

Houston-Galveston Area Emission Reduction Credit Organization (AERCO)

Summary from the AERCO Board of Directors Meeting

Wednesday, February 8, 2017 – 2:00 PM

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

<http://www.H-GAC.com/agendas/emissions/default.aspx>

MEMBERS PRESENT:

(Made quorum with 8 in person or by phone and 2 proxies)

Jo Anna Castilleja
Chad Cryer, (TCEQ ex officio member) *
Courtland Holman
John Kush (Chair)
Lance LaCour *
Eddie Lewis (Vice Chair) *
Mary Jane Naquin
B.J. Simon *

* Attended by teleconference

PROXY VOTES (sent before meeting):

Jeanette Rash (Secretary)
Malcolm Richards, JD

MEMBERS ABSENT (no proxy sent):

Patrick Passantino
Fernando Zamarripa

H-GAC STAFF PRESENT:

Carlos Lugo
Jim Mahood
Annette Olsen
Cameron Stawicki

GUESTS PRESENT:

Kyle Breeze, Element Markets
Brady Fiesinger
Jackson Fiesinger
Jeff Fiesinger
Jarod Davis, Dow Chemical Company
Will Nipper, Dow Chemical Company
Yancy Scott, Waller County

Chair John Kush conducted the Houston-Galveston Area Emission Reduction Credit Organization (AERCO) Board of Directors (Board) meeting, which started at 2:05 PM.

Cameron Stawicki announced the following:

- The Texas Commission on Environmental Quality (TCEQ) appointed Chad Cryer of the Emissions Banking and Trading (EBT) Program as its ex officio member on the AERCO Board.
- Jarod Davis resigned as a member effective December 31, 2016, the last day before his promotion and transfer to a location in another county.
- The following two (2) AERCO Board nominations have been or will be submitted to the H-GAC Board before the May 10 AERCO meeting:
 - Will Nipper, Dow Chemical Company
 - Yancy Scott, Waller County

The AERCO Board unanimously approved the motion for staff to distribute future board meeting materials to members by both electronic and United States mail.

Next, the Board members unanimously approved three (3) resolutions recognizing and honoring the service of the following former members:

- Jarod Davis, JD (received his certificate of resolution at the meeting)
- Orval Rhoads, PE RPLS (retired)
- Edward G. Fiesinger, PE (Ed's posthumous certificate of resolution was presented to his son Jeff, who was accompanied by his own two sons)

The next Board action was unanimous approval of the November 9, 2016 meeting minutes.

Next, the Board unanimously approved both the TCEQ Supplemental Environmental (SEP) Third-Party Administrator Quarterly Report and the AERCO Financial Report for the fourth quarter 2016.

The Board also unanimously approved AERCO's 2016 Annual Report.

Finally, the Board unanimously approved designating \$260,000.00 in SEP funds for Santa Fe Independent School District for four (4) new school buses.

Mr. Cryer program presented the following fourth quarter 2016 EBT Report for the Houston-Galveston-Brazoria nonattainment area:

AVAILABLE CREDITS IN THE BANK (NO_x AND VOX ONLY)

Type	Pollutant	Available Credits in Tons per Year
Emission Reduction Credit (ERC)	Nitrogen oxides (NO _x)	291.9
	Volatile organic compounds (VOC)	899.5
Discrete Emission Reduction Credit (DERC)	Carbon monoxide (CO)	15.3
	Hazardous air pollutant (HAP)	771.4
	NO _x	28,318.8
	VOC	1,030.4
Mobile DERC (MDERC)	NO _x	242.1

AVERAGE CREDIT TRADE PRICES FOR PREVIOUS 12 MONTHS

Type	Pollutant	Per Ton per Year
ERC	VOC	\$137,091.00
	NO _x	\$128,605.00
DERC	VOC	\$4,500.00
	NO _x	\$6,500.00

**AVERAGE ALLOWANCE TRADE PRICES FOR PREVIOUS 12 MONTHS
 (Per Ton in Perpetuity)**

Program	Current	Vintage	Stream
Highly Reactive Volatile Organic Compound Emissions Cap and Trade (HECT)	*	*	*
Mass Emissions Cap and Trade (MECT)	\$207.00	\$135.00	\$65,215.00

* None for this period

PENDING PROJECTS FOR EBT STAFF

Project Type	Total Pending
Allowance Certification	**1
Compliance Report	69
DERC Intent to Use	12
DERC Use	9
ERC Generation	33
ERC Intent to Use	10
Miscellaneous	2
Revision	1
Transfer	107

** Blank report

Kyle Breeze offered the only public comment, that the changes to the TCEQ's proposed EBT rules for area mobile sources. This may eventually provide alternative methods of funding clean school buses.

The next AERCO Board meeting was scheduled for Wednesday, May 10, 2017, at 2:00 PM at H-GAC. Chair Kush formally adjourned this AERCO Board of Directors meeting at 2:56 PM.