

MINUTES

of the
Nevada Climate Change Advisory Committee Meeting

Held on

Wednesday, August 15, 2007

1:30 pm – 3:30 pm

at

Capitol Building

101 North Carson Street, Annex Media Room
Carson City, Nevada 89701

1. Call to Order

Andrew Goodrich, Chair of the Nevada Climate Change Advisory Committee (NCCAC), called the meeting to order at 1:35 pm.

Committee Members present:

Andrew Goodrich, Chair

Allen Biaggi

Kyle Davis

Alan Pinkerton

Edgar Roberts

Michael Yackira

Russ Fields

John Sagebiel

Rod Stahl

Nevada Department of Conservation and Natural Resources

Nevada Conservation League

Clark County Department of Air Quality and Environmental
Management

DMV, Motor Carrier Division

Sierra Pacific Resources

Nevada Mining Association and Nevada Energy Conservation and
Renewable Energy Task Force

Nevada EcoNet and Environmental Affairs Manager, UNR

Member at Large, Nevada Climate Change Advisory Committee

Members with Proxy

Cindy Ortega

Senior Vice President, Energy and Environmental Services, MGM
Mirage

Gary Mayo

Jo Ann Kelly

Chairwoman, Nevada Public Utilities Commission

Craig Mc Donnell

Members Absent:

Dr. Antony Chen

Steve Robinson

Assistant Research Professor, Division of Atmospheric Science, DRI
Governmental Consultant for Natural Resources

Guests:
 Leo Drozdoff Administrator, Nevada Division of Environmental Protection
 Starla Lacy Director, Environmental Department, Sierra Pacific Power
 Dr. Colleen Cripps Deputy Administrator, Nevada Division of Environmental Protection

Staff:
 Dr. Hatice Gecol State of Nevada Director of Energy and Energy Policy Advisor
 Jan Brase Staff, Office of the Governor of Nevada

NEVADA CLIMATE CHANGE
 ADVISORY COMMITTEE
 MEETING OF AUGUST 15, 2007

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A. Approval of Minutes

Mr. Goodrich motioned for approval of the minutes of the June 20, 2007 meeting as written. The motion was carried unanimously.

B. New Business and Announcements

Andy Goodrich began the meeting with an announcement. Committee member Jon Hutchings has resigned and the Governor Gibbons has issued an executive order authorizing two new positions on the committee. A representative from the petroleum industry will be named at a future date to assume Mr. Hutchings' position. Rod Stahl will join the committee as a voting member. Jo Ann Kelly, Chairwoman of the Public Utilities Commission will also join as a member in the newly appointed position.

C. Discussion of the Report, Section I - Impacts

Mr. Goodrich distributed a draft document, Summary of Findings – Impacts of Climate Change (Exhibit A) and thanked the members for their contributions and the materials submitted as requested in the last meeting. He suggested that members continue to forward any information that might be helpful. He thanked Kyle Davis for compiling the information and writing the summaries.

Mr. Davis said that the goal is to put together one resource and reference binder. The focus will be on original research and summaries of research. The topic areas include climate change, wild fires, temperature, water, and agriculture. The summaries will be useful in explaining the process of writing the final report.

Craig Mc Donnell asked if the topics would be expanded into a narrative form for the report. There was general agreement on the need to summarize the data in some form.

Mr. Goodrich said that the committee is working with the assumption that greenhouse gases are increasing and working from there. He concludes the discussion by asking for agreement on the direction in this section. The report will include summaries of findings with a short narrative that will describe the committee's findings. More information will follow on public health, tourism and the economic aspects of the report. Mr. Sagebiel offered to assist Mr. Goodrich with collecting information on public health as it relates to air quality.

D. Discussion of the Report, Section II - Accomplishments

Mr. Goodrich continued by saying that Nevada can claim many successes and asked that Allen Biaggi assist with this section of the report. In this portion the committee will address regulation, policy, and some information on research being conducted at the University of Nevada Reno and the Desert Research Institute which have been conducting internationally recognized research. Their efforts should be noted. He also said that Nevada is well ahead of many states in terms of renewable energy. When we look to some of the targets

and goals of some groups like the Western Regional Climate Action Initiative we find that Nevada is ¾ of the way to meeting some of the goals already.

Mr. Yackira said that private industry has been proactive in many ways including, Solar One, renewable portfolio standards, solar generations programs, geothermal plants, and the MGM and City Center LEED certified buildings.

Mr. Goodrich discussed the progress being made by Nevada counties, especially Washoe and Clark, which have been making good policy and management decisions to become “green.”

Mr. Yackira was asked if Sierra Pacific Power Company (SPPC) is the company with the highest percentage of renewable energy in the country. He said that it depends on the measure, if you look at geothermal as percentage of total the answer is yes. If you take renewables as percentage of total energy Nevada is second to California. Currently, we are first per capita in terms of watts of solar power.

Mr. Davis said that in his communication with members of the environmental community he has found that Nevada is a leader in cooperation between government and industry.

Mr. Yackira agreed and discussed his company’s sponsorship of a new program at UNR in mechanical engineering. SPPC, in partnership with Ormat, is sponsoring a renewable energy track as a minor. They also support the Springs Preserve in Las Vegas. From a technological perspective, they are sponsoring a test of a method to reduce emissions at the Valmy plant. The goal is be sure that the technology is working before anything is rolled out. He believes that his is a company that is committed to conservation, sustainability, and energy efficiency. They have the right attitude and are supported by state action both regulatory and legislative.

Mr. Goodrich said that Nevada has good reasons for patting ourselves on the back for our efforts so far. He asked the committee to consider, because we are all from different sectors and have different experiences, how to put it all together.

Dr. Gecol said that this section of the report is important for public relations purposes. She believes that the general public is unaware of Nevada’s accomplishments.

Mr. Goodrich suggested that this section on accomplishments be broken down by energy, research, private industry, and local government.

Mr. Yackira offered to take the lead in putting together a discussion for the next meeting that will work on an outline for this portion of the report. This offer was met with general agreement.

Mr. Biaggi introduced Dr. Colleen Cripps who is the Deputy Administrator of the Nevada Division of Environmental Protection. She has recently attended two meetings that focused on federal energy legislation currently making its way through congress. She distributed two handouts (exhibit B and C.)

An overview of the handouts followed:

Four sources

- Pew Center on Global Climate Change

- Center for Climate Strategies
- World Resources Institute
- National Association of Clean Air Agencies

The first handout is titled “Federal Climate Change Policies and Proposed Legislation” (exhibit B.) An energy policy bill has passed out of the Senate and a number of votes are coming up in the House of Representatives. Dr. Cripps noted some significant differences between the bills in the current form. As an example, the Senate proposed increases in the CAFE standard and raised the requirement to 35 miles per gallon by 2020. That represents an increase from the current standard of 27.5 for cars and 22.2 for SUVs, mini-vans, and light trucks. Mr. Davis pointed out that the House bill did not include a change in the CAFE standard.

Some of the other key provisions of the bills currently working through congress:

- Renewable fuel standards
- Mandates for increases in ethanol up to 60% of standards by 2020
- No coal to liquid mandates
- Improvements to electricity grids
- Incentives for renewables and infra-structure.

Mr. Davis said that renewable portfolio standards at 15% had been offered as an amendment and passed.

Dr. Cripps next offered a review of the chart from the World Resources Institute that outlined climate change characteristics as they relate to energy security, i.e., if one raises the CAFE standards the effect would be positive on both the climate and energy security. The chart does not consider economics or cost efficiency.

She continued with a discussion of the US Climate Action Partnership (USCAP) which is a group of businesses and leading environmental groups that have called for federal response and enactment of legislation that would result in a flexible climate program. Their recommendations include adopting a cap and trade program with declining caps to 2050 and an increase in research and development.

Dr. Cripps pointed out that as of the end of July, there have been 70 hearings and over 80 bills with varying degrees of complexity working their way through congress. There is a lot of work going on at the federal level.

Mr. Yackira asked if there has been any discussion of the need for technological support for emissions reductions. As he understands it, there is only one bill that discussed reinvestment in technology and that is the Bingham-Specter Bill. He made the point that emissions reduction will require new technology.

Dr. Cripps said that the discussion and proposed legislation focuses on efficiency and available technology.

Mr. Davis asked about the USCAP presentation and wondered if there was any discussion of the group’s recommendations.

Dr. Cripps said that the presentation was meant to discuss key policy recommendations of various proposed bills. There is a wide variety in the bills. She continues with a presentation of the handout prepared by the National Association of Clean Air Agencies (exhibit C.) The handout describes each bill in terms of greenhouse gas targets, preservation of state and local rights, performance standards for motor vehicles, the

lead federal agency, and allowance allocations. The EPA is the primary agency cited as the lead federal agency, though, in the case of a carbon tax, duties would fall to the Internal Revenue Service. She continued with a discussion with the type of process the various bills would require.

In response to a question regarding any discussion of time tables, or expected completion dates of voting on the bills, Dr. Cripps said that at this point there is no clear picture. She said that with Democrats in control of congress there is a growing sense that it is both inevitable and desirable that climate change legislation passes. At this point the administration is a wild card, though the EPA is becoming more engaged in this issue.

Another factor is that because there are so many bills and so much interest it is difficult to get a consensus of policy. Also, there is so much activity in the states. The federal government seems conscious of the advantage of taking cues from the states. She also discussed the need to consider the way the roles of the state and federal governments will be integrated.

Dr. Cripps concluded by informing the committee of a conference that will be sponsored by the National Association of Clean Air Agencies that will look into the issue of federal/state integration of legislation. The conference will be held in mid December though she does not have any further details at this time.

Mr. Goodrich introduced Leo Drozdoff, Administrator, Nevada Division of Environmental Protection. Mr. Drozdoff discussed his attendance at the recent meeting of the Western Regional Climate Action Initiative (WRCAL.) Mr. Drozdoff began by saying that Governor Gibbons has done two significant things since forming the Climate Change Advisory Committee. He has formally authorized Nevada's participation in the WRCAL as observers, and he has authorized Nevada's membership in The Climate Registry with the Nevada Division of Environmental Protection in the lead.

Mr. Drozdoff described his meeting at the WRCAL in Vancouver and gave a brief outline of the organization. The group was formed originally as an agreement among five states, California, Washington, Oregon, New Mexico, and Arizona. Recently added were the state of Utah and the provinces of Manitoba and British Columbia. Observer members are Nevada, Colorado, Wyoming, Montana, the state of Sonora, Mexico, and the province of Saskatchewan, Canada.

The founding principles of the organization are; the setting of specific short range and long term goals in reducing greenhouse gas emissions, participation in a regional cap and trade program, support of the California clean car program, and the assurance of data requirements that are specific, reliable, and defensible.

Other characteristics of the initiative:

- Hold formal meetings every two months
- Conduct conference calls every two weeks
- Most of the heavy lifting will be done at the sub-committee level
- Five sub-committees: scoping, reporting, allocation, energy & leakage, and offset
- Much of the conversation will be done on a confidential basis – allowing for members to be candid and unrestricted in their ideas
- Nevada, as an observer member, will have a presence on all five sub-committees.
- Completion of a cap and trade policy by August 2008

The centerpiece of this initiative is a cap and trade policy that is regionally feasible but that can also work with any national policy that might be enacted. The group wants to be a player in any national legislation conversation in the future. Mr. Drozdoff discussed various cap and trade model programs. The transportation element has not yet been clearly defined but may be during the next meeting at the end of October.

Mr. Drozdoff asked if committee members had questions. Mr. Davis asked about Nevada's role as an observer member. Mr. Drozdoff replied by saying that the status allows Nevada to be part of the discussion, participate in a limited fashion, report to state government and agencies, and participate on the sub-committees. Mr. Drozdoff and Dr. Cripps see their role of observers as a communication channel to and from the WRCAI and the Nevada Climate Change Advisory Committee.

Mr. Yackira offered an observation and a comment. He said he recognizes that we in Nevada have not yet come to a decision on the subject of cap and trade programs. We might keep in mind the California experience with energy programs. California had an extensive command side management program that drove energy prices up. They had extensive high price renewable contracts that drove consumer prices up, and when the legislature decided to fix the problem of rising prices through deregulation the result was high prices and supply problems. Mr. Yackira reminded committee members that it is important that Nevada now be a part of a regional dialog and that we may not want to be led by California.

When considering cap and trade issues the committee could keep in mind two unique characteristics of Nevada. We are growing rapidly, and we do not have sufficient generation ownership. Therefore we have to purchase much of our electricity. We are working to improve this by building more power plants, but we need to recognize that growth and consumption are drivers in Nevada. In any cap and trade arrangement we must remember that customers will end up paying more and Nevada may fall behind economically. He concluded by commending the governor for taking the lead in this effort.

Mr. Goodrich asked about the decision making process in the WRCAI. Are decisions made by a majority vote or an executive committee arrangement or another process? Mr. Drozdoff said that it is not clear at this point but that as observers, Nevada will have little input on the decision making process.

Mr. Yackira asked about the obligations of observers as opposed to those of the member states. He asked about any agreements that come out of the initiative's deliberations. He said that there seems that there is no obligation for consensus. He also asked if we as a state we would want to become a participating member and if it would allow us more input without an obligation for compliance.

Mr. Drozdoff said that joining would be an exhaustive and extensive process and that membership requires commitment to specific and tangible goals. Mr. Davis said that from his understanding, membership required that the state must already have begun the planning for implementation of the California clean car program and have made a commitment to reducing greenhouse gas emissions. He said that during the last legislative session a bill requiring implementation of the California clean car program was defeated. So clearly, our state hasn't decided on that requirement.

Mr. Drozdoff discussed the Climate Registry and said that SB 422 had required registry. The Registry consists of commitments by 38 states, many provinces, and tribes. In answer to the question of whether our participation will fulfill our obligations under SB 422, Mr. Drozdoff answered that it will go a long way.

The bill requires an inventory of emissions from any source over 5 Mgw that burns fossil fuels. It will allow the power industry to account for their accomplishments. The cost to join the Registry was \$20,000. Mr. Drozdoff and Dr. Cripps said that they will keep the committee informed on issues relating to the Climate Registry.

Mr. Mc Donnell said that the Public Utilities Commission and many other regional groups will want to watch carefully for policy changes or transitions that may result in payer rate fluctuation. As a regional matter, rates are not currently where the PUC would like them to be. He suggested that the PUC might make a report on the subject to the committee.

Mr. Yackira cited an article in the USA Today that reported on electricity prices in regulated as opposed to unregulated markets. They found that Nevada, as a regulated market, has seen prices rise by 17%, while unregulated states have experienced increases of 23%. He said that prices in states that are deregulated have risen dramatically and that the point of transition to a cap and trade program may be very costly.

E. New Business and Announcements

Mr. Goodrich said that Amy Zimpfer, Deputy Director Air Quality, Region 9, of the EPA has offered to talk with the committee on a variety of issues. She has also offered to assist in any way possible. She said she would discuss four major topics:

- Clean energy/environment and a guide to action
- Current policies in place by states meant to meet EPA obligations
- State action plans data base
- Voluntary programs

Mr. Goodrich said that the EPA is reaching out and is discussing the concept of climate change. He believes that the committee would benefit from an opportunity to talk and share information. Mr. Pinkerton agreed and said that it is important to have information and different points of view.

Dr. Gecol said that Joanne Kelly might be able to forward information about some working groups at the PUC. Mr. Mc Donnell said that the working groups are informal gatherings of interested parties at the PUC. They are putting together some literature and some numbers in an attempt to understand the various energy bills in congress. Dr. Gecol said that the committee might ask Ms. Kelly to offer a presentation at the next meeting to share some of the working groups' findings.

F. Comments and questions from committee members
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Mr. Davis will develop a narrative for Section I of the report and will summarize wildfire, agriculture, and water.

For the information of the committee, Mr. Yackira discussed the National Association of Regulatory Utility Commissioners (NARUC) an organization of in Washington, D.C. that represents states rights and state utility commissions. They have been active on climate change issues and are recommending incremental changes.

G. Public comments

There were no public comments.

H. Action to select next meeting date and adjourn

The next meeting was set for Thursday, September 27 at 1:00 pm. The meeting will be held in Carson City at the Capitol Building in the Annex Media Room. Tele-conferencing will be available at the Grant Sawyer Building in Las Vegas, suite 5100.

The meeting was adjourned at approximately 3:15 pm.