

Task Force on Global Warming – Friday, January 25, 2008
WPPI

Among those in attendance – Roy Thilly (WPPI), Tia Nelson (BCPL) Lisa Stefanik, Eric Callisto, Lori Sakk (PSC), Caroline Garber, Nick Sayen (PSC), Forrest Ceel (IBEW), Margi Kindig (Citizen), John Vrieze (Vrieze Farms), Charlie Higley, George Edgar (CUB), Kris Krause (We Energies), Steve Hiniker (1000 Friends), Tom Scharff (New Page), Larry Weyers (Integrays), Keith Reopelle, Peter Taglia (Clean Wisconsin), Kathy Lipp (Alliant Energy), Jennifer Oeschner (Sen. Plale’s office), Jeff Crawford (FCP), Susan Stratton (Energy Center of WI), David Donovan (Xcel Energy), Bruce Nilles, Jennifer Feyerherm (Sierra Club)

Welcome / Announcements

Future Schedule & Plan for Overall Task Force

- The Task Force will receive a status report on the reference case today. However, the case is not ready for presentation. The TAG is putting steady pressure on ICF and Energy 2020 modelers to finish the reference case before the next Task Force meeting on Feb. 5 and have it on the agenda for approval.
- WRI will not be able to be here on February 5. WRI representatives will participate in the reference case discussion by phone.
- TAG is still playing a very large role in the conclusion of reference case development. Please give comments on reference case issues to the TAG.
- The Governor’s office has asked the Task Force to present an interim report. We want to make some important recommendations now. The options we got from co-chairs were more numerous than we expected. We would like to keep it to a reasonable number of targeted recommendations.
- A draft interim report will be presented to the Task Force at the February 5 meeting by the co-chairs. The goal is to have a final interim report ready for the February 19 meeting and forward a consensus document.
- After the reference case versions are available and are final, the TAG and ICF will oversee the start of the modeling.
- We are very pleased with the amount of work done by the work groups. However, there has been some duplication between groups. The Co-Chairs of the Task Force will form a small group to step back and consolidate these ideas and reduce the number of templates. This work will continue on through March.
- The full Task Force will not meet in March, but work on the templates and modeling should continue. In April, we will talk about the recommended Task Force goals and discuss policies that are controversial.
- These discussions and work will be a very important process portion in April. The Task Force will then aim for a final report in May.
- The Task Force will likely get increased media attention when it releases an interim report. Task Force members should continue to uphold our policy of not talking to the press about our deliberations.
- The Task Force will likely hold its second public input session in March.

- Our web site will indicate what templates are being modeled. This will help the Task Force remember and it will help the public know what is moving forward in our process.
- Task Force members are encouraged talk to Roy or Tia about possible ways to resolve conflict of some Task Force members with the February 5 meeting date and the Green Tier Conference in Madison.
- The draft interim report should be posted online. The Task Force will take public comments about that report online.

MGA Update – Eric Callisto

- The Cap-and-Trade Work Group as it is now for the MGA had a conference call. All Governors who signed on have been asked to nominate five to six people to form a larger work group.
- There is a very aggressive timeline on building the regional Cap-and-Trade program. The MGA is likely to set goals for a Cap-and-Trade program for the work group by mid-2008. Draft statutory language targeted to be ready by the end of 2008.
- The next MGA conference will happen about three weeks from now.
- Energy Center of WI is working with the Joyce Foundation on a working conference on February 11 and 12 in Chicago regarding next steps to implement the concepts laid out at the MGA Conference in November 2007 in Milwaukee.

TAG Reference Case Update – Kris Krause

This presentation will be on the web.

Status Update: Carbon Work Group -- Keith Reopelle

Three major areas where the Carbon group had to do more work for modeling. The group had another meeting to decide on those items.

1) How quickly does the Cap-and-Trade ramp down? Are there reductions every year or will the group recommend 5-year intervals that are used in the modeling?

Solution: Annual step-down will give better results in the model.

2) Offsets – The Carbon group first felt it shouldn't recommend modeling any offsets. However, the group received a lot of feedback about this decision artificially inflating the costs. The group has decided to use an estimate on offset inputs to take offsets into consideration. The group needs to identify the level of offsets to estimate. WRI will provide information about what is achievable with offsets and subsequent limits will be set for modeling.

3) Credit allocation vs. auction-- The group has discussed both 85% auction and 15% allocation and 15% auction and 85% allocation. It is discussing questions like: What is

the basis for that allocation? What would the group recommend be done with auction revenues?

Solution: To learn more about allocation vs. auction, the group will recommend modeling 100% auction and 100% allocation to see the comparative impacts of both methods.

- The group will be making more decisions about allocation vs. auction in the near future.
- The group will also be examining the work of other groups to identify and eliminate overlap of policies.
- An Interim Offset Requirement template will be discussed at the next Carbon Work group meeting on February 1, 2008. The group should be ready to discuss its decision on this item at the February 5, 2008 overall Task Force meeting.

Report from Ad Hoc Group: Waste Recovery, Keith Reopelle

- The Chair of the Prior Task Force forwarded five templates to the Waste Recovery group for its review.
- The group started by discussing the template that is expected to have the largest impact on GHG emissions – paper recycling. The group reached consensus on that template and will be recommending it to the Task Force.
- Similarly, the group also arrived at consensus about the template that describes a process for reducing and recycling electronics.
- At its next meeting, the group will discuss landfill practices and other remaining templates not yet taken up.
- The group will discuss its progress at the next Task Force meeting.

Report from Ad Hoc Group: Co-Generation, Andy Kellen

- This presentation will be available on the web site.
- Andy Kellen will give a follow up report on the continued work of this Ad Hoc Group at the February 5 Task Force meeting.

Report from Ad Hoc Group: Low Income, Forrest Ceel

- This presentation will be available on the web site.
- Work Group Co-Chairs should review the Low Income report and consider modifications of templates where appropriate.

Report from Ad Hoc Group: Sustainability, Steve Hiniker

Previously, the Group had four templates connected with Sustainability; the Group now has two templates.

- Sustainability Initiative – The goal of this template is to motivate citizens and businesses to conserve energy and avoid GHG emissions in their daily choices.

- This template recommends the creation of a Public / Private entity housed in the OEI and its Board of Directors would oversee these programs with up to \$15 million worth of funding. This group would have two main missions:
 - 1) Marketing & Education – Assists individuals understand and implement behavior to avoid GHG emissions in their daily lives.
 - 2) Community-wide sustainability programs – Providing expert assistance and support for communities to develop sustainable initiatives.
- Voluntary Business Reductions – This template proposes a WI GHG Business Council funded by up to fifteen million dollars .
 - The Council would assist in small and medium businesses in GHG reduction strategies and reducing their carbon footprints.
 - The Council also will help develop new jobs and business opportunities to meet the needs of a carbon-constrained environment.

Advantages of these templates:

- These sustainability-focused templates encourage early voluntary action
- The templates / initiatives reduce the need for mandatory requirements connected with GHG reduction.

Status update: Existing Work Groups

Industry Group – Feebate concept, John Imes

- This presentation will be on the Task Force web site.
- Task Force members are encouraged to review the Feebate template. The Industry Group is tasked to report at future meetings re: comments received and level of support for the idea. Task Force will assist in resolving any conflicts and decide whether or not the template will move forward.

Conservation and Energy Efficiency Group -- Update, George Edgar

- The Conservation and Energy Efficiency Group has revised templates based on modeling needs and additional comments. The presentation highlighted the templates changed and the actual changes. This presentation will be on the Task Force web site, along with the revised templates.
- A number of recommendations from the Conservation and Energy Efficiency Group are likely to be featured in the Interim report. The Task Force is

encouraged to review the revised templates and get comments in as soon as possible in order to be considered for finalization of this Group's templates.

Transportation Group -- Update, Steve Hiniker

- The Group is in the process of doing some modeling on California Car-like initiatives to the new CAFÉ standards.
- The group wishes to verify the conclusion prior to making further recommendations to the Task Force.

Electric Generation Group -- Update, Peter Taglia

- Group will continue to work with the TAG group on the environmental dispatch proposal. Modelers are working on examining timing & generation dispatch issues. Co-Chair Kathy Lipp will be visiting a TAG meeting in the near future to work with the TAG more closely.
- It is up in the air whether or not the Group will offer a template on environmental dispatch.

Task Force Wrap-Up / Other Business

- The Task Force will again be meeting on February 5. There is much to be done between today and the next meeting.
- The next meeting is important because reference case and draft interim report will be presented.
- The draft of interim report & a list of templates that co-chairs have recommended for interim report will be drafted before the meeting.
- The Task Force Co-Chairs and Work Group Co-Chairs will tie up loose ends on templates that were highlighted again today and work to finalize them.