

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Minutes from the Board of Directors Meeting

Wednesday, November 8, 2017 – 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 *
Denaë King, PhD
Eddie Lewis, JD (Vice Chair) *
Will Nipper
Jeanette Rash (Secretary) *
Malcolm Richards, JD *

* Attended by teleconference

(Quorum of 11 with proxies)

MEMBERS ABSENT:

Jo Anna Castilleja
Teresa U. Henderson
Courtland Holman (*Sent proxy*)
Mary Jane Naquin (*Sent proxy*)
Patrick Passantino
Yancy Scott, PE CPM
B.J. Simon (*Sent proxy*)

H-GAC STAFF PRESENT:

Annette Olsen
Jim Mahood
Cameron Stawicki

Chair John Kush conducted the meeting and introduced those attending in person and by phone. Chair Kush welcomed Denaë W. King, PhD (representing Harris County in the Environment category) as a new member of the AERCO Board as of July 18.

As the first action item, the AERCO Board accepted the nominations presented in the Officer Nominations Committee report from August 9. Since the current officers were willing to serve another one-year term and there were no other nominations, the AERCO Board unanimously reelected the following individuals:

Office	Member Name
Chair	John A. Kush
Vice Chair	Edward (Eddie) Clark Lewis, JD
Secretary	Jeanette Rash

The second AERCO Board action was the unanimous approval of the meeting minutes from August 9, 2017.

Next, the members unanimously approved the 2018 minimum meeting schedule, as follows:

- February 14, 2018
- August 8, 2018
- *Valentine's Day and Ash Wednesday*
- November 14, 2018
- May 9, 2018

The AERCO Board unanimously approved the following reports for the third 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 following SEP funding request:

- Spring Branch Independent School District (19 buses) \$250,000.00

In addition, the members reviewed the first AERCO Emissions Reduction/Cost Effectiveness Report submitted by H-GAC staff. They then unanimously voted for staff to add this report to all future AERCO annual reports.

Finally, the members went over the previously submitted format of the TCEQ Emission Banking & Trading (EBT) Program report for the third quarter 2017 for the Houston-Galveston-Brazoria eight-county nonattainment area. They unanimously approved this report being added to all future AERCO Board meeting materials.

Chad Cryer then reviewed the EBT Program report for the third quarter of 2017, as of November 2, 2017:

Available Credits in the Bank

Type	Pollutant	Available Credits in Tons per Year
Emission Reduction Credit (ERC)	Nitrogen oxides (NOx)	363.3
	Volatile organic compounds (VOC)	687.6
Discrete Emission Reduction Credit (DERC)	Carbon monoxide (CO)	7.5
	Hazardous air pollutant (HAP)	771.4
	NOx	33,087.4
	VOC	985.2
Mobile DERC (MDERC)	NOx	232.1

Average Credit Trade Prices for the Previous 12 Months

Type	Pollutant	Per Ton per Year
ERC	VOC	\$87,261.00
	NOx	\$95,164.00
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)	\$185.00	\$189.00	\$55,996.00

EBT Staff Project Status

Project Type	Total Hold	Total Pending	Total Suspended
Allowance Certification		2	
Compliance Report (HECT and MECT)	22	157	6
DERC Generation			
DERC Intent to Use	1	7	2
DERC Use		4	
ERC Generation	4	15	27
ERC Intent to Use		3	5
Miscellaneous		1	
Revision		1	
Transfer		7	1

There were no public comments.

The next AERCO Board meeting was scheduled for Wednesday, February 14, 2018, at 2:00 PM at H-GAC.

Mr. Kush formally adjourned the AERCO Board of Directors meeting at 3:02 PM.