Governor's Task Force on Global Warming

Technical Advisory Group

Initial Policy Runs

April 4, 2008

Agenda

- Status of modeling effort
- Policy Run Overview
- Results to date - Glen Wood, ICF

Modeling

- ENERGY2020 is being used to model emissions
- The State of WI REMI model is being utilized for determining economic impacts
- Winrock has provided forestry and land use support
- The reference case model covers the years 2004-2024

Proposed Policy Modeling

1. Full Task Force releases the template for modeling
2. ICF and WRI will review the template
   - Enough information for modeling?
   - Conform the assumptions on the template to those in the Assumptions book
3. Communicate with the Work Group Co-Chairs on assumptions, data and understanding of the policy template

Policy Scenarios to be Modeled

- 1. All Policies except Cap and Trade (C&T)
- 2. All Policies except C&T and California Cars

Preliminary results of these two runs will be discussed today by Glen Wood

Policy Scenarios to be Modeled

3. All Policies with Cap and Trade and 100% auction of Allowances

    a. no cap on offsets
    b. 10% cap on offsets
    c. no cap on offsets and linkage to RGGI

Policy Scenarios to be Modeled

4. All Policies with Cap and Trade and 100% Allocation of Allowances

   a. no cap on offsets

   b. 10% cap on offsets

   c. no cap on offsets and linkage to RGGI

Policy Scenarios that may be Modeled

5. High Fuel Price

   All fuels at 25% higher price than the reference case

   a. reference case only

   b. a cap and trade case TBD

Policy Scenarios that may be Modeled

6. Enhanced RPS with hydro
   - choose a cap and trade policy
   - hydro RECs allowed to meet ramp up prior to 1/2020
   - add 1,000 MWs of Canadian hydro in 2020
   - assume 1,900 MWs of transmission into Wisconsin from MN is available

Policy Scenarios that may be Modeled

7. Deep Carbon Reduction
   - choose a cap and trade policy
   - add 1,000 MW non-carbon source in WI in 1/2020 priced as nuclear
   - retire coal units less than 150 MW in 1/2020 (about 1,400 MWs)

Policy Scenarios that may be Modeled

8. “May not happen”
    - choose a cap and trade policy
    - energy efficiency response rate on electric side cut in half; no change in response rate on natural gas side
    - higher costs associated with wind
    - vehicle miles traveled response rate cut

Cautionary Notes

- The data is directional only, and should not be taken as literal
- This data will not be used for regulatory purposes