

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Minutes from the Board of Directors Meeting

Wednesday, February 14, 2018 – 2:00 PM

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

MEMBERS PRESENT:

John A. Kush (Chair)
Chad Cryer (TCEQ ex officio) *
Michelle Gutermuth *
Courtland Holman *
Denae King, PhD *
Eddie Lewis, JD (Vice Chair) *
Will Nipper
Patrick Passantino *
Jeanette Rash (Secretary) *
B.J. Simon *

* Attended by teleconference

(Quorum of 10, no proxies)

MEMBERS ABSENT:

Jo Anna Castilleja
Teresa U. Henderson
Mary Jane Naquin
Malcolm Richards, JD
Yancy Scott, PE CPM

H-GAC STAFF PRESENT:

Rick Guerrero
Annette Olsen
Jim Mahood
Cameron Stawicki
Robert Veazie

Chair John Kush conducted the proceedings, called the meeting to order at 2:10 PM and introduced those attending in person and by phone.

The first action by the AERCO Board of Directors was the unanimous ratification of approvals from the board meetings held on February 8, 2017, and May 10, 2017, to comply with the Texas Open Meetings Act.

The second board action was the unanimous approval of the meeting minutes from November 8, 2017.

Next, the board unanimously approved the following reports for the fourth quarter of 2017:

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

The members then unanimously approved the 2017 Annual Report.

Chad Cryer then reviewed the EBT Program report for the fourth quarter of 2017, as of January 10, 2018:

Available Credits in the Bank

Type	Pollutant	Available Credits in Tons per Year	
		2017 Q3	2017 Q4
Emission Reduction Credits (ERCs)	Nitrogen oxides (NOx)	363.3	418.3
	Volatile organic compounds (VOCs)	687.6	657.8
Discrete Emission Reduction Reduction Credits (DERCs)	Carbon monoxide (CO)	7.5	10.9
	Hazardous air pollutant (HAP)	771.4	771.4
	NOx	33,087.4	30,008.3
	VOCs	985.2	985.2
Mobile DERCs (MDERCs)	NOx	232.1	232.1

Average Credit Trade Prices for the Previous 12 Months

Type	Pollutant	Average Credit Trade Price in Tons per Year	
		2017 Q3	2017 Q4
ERCs	VOCs	\$87,261.00	\$76,419.00
	NOx	\$95,164.00	\$92,152.00
DERCs	NOx	\$6,500.00	\$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)			\$169,316.00
Mass Emissions Cap and Trade (MECT)	\$183.00	\$188.00	\$58,972.00

EBT Staff Project Status

Project Type	Total Hold	Total Pending	Total Suspended
Allowance Certification		2	
Compliance Report (HECT and MECT)	11	148	5
DERC Generation			
DERC Intent to Use	1	9	3
DERC Use			
ERC Generation	5	13	19
ERC Intent to Use		6	1
ERC Re-Review		1	
Miscellaneous		1	
Revision		1	
Transfer	2	17	

There were no public comments.

The next AERCO Board meeting was scheduled for Wednesday, May 9, 2018, at 2:00 PM at H-GAC. One item for the next meeting will be discussing and voting on the bylaws amendments presented by H-GAC staff during this meeting, which will be further updated before then with the actual number of members required for quorum (10) and possibly with further clarification of audio-videoconferencing.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 2:58 PM.