

CITY OF SCOTTSDALE  
ENERGY ADVISORY COMMITTEE  
ENVIRONMENTAL QUALITY ADVISORY BOARD



THURSDAY, OCTOBER 16, 2008  
FIRE STATION 602, COMMUNITY ROOM  
7522 E. INDIAN SCHOOL ROAD  
SCOTTSDALE, ARIZONA  
SUMMARIZED MEETING MINUTES

**PRESENT:** Jim Mulloy, Chairman  
Brian O'Donnell, Committee Member (departed at 8:23 a.m.)  
Bill Sheaffer, Committee Member  
Dave Walker, Committee Member

**ABSENT:** Jimmy Leung, Vice Chair  
Keith Thompson, Committee Member  
Richard Stegeman, Committee Member

**STAFF:** Chuck Skidmore, Energy Management Engineer

**OTHERS:** James McCay, EQAB Member  
Dave MacDonald

**Call to Order**

Chair Mulloy called the meeting to order at 7:30 a.m. A roll call confirmed members present as stated above, noting the presence of a quorum.

- 1) Approval of Minutes
  - a. Regular Meeting: September 3, 2008

Committee Member O'Donnell clarified a statement he made about greenhouse gas emissions.

**COMMITTEE MEMBER SHEAFFER MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 3, 2008 MEETING AS AMENDED. COMMITTEE MEMBER WALKER SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0).**

- 2) Presentation by Brian O'Donnell on the Western Climate Initiative (WCI).

Committee Member O'Donnell spoke about the WCI, which is a collaboration of seven U.S. Governors, and four Canadian Premiers who are dedicated to finding ways to reduce greenhouse gases in the region. There are similar collaborations in the East and Midwest.

The WCI's regional goal is to reduce emissions to 15% below 2005 levels by the year 2020. Arizona's goal, which was set by the Climate Change Advisory Committee, is more aggressive, aiming for 15% below 1995 levels. Each state is agreeing to reduce a certain amount of emissions, and each state will be responsible for enforcing their target.

In response to Chair Mulloy, Committee Member O'Donnell explained that the Climate Registry allows operations to get early credit and earn more offsets once the WCI kicks in.

Committee Member O'Donnell said once the credits are set in place, some would be auctioned. A minimum value is set on what the credits are worth. They can be traded, bought and sold. Emitters that exceed 25,000 tons per year become part of the cap and trade program starting in 2012. Those with 10,000 or more tons per year have to begin reporting in 2010.

The Supreme Court ruled that the Environmental Protection Agency has the authority to regulate greenhouse gases. The Clean Air Act places limits on emissions, but these numbers cannot be used for greenhouse gases because they are too low. The Kyoto Protocol is a legally binding commitment to reduce greenhouse gases that was signed by much of the world, but not China, India, nor the United States. Without the participation of all, greenhouse gases are going to increase. The G8 countries plan to meet in Copenhagen next year to update Kyoto. This may result in a new set of rules next year. Committee Member Sheaffer said it does not necessarily track that the countries that fail to sign Kyoto automatically increase their emissions, while those that do, decrease. The opposite has occurred in some cases. Committee Member O'Donnell noted that France and the United States are the two countries that have reduced the most greenhouse gases, even though the U.S. has not signed.

Committee Member O'Donnell reviewed the approved WCI document. Industrial sources that are above 25,000 tons per year must report themselves. Emissions are counted upon generation by an in-state plant, or when the power enters the state. Emissions that come from a state outside the WCI are still counted once they enter a WCI state. British Columbia does not use a cap and trade process. They use a carbon tax system. Southwest Gas prefers that approach for smaller customers.

Committee Member Sheaffer asked whether operations that have already made an effort to reduce emissions would get punished by having to decrease emissions as much as someone who has not made any previous effort. Committee Member O'Donnell said there is a provision for early reductions that would extend back through 2008.

Committee Member O'Donnell said caps run through a three-year period. If an operation fails to make a reduction in one year, it has two more years to make it up.

Each WCI partner and jurisdiction will have an annual allowance budget within the declining regional cap from 2012 to 2020.

In response to Committee Member Sheaffer, Committee Member O'Donnell explained that a business that sells its credits would initially be given some allowances that would be good for three years. They could then sell those allowances. Every jurisdiction is going to auction off 10% of the allowances. Committee Member Walker noted that a jurisdiction with enough money could conceivably buy enough allowances to avoid reducing emissions at all.

Committee Member Sheaffer said it is conceivable that the electric company could provide incentives to the City to comply, because doing so would reduce energy consumption, which would in turn reduce the emissions that the electric company would create. Committee Member O'Donnell added that it is possible that someone could decide that it would be cheaper to provide incentives than to do whatever else would be necessary to meet the cap.

Committee Member O'Donnell said a subcommittee would be established to determine what part of the WCI needs to be approved by the State legislature. Chair Mulloy asked whether Arizona could pass a comprehensive program like AB 32 in California. Committee Member O'Donnell said the prevailing opinion is that California cannot make AB 32 happen this year, and so Arizona is not likely to follow that path. There may be another omnibus energy efficiency bill introduced in Arizona this year, which would be separate from the WCI. A Federal requirement passed a year ago that will make greenhouse gas reporting mandatory, and the EPA has to come up with appropriate protocols for it. It is a possibility that the WCI and other programs may be blended into a Federal program in the near future.

- 3) Discussion by the Committee of possible work plan items for the Committee during the remainder of 2008 and throughout 2009.

Mr. Skidmore said planning has to begin immediately to prepare for the WCI. The City must become a reporter, determine what the City has done already to reduce emissions, and set up an acceptable way to keep track of it.

- 4) Review of the status of each current member of the Committee with regard to reapplying for membership for calendar year 2009, as well as possible discussion of potential resources in the community.

Chair Mulloy reminded the Committee Members to reapply in order to be able to continue serving on the EAC.

- 5) Roundtable update by members of the Committee on upcoming meetings in the community and other items that might be of interest to members of the community.

Chair Mulloy said the EAC should decide on a focus until the OEI is fully up and running. He suggested a discussion on the Climate Registry for the next meeting, possibly inviting a representative to come in and speak about it.

Committee Member McCay said the City's focus should be on whatever can realize a best return on investment, the buildings or the fleet.

### **Public Comment**

Dave MacDonald encouraged the EAC provide input to the Transportation Commission on preparations for plug-in hybrids. They are not acting very quickly. Doing so would reduce the amount of pollution in the air at every intersection, and there are thousands of them in the city. Facilities for such vehicles may lower the amount of emissions in Scottsdale and earn the City some credits.

Mr. McDonald said a carbon tax would be more effective than a cap and trade system, but realistically it is not going to happen. Cap and trade opens the system up to brokers, and encourages the same kinds of things that went on with Enron.

### **Adjournment**

With no further business to discuss, the meeting adjourned at 8:46 a.m.

Respectfully submitted,

A/V-Tronics, Inc.