

MEETING NOTICE

Governor's Task Force on Global Warming Carbon Tax/Cap and Trade Work Group

Date: Wednesday, September 5, 2007, 9:00 a.m. to 12:00 noon

**Location: Pyle Center (UW-Madison Campus)
702 Langdon Street, Madison, Wisconsin**

AGENDA

- 1) Welcome/Housekeeping announcements
- 2) Detailed discussion of voluntary programs and carbon tax policies
- 3) Policy assignments
- 4) Next steps/Review of future meeting schedules
- 5) Public comment
- 6) Adjourn

This meeting is open to the public.

If you have any questions or need special accommodations, please contact Lisa Stefanik at the Public Service Commission of Wisconsin by telephone at (608) 266-1125 or via e-mail at lisa.stefanik@psc.state.wi.us.

Welcome, introductions

Update from Caroline Garber – Voluntary Registry

- Created as an emissions reduction registry for anyone wanting carbon dioxide reductions along with NOX, SOX, etc.
- We do have administrative rules in place.
- We have about 37 entries in the registry. More slow recently. Lack of marketing may be attributing to low levels of use.
- 1605B did not have any additionality procedures in place. Looking at Kyoto, they do project-by-project additionality.

** Nina to send information on 1605B and Kyoto. Annabeth suggests that we also check the ISO standards for more information.

Barb summarizes check in call from 9/4: Important point for group -- Emissions reduction is not limited to just Wisconsin.

Characteristics for Voluntary Registry

Comparability (with other programs such as ENERGY STAR, building programs, etc.)

- 1605b
- Other voluntary programs
- Free ridership – multiple credit for multiple programs
- Links: we could sign a MOU with RGGI, and we could take some of those offsets there.

Accounting

- In a voluntary program, there would be voluntary re-sign up program every year, voluntary auditing, etc.
- Monitoring
- Authors of this program – whether the recommendation will be to join an existing program or create a new one -- will have this key question to answer: Will expansion of this program account for a wedge or a piece of the pie that will get us to our benchmarks?

Geographic Scope

- How far do you go? What do you do where? Current DNR program is state-specific, but we shouldn't be limited to that.
- Would it be national or international? Would we accept offsets from a wide variety of places?

Effectiveness

- Strength of incentive
- Design incentives for donation. If you could get something of financial value for turning over the credits

Increase of Experience and Effectiveness

- This program could/should be designed as a pre-cursor to a Cap-and-Trade program. We can use this to create levels of experience and infrastructure.

Time Frame & future usability

Characteristics for Carbon Tax

Point of Application:

Do you tax the fuels? The emissions?

We need to avoid hitting people twice. Are we doing a tax in concert with a Cap-and-Trade program? Scope will be influenced by existence (or not) of a C&T program.

- Stationary sources
- Transportation
- Residential / Commercial space heating.

Discussion includes debate on whether or not we want to analyze carbon tax and cap-and-trade separately, if we want to create hybrid policies, etc.

What is the impact of tax – what impacts will this tax have on various social economic classes or groups? Is it progressive or regressive?

Difference in leakage potential

Potential for leakage should be analyzed from each policy option. Does carbon tax have leakage? How about cap-and-trade?

Costs

- Administration
- Economic
- Efficiency or compatibility with federal program.

Tax revenue

Where does the money go? Does it go to . . .

- Public benefit
- Offsets other than taxes

- Reduce emissions – technology development
- Transition assistance

Purpose of Tax

- Raise revenue
- Incent less use
- How much reduction is likely?

Safety valve revenue

Setting amount and level of tax

- Timing of implementation
- Evaluation and adjustment
- Phased or ‘big bang’
- Sunset vs. permanent program

Public & political buy-in / acceptability

- Template has section for barriers to adoption. This should be tackled in this section of the template write-up

Administration monitoring & enforcement

Discussion about policy write ups

Option 1

Cap and Trade for large point sources

Carbon Tax will apply to everything else

Option 2

Carbon tax for all

Option 3

Full Cap-and-Trade

Another idea: Cap and trade could deal with all sectors initially. Reports should contain real problem areas. This might help us identify whether or not a hybrid is the best option.

Time should drive us to do a hybrid write up at the same time.

** Lisa to send Phil Molién notes on IL program

** Send group John Larsen data.

** Send group assignments

** Send policy templates

Write up ideas:

Note: Large point sources would be 25 MW or larger.

- Carbon Tax – All sectors and Excluding large sources
- Cap & Trade – All sectors and just large point sources. This write up would not have to cover offsets.
- Offset Program – One option is to do offsets as a part of a Cap-and-Trade program. Another write up should be standalone.
- Voluntary Program – Best ideas

Plan for future:

Next meeting:

** Presentation from Jim Turnure on allocation.

Cap-and-Trade write up assigned to:

John Clancy

Barb Freese

Jim Turnure

Carbon Tax write up assigned to:

Joe Kramer (primary)

Phil Molien

Charlie Higley

Offsets write up assigned to:

Nina Plaushin

Kris McKinney

Greg Bollom

Voluntary write up assigned to:

Dennis Derricks

Annabeth Reitter

Caroline Garber (DNR) to serve as resource for Voluntary Programs group, and elsewhere as needed. Dennis Koepke will be a resource for Cap & Trade, Carbon Tax, etc.

Next Meeting : Sept 19th

Possible agenda items include:

- Jim – presentation on allocation issues
- Cap & Trade write ups -- C&T write up to me by 15th
- Possibility: John from WRI giving a presentation on IL Cap & Trade choices?

- CCX presentation

Rest of write ups to Lisa by Friday, Sept. 21 – Lisa to distribute in advance of two meetings on 9/25 and 9/28.

** Send template to group.

** send UW expert list

** Can John come in early on Sept 19 and give a presentation on IL Cap & Trade program and modeling?

** Call Caroline to see if locations are available to have TAG and Carbon group in same location