

To: Goo, Michael[Goo.Michael@epa.gov]
From: michael Goo
Sent: Mon 5/13/2013 7:01:07 PM
Subject: Fw: Recap of our call

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From: Conrad Schneider <cschneider@catf.us>
To: Michael Goo [Ex. 6 - Personal Privacy]
Sent: Saturday, December 1, 2012 11:51 AM
Subject: Recap of our call

Hey Michael-

Thanks for making what time you could to talk yesterday. Here's my recap. Please let me know if I've got anything wrong or if you have anything to add:

Next steps with EPA:

1. Bruce and I get a meeting with the OAR crowd (some configuration of Culligan, Ketchum-Colwill, Beauvais, Schmidt, Goffman, etc.)
2. Afterwards, if they are not openly hostile, you facilitate a meeting with Bob P and us to present our analysis.
3. Bruce follows up with Dave Evans on modeling issues.
4. I get a price quote from Venkatesh at ICF regarding how much it would cost to refine IPM to be able to accurately estimate the impacts of our redispach policy. We discuss how to split the costs -- perhaps EPA pays for the model platform upgrade and CATF pays for the runs.
5. We keep you apprised of our progress with outreach to coal generators.

What we want EPA to do:

1. Start the party on 111(d) i.e., send a signal to the world that the process is starting up again.
2. Process might include release of the white paper, empaneling a stakeholder process to socialize the issue, etc.

Next steps with WH:

1. CATF works the folks we met with at the WH last week for a meeting with Heather Zichal with the intent of engaging her in helping creating enough space with OMB to let EPA start the party on 111(d).
2. Continue to engage the Energy and Climate/CEQ staff on the details of our policy

evolution and keep them apprised of our progress with outreach to coal generators.

How you can help CATF with funders:

1. We can tell foundation program officers that we are engaged in discussions with highly-placed officials in the Obama Administration regarding viable pathways forward on 111(d). That we have presented our redispatch policy proposal to EPA and the WH and there is significant interest in the opportunity for low cost CO2 emission reductions represented by the current underutilized natural gas capacity.
2. CATF's outreach to coal generators could be very valuable to this process (helping create the political "space" for EPA to issue a meaningful rule) and is unique among environmental NGOs.
3. CATF needs substantial incremental funding to maintain the engagement with EPA and coal generators both in terms of support for staff time but also consultants (e.g., NorthBridge, ICF) as well as the jobs study (on net employment impacts of CSAPR, MATS, and NSPS) that IEC/INFORUM is performing for us and the benefit-cost (i.e., health benefits of reduced coal generation) and SCC analyses we are performing to show that the policy is cost-effective, benefit-cost justified, and below the SCC.
4. I can tell foundation program officers to call you: (a) for your take on the prospects for moving a 111(d) rule; and (b) to vouch for CATF's value-added in the 111(d) (and 111(b)) processes.

One other thing I can't remember if I mentioned: we are hearing from several companies (NRG and AEP principally) that NorthBridge's cost estimates of our 5 percent policy are probably too high. They feel this is due to NorthBridge using historic price elasticities for predicting future natural gas prices under the policy. These folks believe that shale gas is a "game changer" and that the system can absorb 3 TCF of incremental gas with little gas price impact. [One industry said that using past gas price elasticities today is like pricing cotton based on steam ship transport after the railroads were carrying cotton to market.] We will run a low gas price sensitivity to reflect this. Rather than run a high gas price sensitivity to represent the competing view that we are currently in a gas bubble that will burst and lead to higher than forecast gas prices going forward, our current thought is to devise a "safety valve" mechanism to guard against upside gas price risk. We'll need to engage with OGC to see if they think something like this can be countenanced under section 111. Be interested in your thoughts about this.

Cheers,
CS

Conrad G. Schneider
Advocacy Director
Clean Air Task Force
cschneider@catf.us