



# Climate Change 2012

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## Sidestepping the gridlock

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*Serving Island, Skagit & Whatcom Counties*

# THE BACKGROUND

- **BP Cherry Point Refinery: 225,000 bbl/day capacity (+/-)**
- **Refinery is 'new' in context of U.S.A (built in 1970)**
- **Facility unable to meet ultra low sulfur fuel standards as currently configured**

# **THE BP RESPONSE**

**“Fast Track” construction of new hydrogen plant.**

## **Timeline:**

- **Application received in spring 2010**
- **Project completion expected January 2013**
- **No federal rules in place for GHG emissions (effective date 01.01.11)**

# THE OPPORTUNITY

**Northwest Clean Air Agency - designated lead environmental review agency**

- **GHG emissions key environmental issue warranting mitigation**

Project will result in increase in GHG emissions over  
***455,000 tons per year CO<sub>2</sub> equivalent***

- **Washington State: only tangible GHG mitigation standard is in EFSEC rules**

# THE OPPORTUNITY - continued

## BP needed to avoid project delay

- **Proposed to mitigate GHG emission increase using EFSEC formula** ( $\text{CO}_2$  increase x 20% x \$1.60 x 30 years) = \$4,400,000
- **Mitigated DNS issued - requires payment *and* hard cap on  $\text{CO}_2$  emissions**
- **Post 01.01.11: Washington State GHG SEPA guidance adopts EFSEC formula (with slight modification)**

# **NWCAA GHG REDUCTION FUND**

**July 2011 - RFP for proposals which would:**

- **Produce significant, measurable GHG emission reductions**
- **Provide other social/economic benefits**
- **Leverage NWCAA funds**
- **Serve as prototypes of programs with broad applicability**

# THE RESPONSE

**Received 15 proposals**

- **Scope ranges from water utility 'inline' small hydro project to subsidizing construction of dairy waste methane digester/concentrator**
- **All proposals include significant matching funds or leverage of NWCAA funding**

# THE RESPONSE, continued

## 4 Projects initially selected:

- **\$2,000,000 - Expand community wide energy audit and conservation retrofit program – residential & commercial (partial funding)**
- **\$760,000 - Water utility inline small hydro electric project (partial funding)**
- **\$440,000 - Composite of agricultural projects sponsored by Extension Bureau which will yield *very high ratio of GHG reductions per \$* (fully funded)**
- **\$200,000 - Communications/outreach to publicize the ongoing progress of awardees and provide other GHG information of 'consumer value'**



# EXPECTATIONS

Approved proposals will:

- **Produce benefits for all sectors in our jurisdiction: household, business, agricultural and industrial**
- **Provide *ongoing* GHG reductions**
- **A sizeable portion of the revenue stream from the small hydro project will be used for future GHG reduction activities**

# **EXPECTATIONS - continued**

**The communications strategy surrounding this project will seek to identify and emphasize the variety of steps each member of the community can make which will result in collective GHG reductions of consequence.**

# Meanwhile, back at the ranch

- **1 additional mitigation arrangement made in connection with a project at a different refinery will produce an additional \$317,000 for GHG mitigation fund**
- **Anticipate an ongoing stream of industrial expansion projects that trigger mitigation requirements for GHG's, which will serve to replenish this funding tool**



## Sidestepping the gridlock

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# Questions?



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