

Summary Minutes of the
U.S. Environmental Protection Agency (EPA)
Advisory Council on Clean Air Compliance Analysis
Public Teleconference
6/29/06

Committee Members: Dr. Trudy Cameron
Dr. David Allen
Dr. Dallas Burtraw
Ms. Laurie Chestnut
Dr. Jim Hammitt
Dr. Wayne Gray
Dr. Reed Johnson
Dr. Kathy Kiel
Dr. Nino Kuenzli
Dr. Virginia McConnell
Dr. Bart Ostro
Dr. Kerry Smith
Dr. Chris Walcek

Date and Time: 1:00pm – 3:00pm, June 29, 2006

Purpose: The purpose of this teleconference is to discuss and render decisions on OAR's request for intermediate COUNCIL feedback on a number of topics prior to the issuance of the full *Second Prospective Analysis*. Attachment B describes the 7 topics for which OAR is seeking advice.

SAB Staff: Dr. Holly Stallworth, Designated Federal Officer

Other EPA Staff: Jim Democker, Ken Davidson, Allen Basala, Brian Heninger, Peter Nagelhouse, Kris Kumar, Nathalie Simon, Chris Dockins

Other: Jim Newmann, Industrial Economics
Jayson Price, Industrial Economics

Meeting Summary

The discussion followed the issues and general timing as presented in the meeting agenda (Attachment A).

THURSDAY, JUNE 29, 2006

Opening of Public Meeting

Dr. Holly Stallworth, Designated Federal Officer (DFO), opened the meeting with a statement that the Advisory Council on Clean Air Compliance Analysis is a federal advisory committee whose meetings and deliberations meet the requirements of the Federal Advisory Committee Act.

Dr. Cameron reviewed the agenda and discussed the purpose of the teleconference, then turned the floor over to OAR's Team Leader for the 812 Report, Jim Democker. Mr. Democker explained that 812 had been delayed while OAR focused on several rulemakings. Since resuming the 812 work in recent months, OAR is nearing the end of its emissions and direct cost reports. Democker referred to the 2 page handout (see Attachment C) sent out 6-28-06 and described its various components. Many of the technical memos listed in Attachment C were incorporated in the overall emissions and cost reports. The prototype dynamic population simulation model enabled the team to use alternative cessation lag specifications. The 4th bulleted item, the Learning Laboratory, consisted of a workshop on CGE options and two prototype websites.

In response to a member's question, Mr. Democker described a recent analytic issue that had arisen with respect to emissions projections. Recent data indicated a weakened association between economic growth and emissions. Mr. Democker explained that since the 812 Report uses 2002 as the base year, the implications of this divergence (between economic growth and emissions) were less significant for the 812 study. In response to another member's question, Mr. Democker acknowledged that the 812 study did not account for recent increases in gasoline prices. Some discussion followed as to whether the effect of gas prices would be neutral with respect to the net benefits of the Clean Air Act Amendments of 1990. On another topic, Mr. Democker said the 812 Project Team had not yet looked at the results of a recent pilot survey and audit of the PACE (Pollution Abatement and Control Expenditures) program. Neither had OAR incorporated any of the studies comparing ex ante compliance costs estimates to ex post expenditures. In response to another question, Mr. Democker described the computable general equilibrium (CGE) workshop given in 2004 as an attempt to survey the landscape of CGE models.

The discussion turned to prioritization of the Agency's 7 topics for Council advice. Mr. Democker expressed a preference for advice on air quality modeling because of the expense of making mistakes in this arena. Mr. Democker said it would be easier to do the direct cost section after the first two topics (emissions inventory and local control measures) were handled, and that topics 6 (ozone-mortality) and 7 (economic valuation) were higher priority among the remaining topics.

With respect to topic 3, a member inquired about the use of the Integrated Planning Model (IPM) (currently configured for forecasting) as a backcasting tool and potential inconsistencies between IPM and the alternative approach using historical EGU (electricity generating unit) analysis by Denny Ellerman of MIT. Members agreed that this issue needed further attention. In response

to another member's question, Mr. Democker listed the following as issues within topic 1: base year inventory choice, using AEO 2005 as projection basis, cross referencing AEO indices, inconsistency between estimation methods, projections for non-road equipment, local control methods.

The Chair suggested that topics 4 and 5 were cross cutting issues and that topics 1 and 2 could be addressed in early August, while topic 3 could be addressed in September. Some time was devoted to polling members for their availability in the August, September and October timeframe. Because review documents were not yet available, the Chair asked the 812 Project Leader to submit a proposed time line detailing the availability of review documents so that the Council can finalize its plans for advisory meetings in the upcoming months.

Respectfully Submitted:

/Signed/ Holly Stallworth
Designated Federal Officer

Certified as True:

/Signed/ Trudy Cameron

Chair

NOTE AND DISCLAIMER: The minutes of this public meeting reflect diverse ideas and suggestions offered by Committee member during the course of deliberations within the meeting. Such ideas, suggestions and deliberations do not necessarily reflect consensus advice from the panel members. The reader is cautioned to not rely on the minutes to represent final, approved, consensus advice and recommendations offered to the Agency. Such advice and recommendations may be found in the final advisories, commentaries, letters or reports prepared and transmitted to the EPA Administrator following the public meetings.