



www.vtclimatechange.us

MEETING SUMMARY
Governor's Commission on Climate Change (GCCC)
Plenary Group (PG) Meeting #3
Pavilion Building, Montpelier, Vermont
January 18, 2007

Attending:

GCCC: Ernie Pomerleau (Chair), Don DeHayes, Theresa Alberghini DiPalma, Brian Searles, Elizabeth Courtney, Parker Riehle

PG: Jon Isham, Roger Allbee, John Casella, Shane Sweet (for Sean Cota), Richard Cowart, James Moore, Bill Sayre, Chris Dutton, David Epstein, Don Gilbert, David Hill, Thomas Jagielski, Scott Johnstone, Chris Kilian, Dave Lamont (for David O'Brien), David Lewis, Neale Lunderville, Dale Rocheleau, Jim Saudade

DEC: Jeff Wennberg, Justin Johnson, Dick Valentinetti, Harold Garabedian, Jeff Merrell

CCS: Tom Peterson, Ken Colburn, Sivan Kartha, Will Schroeer, Stephen Roe (via telephone)

Others: Candace Page, Debra Baslow, Gina Campoli, Colin High, Pat Peterson, Sandy Wilmot, Jake Brown, Debra Sachs, Peter Shumlin, Netaka White, Mark McElroy, Carl Etnier, Tom Berry, Tom Horn, David Dolginow, Erich Osterberg, Walter Poor, Scott Sawyer, Frank Cioffi, Dan Smith, S. Ctoimos

Background documents: (all posted at www.vtclimatechange.us)

1. Notice and Agenda
2. Meeting Summary from Plenary Group Meeting #2
3. Power Point Presentation
4. Memorandum to the Plenary Group

Discussion and conclusions:

1. GCCC Chair, Ernie Pomerleau, opened the meeting, welcomed the PG members and members of the public, and attendees went around the room with self-introductions.
2. Chair Pomerleau gave a brief summary of a presentation made by himself, the DEC, and CCS before the House Natural Resources and Energy Committee, and of a meeting with the Speaker of the House and the Senate President Pro Tempore, on January 17, 2007. Legislative leaders are anxious to work with the GCCC-PG process but also believe some action on climate change is necessary during the 2007 legislative session. Chair

Pomerleau indicated that efforts will be made to identify early consensus policy options within the GCCC-PG for this purpose.

3. DEC Commissioner Jeffrey Wennberg provided a further welcome and additional reflections on the Legislative meetings. He noted that their feedback was very positive and that the timing could not be better. Commissioner Wennberg emphasized the importance of working with the Legislature going forward.
4. Ken Colburn of CCS began the meeting by reinforcing the importance of dovetailing some of the GCCC-PG's activities with the Legislature's activities, but at the same time not short-circuiting key analytical steps within the GCCC-PG process. Mr. Colburn then went over several meeting logistic items, including approval of the Meeting Summary for GCCC-PG #2 (approved without objection), and noted that the next GCCC-PG meeting date is March 22, 2007. Mr. Colburn then reviewed the day's agenda, the work plan approach, and next steps for TWGs.
5. Mr. Colburn summarized and led a discussion of recent climate policy actions in other states and results of various studies and research efforts.
6. Mr. Colburn reviewed the ten-step GCCC-PG process, noting that in GCCC-PG Meeting #2 the "catalog" (a list of over 300 state policy options) was expanded to include even more actions. Since that meeting, the TWGs reviewed the "catalog" to identify recommended initial priority policy options for analysis. Today, the TWGs will report their recommendations for first-round evaluation to the GCCC-PG for its review and approval.
7. Tom Peterson of CCS reviewed the process by which the TWGs' recommendations would be reviewed, modified if necessary, and approved.
8. Will Schroerer of CCS provided an overview of the Transportation and Land Use TWG's recommendations and the options from the Catalog from which they were bundled.
9. Mr. Peterson also reviewed the format of the Policy Template that will be used to describe and develop each priority option by TWGs, noting that this is the point in the process to raise any questions about options that were not included on the priority list. He reviewed the four criteria for ultimately selecting options:
 - a. GHG potential,
 - b. Cost (or cost savings),
 - c. Feasibility,
 - d. Externalities (co-benefits, etc.).
10. GCCC-PG member James Moore noted that selection of the initial priority options for analysis was based on expert judgment not on these explicit criteria. Only with subsequent analysis and evaluation will these criteria be formally assessed.
11. Mr. Schroerer explained that options will also be evaluated with an effort to distinguish between existing/planned actions (e.g., part of the "base case") versus new options and/or further expansion or deepening of existing options.

12. Discussion and decisions regarding specific TLU options:

- a. TLU-2: GCCC-PG member Neale Lunderville, Secretary of Transportation, noted that Vermont's infrastructure generally (bridges, roads, culverts, etc.) is in need of investment, and that transit options will only be effective to the degree infrastructure is in good repair. Plenary members noted that marketing options might be considered not only for transit, but also for alternatives to single-occupancy vehicle (SOV) transportation generally.
- b. Regarding concerns about costs, Mr. Schroeer noted that cost analysis will be part of the future analysis and evaluation. In addition, some options come with their own revenue sources. Mr. Colburn also noted that at this stage we are only identifying options for analysis; only after more thorough analysis will GCCC-PG make decisions on recommendations to the Legislature. Mr. Lunderville reinforced the importance of a thorough cost analysis for decisions about policy recommendations. GCCC-PG member Chris Killian of the Conservation Law Foundation noted that the key metric should be cost-effectiveness at meeting goals – including those already set by elected officials – not just cost alone. If the GCCC-PG's ultimate recommendations are not effective at meeting the state's goals, it will not be seen as an appropriate package. Mr. Moore also noted that climate inaction will exact a cost to Vermont's economy, and that several policy options represent opportunities for savings and long-term economic benefits and employment gains.
- c. TLU-2: Gina Campoli of the Agency of Transportation clarified that part of this proposal is to apply the model of tax credits now offered for weatherization, etc., to efficient transport options.
- d. Mr. Killian noted that the TLU bundles are aimed at emissions reductions generally, not only vehicle efficiency. Commissioner Wennberg agreed, stating that the jurisdiction of the group is to deal with GHG emissions via whatever efforts may be most effective.
- e. "Second tier" options: The list of priority options for initial analysis did not include plug-in hybrids or a fuel tax. There was some support for these items, but not enough to rank them as priorities for initial analysis. GCCC-PG member Bill Sayre noted that fuel taxes should be seen as only one of many factors that figure into individuals' decisions (regarding what they drive, where they live, etc.), and that the panel's opinions about GHG emissions should not be imposed on others. He opposed the idea of a fuel tax earmarked for GHG reductions, preferring that any such proceeds instead go to the state's the general fund, where GHG reduction programs would compete against other priorities.
- f. In response to GCCC-PG member Mr. Rocheleau's question about the impact of plug-in hybrids on the power sector, the CCS team clarified that interactions between the TLU and Energy TWGs would be considered in analyzing policy options.
- g. GCCC-PG member Mr. Cowart noted that utilizing a fuel tax as a direct policy tool to reduce fuel consumption would result in a very high tax and have all the

negative consequences of proposing/adopting a high tax. Alternatively, reduced fuel consumption could be achieved without the negative consequences if a modest tax was imposed and the revenue stream was directed to provide incentives or implement other policies which invest in creative means / technology / policies. As an example, Mr. Cowart referenced what was done in the electrical energy sector for demand side management. GCCC-PG member Mr. Mr. Isham noted that it could also be crafted as a revenue-neutral tax. Mr. Lunderville noted that a gas tax is regressive in some respects.

- h. TLU-4: Mr. Schroer clarified that this option is not necessarily intended to be a mandate for Pay-As-You-Drive insurance, but could also reflect policies that expand consumer choice by establishing enabling mechanisms and lowering barriers.
- i. TLU-7: The GCCC-PG proposed to bundle 2.29 (telecommuting) into this option.
- j. Final decision on recommended priorities (seeking a super-majority, i.e., fewer than 5 objections):
 - TLU-1: no objections.
 - TLU-2: no objections.
 - TLU-3: no objections.
 - TLU-4: no objections.
 - TLU-5: no objections.
 - TLU-6: no objections.
 - TLU-7: no objections. (including 2.29)
 - Add Plug-in hybrids: no objections.
 - Add Fuel tax funding instruments (possibly subject to revenue neutrality, avoidance of regressive system): 4 objections.

13. Energy Supply and Demand

- a. Mr. Colburn reminded the group that GCCC-PG will have the opportunity to mold the ultimate list and the specific design of policy options as the GCCC-PG process proceeds. For example, today's meeting will not necessarily represent the last word on any of the policy options.
- b. Mr. Kartha of CCS reviewed each of the TWG options and asked the GCCC-PG for clarifying questions.
 - Correction: Item ESD-2 is derived from catalog actions 3.1-3.4.
 - TWG discussion issue: the TWG was not in full agreement over the inclusion of renewable energy in ESD-6.
 - A question was raised about natural gas supply analysis: Mr. Kartha noted that analysis will be conducted if/as options are approved by the GCCC-PG for analysis.
 - The issue of renewable energy versus clean energy was raised. PG members noted that a small group of TWG members debated the issue

on a conference call but that the GCCC-PG has not expressed a preference on the issue. A number of proposals were made for language changes.

- For option ESD-4, a question was raised about the extent to which full-cost and life-cycle analyses would be conducted. In response, Mr. Kartha indicated CCS generally will conduct a full-life cycle analysis.
 - Senate President Pro Tempore Peter Shumlin joined the group briefly to comment on legislative consideration of climate change issues. He noted that the legislature is looking at science, solutions, and economic opportunities for action. He also requested assistance in identifying early consensus actions for consideration as early as mid-March 2007.
 - ESD-4, ESD-9, and ESD-10 are each to include ES-6.5, which is no longer included in ESD-6.
 - With the above change, ESD-6 was changed to read "Renewable Electricity" in place of "Clean Electricity."
 - ESD-6 will consider the use of renewable energy certificates (RECs).
 - ESD-7: Mr. Isham and Mr. Cowart will provide input on the GHG cap and trade and tax analyses.
 - Mr. Sayre and GCCC-PG member Mr. Gilbert suggested that the first consideration regarding policy options should be GHG reductions (as opposed to promoting renewables per se, targeting other co-benefits, etc.).
- c. Following clarifying questions, Mr. Kartha and Mr. Colburn asked GCCC-PG members for their approvals on priority policy options as revised:
- ESD-1: Approved without objection.
 - ESD-2: Approved without objection.
 - ESD-3: Approved without objection.
 - ESD-4: Approved without objection.
 - ESD-5: Approved without objection.
 - ESD-6: Approved without objection.
 - ESD-7: Approved without objection.
 - ESD-8: Approved without objection.
 - ESD-9: Approved without objection.
 - ESD-10: Approved without objection.

14. Agriculture, Forestry, Waste Resource Management: Mr. Roe of CCS reviewed the AFW TWG's recommended priority options, and then took clarifying questions for each option.

- a. AFW-1 does consider upstream transport emissions from imported food.

- b. AFW-6: Members noted that the Biomass Energy Research Center (BERC) should be consulted for information on this issue and potential involvement in GCCC-PG process.
 - c. AFW-7, 8: Mr. Cowart mentioned that it is important to consider related effects (e.g., the albedo effect, substitution of wood for other products) that could significantly affect net climate impacts of AFW measures.
 - d. AFW-10: All source reduction options are still on the table. (Please see most recent AFW catalog on the AFW web page for accurate option numbers.)
 - e. AFW-11: Includes both electricity efficiency improvements at wastewater treatment plants as well as on-site generation.
 - f. A representative of the Vermont Biofuels Association, Mr. White, asked the GCCC-PG to consider biofuel production (as opposed to consumption), as this was not on the list of initial priorities. It was noted that biofuels use is included in the TLU TWG priorities. An additional AFW-12 was proposed to investigate "Increased In-state Biofuels Production," including related (life cycle) emissions. The TWG will investigate and recommend what biofuels options (including biodiesel and cellulosic ethanol for example) to pursue.
 - g. Decisions of plenary on recommended priorities:
 - AFW-1: Approved without objection.
 - AFW-2: Approved without objection.
 - AFW-3: Approved without objection.
 - AFW-4: Approved without objection.
 - AFW-5: Approved without objection.
 - AFW-6: Approved without objection.
 - AFW-7: Approved without objection.
 - AFW-8: Approved without objection.
 - AFW-9: Approved without objection.
 - AFW-10: Approved without objection.
 - AFW-11: Approved without objection.
 - AFW-12: Approved without objection.
15. Mr. Colburn reviewed the Cross-cutting TWG's recommended priority options, and then took questions of clarification for each option.
- a. CC-6: Mr. Moore noted that this option should be within the full GCCC-PG, not a specific TWG. Mr. Colburn responded that the TWG would be doing the legwork (in terms of characterization in a straw proposal), but discussion and approval would still lie in the hands of the GCCC-PG.
 - b. CC-5: Commissioner Wennberg provided an example of the need for adaptation – the increasing frequency of extreme weather events. Adaptation could take the form, for instance, of sizing culverts to be appropriate for the scale and frequency of storms as they will likely be in the future. Ms. Campoli recommended including

the Vermont Fish and Wildlife Service in the analysis of adaptation options, given their concern about biological impacts. Mr. Moore recommended looking also at impacts to transmission infrastructure in the power sector given the vulnerability of power lines to ice storms.

- c. CC-3: Mr. Sayre asked that the TWG consider the option of allowing companies to document GHG reductions (in a manner that could allow companies to qualify for ex post recognition) without actually registering their emission reductions. His concern was that the creation of a registry could be a precursor for future regulation.
 - d. The GCCC-PG approved the CC TWG priority options as follows:
 - CC-1: Approved without objection.
 - CC-2: Approved without objection.
 - CC-3: Approved without objection.
 - CC-4: Approved without objection.
 - CC-5: Approved without objection.
 - CC-6: Approved without objection.
 - CC-7: Approved without objection.
16. Mr. Colburn mentioned briefly some revisions to the Draft Inventory and Forecast, related to corrections of some errors relating to system power purchases that produced limited double-counting. He showed the changes with respect to two power sector forecasts: (1) extrapolation of historic Vermont mix and (2) shift to system purchases.
17. Chair Pomerleau noted that CCS will discuss and propose (based on TWG input) a short list of “early consensus” policy options for the Legislature’s consideration as it deliberates action on climate change this session. This list should be a set of options that have full consensus. Mr. Cowart suggested a GCCC-PG conference call to vet this list, once developed.
18. Members of the public were invited to make comments and raise questions, but there were none.
19. The meeting was adjourned.