

**TERP ADVISORY BOARD MEETING
MINUTES
August 15, 2002**

The meeting was called to order by Chairman Chisum

Heather Evans (TNRCC) conducted roll call of members:

In Attendance:

Warren Chisum, Chairman
Robert C. Lanham, Vice Chairman
Dr. Purnendu K. Dasgupta
John Goodman
L. Elizabeth Gunter
Mark Rhea
Bill Mason
Chuck Nash
Michael Flores
Thomas "Smitty" Smith
Jim Crites
John Mikolaitis
Dan Kelly
Gregg Cooke
Dub Taylor

Absent:

Dr. Naomi Lede
Reggie James
Clay Cash
David Dewhurst
Bill Grimes
J. E. "Buster" Brown

The Minutes from the June 13, 2002 meeting were accepted and approved as submitted by a voice vote of the Board.

Committee Report

John Mikolaitis made a presentation on behalf of the Technology Committee. His report included recommendations to the TERP guidelines for Board consideration. Recommendations from the report are summarized below.

- Retrofit technology - Recommendation is that all applications of these technologies be based solely upon overall cost effectiveness of the retrofit technology (\$/Ton of NO_x).
- Repowers - Recommendation is that used engines should not be allowed as repower candidates. A repower must use a new or remanufactured engine. Replaced engines must be destroyed or sold to the manufacture and the dollars received for the sale of the engine core be deducted from the TERP grant funding. Fuel economy benefits of a newer engine should be deducted from the TERP grant funding.

- Infrastructure - Recommendation is that the 3% cap be removed. Infrastructure costs should be rolled in with the costs of the supported equipment and the total package evaluated on a cost-effectiveness basis.
- Affected Counties - Recommendation is to open the grant requests to all eligible counties not just in the Dallas/Fort Worth areas and in the Houston/Galveston areas.
- Batch Grants - Recommendation is to allow the approval of identified projects which commonly occur and meet the guidelines for grant acceptance as a pre-approved “batch quantity.”
- Heavy-Duty Purchase Lease Incentive Program - Recommendation to allow the acceptance of CARB certified equipment as well as EPA and to allow for the consideration of Dual-Fuel engines which are not currently supported by EPA guidelines.

The Committee requested that these recommendations be implemented prior to the first round of 2003 grant requests.

A vote was taken by the Board to accept the report of the Technology Committee.

Old Business

Snehal Patel (TNRCC) updated the Board on the Auto Manufacturer’s Brochure.

Dub Taylor (Comptrollers Office) presented a report on the status of revenue collected to date and projected revenue for the TERP activities.

Roger Jay (TNRCC) gave an update of the TERP Grant program.

Theresa Gross (PUC) reported on the Energy Efficiency Grant Program.

Dr. Purnendu Dasgupta (Texas Tech University) reported on TCET activity and grant awards.

Dr. Jeff Haberl (Texas A&M - Energy System Lab) highlighted the Energy System Lab report.

Chuck Mueller (TNRCC) made a presentation on Ozone (as requested by the Board).

Heather Evans (TNRCC) made a presentation on State Implementation Plan (SIP) development (as requested by the Board). She also addressed questions that had been posed by Vice-Chairman Robert Lanham.

Guy Donaldson and Gregg Cooke (EPA Region 6) discussed the issues surrounding the TERP as it relates to the SIP.

Mike Magee (TNRCC) gave a State Implementation Plans - Energy Efficiency update.

New Business

Chuck Mueller (TNRCC) discussed the draft biennial report and its proposed time line. Mr. Mueller presented the Board with recommendations from the TNRCC to be included in the biennial report.

The Board discussed providing recommendations to the Legislature as a supplement to the TNRCC's main TERP report. The chairman suggested that the TERP Advisory Board Supplemental Report be developed and discussed at the next meeting. It was suggested that the Supplemental Report include recommendations to the Legislature concerning methods for funding and additional recommendations concerning SB 5 requirements.

Public Input

Mr. Tod Wickersham (Good Company) made three recommendations to the Board. The recommendations included: (1) consideration of funding new technologies that are ready to be implemented but are having to wait to be certified; (2) consideration of making the cost-effectiveness of a project the main criteria for funding; and (3) consideration of the Technology Committee recommendation to change the TERP Guidelines by the beginning of 2003.

Mr. Tommy Foltz (Blue Energy) voiced agreement with the recommendations presented by the Technology Committee. He also asked the Board to resist putting any cost-effectiveness standards on the Heavy-Duty Motor Vehicle Purchase or Lease Incentive Program. Mr. Foltz requested that the Board consider changing the Light-Duty Motor Vehicle Purchase or Lease Incentive Program from the Bin structure evaluation criteria to a LEV, SLEV or ULEV standard evaluation criteria, which would allow for greater participation in the program.

Next Board Meeting

The Board decided the next meeting will be in the Houston area, possibly by the end of October or early November. As the details are worked out they will be sent to each member.

Action Required

Acting Chair Lanham requested Board members to compile other ideas and recommendations to present at the next meeting that could be considered for the Supplemental Report to the TERP Biennial Report.

Any comments on the current draft of the biennial report are due to the TNRCC by September 3.

Thomas "Smitty" Smith requested that the Board allow the Texas Clean Air Working Group to make a presentation of their recommendations regarding SB 5 at the next meeting.

The meeting was adjourned.