a reasonable period of time to revisit the topic. Ms. Roggenkamp suggested making the general point that advances in this area are happening rapidly and worthy of re-examination in the near term.

Ms. Bard agreed and suggested adding, “recognizing the District’s leadership in Clean Air and regulatory policy and the ability to adopt technologies of the rapidly changing advancements.” Secretary Hayes suggested there be a preamble to the recommendations, which should indicate and acknowledge that the District has been out in front on all issues, and members agreed.

Chairperson Bramlett said most recommendations all exemplified a current inadequacy to actually achieve any of the goals, and he suggested adding that context to the item, as well.

Ms. Roggenkamp indicated that this is a hard area to look at, that the District likes to look to the future where there is not a clear path and appreciated the discussion. She knows that what is in place now is not going to get us to 2050, and we are trying to figure out paths to increase the thinking of people to get there.

Chairperson Bramlett reported that comments were received from Dr. Vura-Weis that he would pass onto author Kurucz. The Council agreed that any members wanting to submit comments to the group should do so expeditiously, or by next week. The group will review comments and submit the final draft a week prior to finalization of the May Advisory Council packet.

Chairperson Bramlett noted that the Council had also voiced interest in a field trip and members discussed opening the May meeting to finalize the report and then hold a field trip. However, they decided against it given logistics and time constraints.

Vice Chairperson Blonski discussed involvement of the Richmond neighborhood councils and local representatives taking field trips to visit Chevron and Simms Metals. He indicated how valuable they were for the group and encouraged the scheduling of a future field trip. Dr. Holtzclaw suggested considering a visit to a solar or wind generating facility.

3. Discussion of Advisory Council Members attending the Annual Air & Waste Management Association (AWMA) meeting in June

Chairperson Bramlett reported that three Advisory Council Members have been approved to attend the Air and Waste Management Association Conference. He is not able to attend, and stated that he would consider previous attendance in determining the third member’s attendance. Ms. Roggenkamp noted that some District staff will be presenting papers and speaking, as well as Advisory Council Members. Dr. Bornstein and Mr. Brazil voiced interest in attending the conference.

OTHER BUSINESS

4. Council Member Comments/Other Business

Ms. Bard announced that on April 22, 2010, the League of California Cities Board of Directors will be voting on a motion forwarded by four committees to rescind AB 32 and SB 375. She distributed a list of members of the Board, member cities, and original supporters of AB 32. She encouraged members to contact the League Board and urge a neutral position.

5. Time and Place of Next Meeting - 9:00 a.m. – 12:00 noon, Wednesday, May 12, 2010, 939 Ellis Street, San Francisco, CA 94109.

6. Adjournment: The meeting adjourned at 11:05 a.m.

/s/ Lisa Harper

Lisa Harper
Clerk of the Boards