

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Minutes from the Board of Directors Meeting

Wednesday, August 9, 2017 – 2:00 PM

Houston-Galveston Area Council (H-GAC)
3555 Timmons Lane, Transportation Conference Room Blue, Houston TX 77027

MEMBERS PRESENT (*Quorum*):

John A. Kush (Chair)
Chad Cryer (TCEQ ex officio) *
Michelle Gutermuth *
Teresa U. Henderson *
Courtland Holman *
Eddie Lewis, JD (Vice Chair) *
Mary Jane Naquin
Will Nipper
Jeanette Rash (Secretary)
Malcolm Richards, JD *
Patrick Passantino *
B.J. Simon *

* Attended by teleconference

MEMBERS ABSENT:

Jo Anna Castilleja (*Sent proxy*)
Denae King, PhD
Yancy Scott, PE CPM

H-GAC STAFF PRESENT:

Annette Olsen
Jim Mahood
Cameron Stawicki
Robert Veazie

Chair John Kush conducted the meeting and introduced those attending in person and by phone. Cameron Stawicki reported the following approvals by the Houston-Galveston Area Council (H-GAC) Board of Directors on July 18:

NEW MEMBER NOMINATIONS

1. Michelle Gutermuth, representing Brazoria County in the Large Industry category
2. Teresa U. Henderson, representing Harris County in the General Public category
3. Denae W. King, PhD, representing Harris County in the Environment category

RENOMINATED MEMBERS

4. Jo Anna Castilleja, representing Harris County in the Large Industry category
5. John A. Kush, representing Harris County in the Large Industry category
6. Mary Jane Naquin, representing Harris County in the Environment category
7. Jeanette Rash, representing Harris County in the Small Regulated Business category
8. Yancy Scott, PE CPM, representing Waller County in the Economic Development category
9. Fernando Zamarripa, representing Harris County in the Small Regulated Business category

As the first action item, the AERCO Board unanimously approved resolutions recognizing and honoring the service of the following outgoing members:

- Lance LaCour, CEcD, representing Fort Bend County in the Economic Development category
- Fernando Zamarripa, representing Harris County in the Small Regulated Business category (with a correction to the represented county, from Fort Bend to Harris)

Mr. Stawicki confirmed that executive staff would follow up on nominations requested from the following counties to fill the AERCO Board's four (4) vacancies: Fort Bend, Galveston, Harris and Montgomery Counties. In response to questions from several members, staff briefly explained the AERCO Board member requirements and nomination process.

The second AERCO Board action was the unanimous approval of the meeting minutes from May 10, 2017.

Next, Mary Jane Naquin presented the Officer Nominations Committee report. The current officers are willing to serve another one-year term. Other members who would like to serve should notify Ms. Naquin.

The AERCO Board unanimously approved the *TCEQ SEP Third-Party Administrator Quarterly Report* and the *AERCO Financial Report* for the second quarter of 2017.

The members then approved the following SEP funding request:

- AAMA, Inc. Sanchez Charter School (2 buses) \$100,000.00

Chad Cryer summarized the TCEQ Emission Banking & Trading (EBT) Program report for the second quarter 2017 for the Houston-Galveston-Brazoria eight-county nonattainment area as of August 9, 2017, as follows:

Available Credits in the Bank

Type	Pollutant	Available Credits in Tons per Year
Emission Reduction Credit (ERC)	Nitrogen oxides (NOx)	328.9
	Volatile organic compounds (VOC)	655
Discrete Emission Reduction Credit (DERC)	Carbon monoxide (CO)	15.3
	Hazardous air pollutant (HAP)	771.4
	NOx	29,590.2
	VOC	1,029.3
Mobile DERC (MDERC)	NOx	232.1

Average Credit Trade Prices for the Previous 12 Months

Type	Pollutant	Per Ton per Year
ERC	VOC	\$87,834.00
	NOx	\$108,645.00
DERC	NOx	\$6,500.00
MDERC	NOx	\$5,000.00

Average Allowance Trade Prices for the Previous 12 Months (per ton in perpetuity)

Program	Current	Vintage	Stream
Mass Emissions Cap and Trade (MECT)	\$194.00	\$146.00	\$64,951.00

EBT Staff Project Status:

Project Type	Total Hold	Total Pending	Total Suspended
Allowance Certification		1	
Compliance Report (HECT and MECT)	15	269	4
DERC Generation		1	2
DERC Intent to Use	3	7	

Project Type	Total Hold	Total Pending	Total Suspended
DERC Use		4	
ERC Generation	5	9	42
ERC Intent to Use		3	5
Miscellaneous		3	
Revision		1	
Transfer	1	9	1

Mr. Stawicki reported that the initial Houston ISD reimbursement invoice has been processed for payment. The remaining four payments will be submitted to the AERCO each year over the five-year lifetime of the project, for a project total of no more than \$977,144.00.

Public comments were as follows:

- Ms. Naquin requested that for all future AERCO Board meetings, staff shall provide a quarterly report detailing the air emission reductions and cost effectiveness of the AERCO funded projects versus actual air quality improvements.
- Jeanette Rash asked staff to reach out to Cleveland ISD in Liberty County with information about the school bus grant program.

The next board meeting was scheduled for Wednesday, November 8, 2017, at 2:00 PM at H-GAC.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 3:06 PM.