

# AERCO

Area Emission Reduction Credit Organization

## Minutes from the Board of Directors Meeting

Wednesday, November 09, 2022 – 2:00 PM

Houston-Galveston Area Council (H-GAC)

Virtual Teleconference Meeting

### MEMBERS PRESENT

Walt Sass (Chair)  
Michelle Gutermuth (Proxy)  
Eddie Lewis (Proxy)  
Jennifer Cornejo (Proxy)  
Mary Jane Naquin\*  
Kimesha Sonnier\*  
Will Nipper

### H-GAC STAFF PRESENT:

Jim Mahood  
Cassandra Marshall\*  
Carlos Lugo\*  
Daniel Brassil  
Andrew DeCandis  
Shaun Downie  
Craig Raborn\*

### OTHERS PRESENT:

Jacob Morrison\*  
Texas Commission on Environmental Quality (TCEQ)  
Emissions Banking & Trading Program (EBT)

Sherman Hampton\*

\* Attended via Zoom

### CALL TO ORDER

Chair Walt Sass conducted the proceedings, calling the meeting to order at 2:03 PM. Cassandra Marshall introduced those attending in person and by phone then confirmed that a quorum was met.

No public comments.

### ADMINISTRATION

Jim Mahood announced the AERCO Board of Directors vacancy nominations for the following counties:

1. Three vacancies for Harris County
2. Two vacancies for Galveston County, which currently does not have representation on the Board

### ACTION ITEMS

Meeting minutes for May 11, 2022 were approved.

Meeting minutes for September 14, 2022 held until next meeting for approval.

Next, Mr. Shaun Downie reviewed the following 2022 Q2 & Q3 financial reports:

1. Emission Reduction Credit Organization Income Statement
2. Balance Sheet and Income Statement

### 3. TCEQ Third-Party Administrator Supplemental Environmental Project SEP

Mr. Downie gave an update to the Board on how much SEP funding is available, and what is happening with the funds on a day-to-day basis for incoming revenue and outgoing expenses.

Financial reports for Q2 & Q3 were approved.

Next, the following projects were applied for on February 11, 2022 and approved by the H-GAC Board on April 19, 2022. Mr. Sass made a motion to allocate the SEP Funds for the following outstanding projects. A motion was made and approve the following outstanding projects:

1. Danbury ISD-(2) buses
2. Lamar CISD-(2) buses

Next, the 2023 AERCO meeting schedule for the third quarter was moved to September 13, 2023 in place of the August meeting. A motion was made and approved.

## **DISCUSSION ITEMS**

### **A. TCEQ Report**

Jacob Morrison reviewed the 2022 Q3 TCEQ Emission Banking and Trading (EBT) Program report, as of September 2, 2022.

#### **Available Credits in the Bank**

Type	Pollutant	Available Credits (Tons per Year)	
		2022 Q2	2022 Q3
Emission Reduction Credits	Nitrogen oxides (NOx)	97.7	99.6
(ERCs)	Volatile organic compounds (VOCs)	257.6	262.5
Discrete Emission Reduction Credits (DERCs)	Carbon monoxide (CO)	5.0	0.0
	Hazardous air pollutant (HAP)	771.4	771.4
	NOx	33,183.5	33,010.9
	VOCs	924.1	924.8
Mobile DERCs (MDERCs)	NOx	230.4	230.4

#### **Average Credit Trade Prices for the Previous 12 Months**

Type	Pollutant	Average Credit Trade Price in Tons per Year	
		2022Q2	2022Q3
ERCs	VOCs	\$116,686	\$129,706
	NOx	\$99,599	\$111,033

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

<b>Program</b>	<b>Current In Tons</b>	<b>Vintage In Tons</b>	<b>Stream In Tons per Year</b>
Highly Reactive Volatile Organic Compound Emissions Cap and Trade (HECT)	\$587	\$459	\$0
Mass Emissions Cap and Trade (MECT)	\$504	\$148	\$51,444

<b>Project Type</b>	<b>Total Pending</b>
Allowance Certification	1
Compliance Report (HECT and MECT)	1
DERC Intent to Use	4
DERC Use	3
ERC Generation	10
ERC Intent to Use	2
ERC Re-Review	1
Legal Name Change	0
Miscellaneous	6
Revision	0
Transfer	7

**OTHER BUSINESS**

Mr. Mahood announced that the AERCO Board and H-GAC staff would be seeking approval to go out and visit Board members individually. Status on approval will be given within the next couple of Quarters.

The next AERCO Board meeting is scheduled for Wednesday, February 8<sup>th</sup>, 2023, at 2:00 P.M.

**ADJOURN**

Chair Sass formally adjourned the AERCO Board of Directors meeting at 3:10 P.M.