

AERCO

Minutes from the Board of Directors Meeting

Wednesday, May 9, 2018 – 2:08 PM

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

MEMBERS PRESENT (quorum of 10):

John A. Kush (Chair)
Michelle Gutermuth *
Courtland Holman *
Denaë King, PhD *
Eddie Lewis, JD (Vice Chair) (proxy)
Mary Jane Naquin
Will Nipper
Jeanette Rash (Secretary) (proxy)
B.J. Simon *
Yancy Scott, PE CPM *
Chad Cryer (TCEQ ex officio) *

* Attended by teleconference

MEMBERS ABSENT:

Jo Anna Castilleja
Teresa U. Henderson
Patrick Passantino
Malcolm Richards, JD

H-GAC STAFF PRESENT:

Rick Guerrero
Annette Olsen
Jim Mahood
Cameron Stawicki
Robert Veazie

Chair John Kush conducted the proceedings, calling the meeting to order at 2:08 PM and introducing those attending in person and by phone. The first board action was the unanimous approval of the meeting minutes from February 14, 2018. Next, the board unanimously approved the following reports for the first quarter of 2018:

- Texas Commission on Environmental Quality (TCEQ) Supplemental Environmental Project (SEP) Third-Party Administrator Quarterly Report
- AERCO Financial Report

Rick Guerrero corrected the previous staff and member understanding regarding the Texas Open Meetings Act (OMA). It does not apply to AERCO unless the organization chooses to be subject to it. The members instructed staff to revise the draft amendments as recommended by Mr. Guerrero, and have the updated draft reviewed by a member attorney. The final draft will be presented to the members at least ten (10) days before the next meeting.

Next, Chad Cryer reviewed the EBT Program report for the first quarter of 2018, as of April 11, 2018:

Available Credits in the Bank

| Type | Pollutant | Available Credits in Tons per Year | |
|---|------------------------------------|------------------------------------|----------|
| | | 2017 Q4 | 2018 Q1 |
| Emission Reduction Credits (ERCs) | Nitrogen oxides (NO _x) | 418.3 | 525.5 |
| | Volatile organic compounds (VOCs) | 657.8 | 647.9 |
| Discrete Emission Reduction Credits (DERCs) | Carbon monoxide (CO) | 10.9 | 1.3 |
| | Hazardous air pollutant (HAP) | 771.4 | 771.4 |
| | NO _x | 30,008.3 | 29,495.9 |
| | VOCs | 985.2 | 983.1 |
| Mobile DERCs (MDERCs) | NO _x | 232.1 | 231.0 |

Average Credit Trade Prices for the Previous 12 Months

| Type | Pollutant | Average Credit Trade Price in Tons per Year | |
|--------|-----------|---|-------------|
| | | 2017 Q4 | 2018 Q1 |
| ERCs | VOCs | \$76,419.00 | \$55,035.00 |
| | NOx | \$92,152.00 | \$90,765.00 |
| DERCs | NOx | \$5,000.00 | \$5,000.00 |
| MDERCs | NOx | \$5,000.00 | \$5,000.00 |

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

| Program | Current | Vintage | Stream |
|--|----------|----------|--------------|
| Highly Reactive Volatile Organic Compound Emissions Cap and Trade (HECT) | | | \$170,026.00 |
| Mass Emissions Cap and Trade (MECT) | \$200.00 | \$124.00 | \$66,817.00 |

EBT Staff Project Status

| Project Type | Total Hold | Total Pending | Total Suspended |
|-----------------------------------|------------|---------------|-----------------|
| Allowance Certification | 2 | | |
| Compliance Report (HECT and MECT) | 383 | 2 | 16 |
| DERC Generation | | | |
| DERC Intent to Use | 3 | | |
| DERC Use | 6 | 1 | 3 |
| ERC Generation | 6 | 9 | 13 |
| ERC Intent to Use | 5 | | 2 |
| ERC Re-Review | 1 | | |
| Miscellaneous | | 1 | |
| Revision | | | |
| Transfer | 8 | | 3 |

There were no public comments. However, staff notified the members that AERCO is up for its twelve-year TCEQ recertification this year. The members requested that they receive a copy of the submitted recertification package.

The next AERCO Board meeting was scheduled for Wednesday, August 8, 2018, at 2:00 PM at H-GAC.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 2:48 PM.