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Memorandum

Date: March 21, 2007

To: Speaker Symington, Senate President Pro Tempore Shumlin, Senate Natural Resources & Energy Committee Chair Lyons, House Natural Resources & Energy Committee Chair Dostis

From: Ernie Pomerleau, Chair, Governor's Climate Change Commission (GCCC) and the Plenary Group (PG)

Subject: Early Consensus Policy Options from the GCCC-PG and Other Ideas for Possible Legislative Consideration

Overview

As you know, the Commission on Climate Change established by Governor Douglas, and the broader Plenary Group of Vermont citizens that it has convened, are engaged in a year-long process to comprehensively identify, characterize, and quantify the costs and benefits of potential greenhouse gas (GHG) mitigation policy options best suited to Vermont. At the conclusion of this stakeholder-based, consensus-driven process in September 2007, we expect to provide Governor Douglas and you with a broad set of well-vetted, well-quantified, consensus recommendations that could form the basis for "omnibus" legislation to address climate change in Vermont. Sen. Ginny Lyons and Rep. Robert Dostis are key participants in this structured process, in order to ensure ongoing Legislative awareness of and involvement in the GCCC-PG process and its progress.

Knowing the keen interest you have regarding climate change, however, I understand that you may wish to undertake some legislative action on climate change this session, before the GCCC-PG's consensus results are complete. In order to assist you in doing so, I convened a special teleconference meeting of the GCCC-PG membership to determine which if any of the policy options currently under consideration by the group reflect sufficient early consensus that they could be forwarded to you for potential action this session.

GCCC-PG members were understandably reluctant to shortcut the comprehensive development and quantification of policy options that – taken as a package – may hold the promise of substantially reducing Vermont’s GHG emissions and simultaneously providing cost savings to the state’s economy. However, the GCCC-PG did reach consensus on five policy options that it believes could benefit from legislative action in the near term. These policy options are described briefly below, and we will provide additional description and details about them in the near future.

In addition, the GCCC-PG thought that state progress on climate change might also be enhanced by means of other complementary initiatives that the Legislature may wish to consider, including:

- a. Establishing a legislative Summer Study Committee about ways to address climate change in Vermont. This Committee could leverage the GCCC-PG membership of Sen. Ginny Lyons and Rep. Robert Dostis; dovetail well with the legislative hearings and education sessions being held this session; closely echo the GCCC-PG process via regular briefings from the GCCC-PG, VT DEC, and/or CCS; and position the Legislature well for comprehensive climate action in the 2008 session.
- b. Planning and convening a high-profile, GCCC- and Legislatively-sponsored symposium targeting how Vermont can best recognize and secure economic opportunities likely to evolve in a carbon-constrained world. Ideally, such a symposium would take place in the Fall of 2007, after the GCCC has submitted its recommendations to the Governor and Legislature, and would build on these recommendations. Sector-specific and/or technology-specific workshops could be held as well, building toward the Fall symposium.
- c. Initiating a “Vermont College and University Challenge” to identify, target, and educate students regarding technology and policy leadership opportunities that will be created in the course of a changing climate and society’s responses to it. Such a challenge could better position academic institutions and the state to take advantage of these opportunities as they come into focus.

Further elaboration on each of these recommendations follows.

Early Consensus GCCC-PG Policy Options

Opportunities for possible early consensus policy options recommended by the GCCC-PG include both policy options that Vermont is already implementing to some degree, but where Legislative engagement and/or reinforcement could contribute significantly to further progress, and other policy options identified as initial priorities by the GCCC-PG that the Legislature may wish to consider.

1. GHG Emissions Inventories and Forecasts (GCCC-PG #CC-1)

The CC TWG recommends that Vermont institute a formal GHG inventory and forecast function within the DEC, to be assisted by other state agencies as needed. Greenhouse gas (GHG) emissions inventories and forecasts are essential to understanding the magnitude of all emission sources and sinks (both anthropogenic and natural), the relative contribution of various types of emission sources and sinks to total emissions, and the factors that affect

trends over time. The initial use for inventories and forecasts will be to inform state leaders and the public on statewide trends, opportunities for mitigating emissions or enhancing sinks, and verifying GHG reductions associated with implementation of Vermont's Climate Action Plan. This function should be integrated with existing DEC emissions inventory program as seamlessly as possible.

LEGISLATIVE OPPORTUNITY: Although DEC currently conducts emissions inventory functions, projecting future emissions is a new function. Legislative reinforcement for moving in this direction would send a positive message to all concerned sources and agencies.

2. GHG Emissions Reporting Program (GCCC-PG #CC-2)

This policy option reflects the measurement and reporting of GHG emissions by sources to a state entity in order to support tracking and management of emissions. GHG reporting can help sources identify emission reduction opportunities. By moving “up the learning curve” concerning their GHG emissions, reporting can also help sources reduce their risks associated with possible future GHG reduction requirements. Tracking and reporting of GHG emissions will also assist in the preparation of periodic state GHG inventories. GHG reporting is a precursor for sources to participate in GHG reduction programs, opportunities for recognition, a GHG emission reduction registry, and to secure “baseline protection.”

LEGISLATIVE OPPORTUNITY: Collaboration with other states in the development of a GHG reporting program could enable Vermont to influence the development of GHG reporting practices throughout the region and nation and build consistency and reciprocity with other state or regional GHG reporting programs. Legislative reinforcement for this initiative, and any specific directions that the Legislature may wish to provide, could strengthen DEC's hand in design deliberations with other states.

3. GHG Emissions Reduction Registry (GCCC-PG #CC-3)

A GHG registry enables uniform measurement and recording of GHG emissions reductions in a central repository. Typically, a registry also includes transaction ledger capability in order to support tracking, management, and ownership of emission reductions. Registries can help encourage sources to undertake GHG reduction efforts, enable recognition for such actions, provide “baseline protection,” and support the crediting of early GHG mitigation actions. A registry can also provide a mechanism for regional, multi-state, and cross-border cooperation. Subject to appropriately rigorous quantification standards, participation in a GHG registry should be open to all sectors, sources, or approaches in order to encourage GHG mitigation activities of all types from all quarters. In particular, a GHG registry should be able to incorporate activities associated with all of the options that the GCCC-PG recommends, whether reflective of reductions in emissions of GHGs or increases in biological or geological sequestration of carbon (e.g., agriculture and forestry policies).

LEGISLATIVE OPPORTUNITY: Collaboration with other states in the development of a regional GHG emission reduction registry program could enable Vermont to influence the development of GHG reporting practices throughout the region and nation and build

consistency and reciprocity with other state or regional GHG registry programs. Legislative reinforcement for this initiative, and any specific directions that the Legislature may wish to provide, could strengthen DEC's hand in design deliberations with other states.

4. Public Education and Outreach (GCCC-PG #CC-4)

Public education and outreach will be the foundation for the long-term success of all the policy options proposed by the GCCC-PG as well as other policies that may be proposed and adopted by Vermont's Legislature or state agencies. Public education and outreach is vital to fostering a broad awareness of climate change issues and effects (including "co-benefits" like clean air and public health) among the state's citizens. Such awareness is necessary to engage citizens in concrete actions to reduce GHG emissions. Concerted future public education and outreach initiatives should integrate with and build upon existing outreach efforts regarding climate change and related issues in the state, including the many activities started by communities and citizens groups over the last decade. Statewide coordination and resources would help leverage, expand, and institutionalize the numerous, broad educational and outreach activities on climate change that are already underway in the state.

LEGISLATIVE OPPORTUNITY: Legislative reinforcement of the importance of public education and outreach in reducing GHG emissions would send a positive message to the many Vermont citizens and organizations already engaged in such efforts. The Legislature may also wish to leverage and enhance these efforts by establishing a statewide coordination function and/or information and event clearinghouse to assist the numerous and varied local efforts currently underway.

5. Adaption (GCCC-PG #CC-5)

Due to the existing build-up in the atmosphere of GHGs that has already occurred, Vermont will experience some effects of climate change for years to come, even if immediate action is taken to reduce its future GHG emissions. It is thus essential that the state develop a plan to manage the projected impacts of global warming while broader mitigation efforts to lower atmospheric concentrations world-wide are being developed and implemented.

LEGISLATIVE OPPORTUNITY: While simultaneously acting to mitigate GHG emissions in Vermont, the state should expeditiously develop, adopt, and implement a state Climate Change Adaptation Plan that includes identification of (a) potential short-term, mid-term, and long-term impacts of the climate change scenarios the state is likely to experience; (b) implementation mechanisms for addressing these impacts; and (c) potential economic risks and opportunities that may eventuate. Legislative support for empanelling an appropriate "Climate Change Adaptation Commission" to develop such a plan would reinforce the necessity and urgency of pursuing adaptation as aggressively as mitigation in the state.

Complementary Legislative Initiatives

1. Legislative Summer Study Committee

The GCCC-PG is progressing systematically through a comprehensive, objective, and deliberative process to establish a baseline inventory of greenhouse gas emissions, a future projection of these emissions, and how this forecast could be altered if various policies were implemented. In doing so, the GCCC-PG remains mindful of the GHG reduction goals identified by the Governor in Executive Order 07-05 and by the Legislature in Act 168 (2006 Adjourned Session).

The GCCC-PG process will conclude September 1, 2007 with a comprehensive set of policy recommendations that have been defined, analyzed, and vetted through a public engagement process by a diverse set of knowledgeable, interested, and potentially affected individuals. The recommended policies will be identified as to their manner of implementation, the contribution they can make toward achieving Vermont's goals, the cost (or cost savings) and other benefits they would provide, and other characteristics. Some of these recommendations are likely to require legislative authorization in order to be implemented.

Convening a Summer Study Committee to review climate policy options most appropriate for Vermont via regular briefings from the GCCC-PG on the progress of its analyses and recommendations could greatly assist Legislature in the development of "omnibus" climate legislation for the 2008 session. The Committee's interaction with the GCCC-PG would provide a solid foundation for legislative action through a concrete inventory and forecast of GHG emissions, comprehensive policy options encompassing all Vermont economic sectors, and a high degree of pre-existing consensus developed among a broad array of Vermont stakeholders. These factors should materially assist in the development and success of comprehensive climate legislation in the 2008 session. Engaging Sen. Ginny Lyons and Rep. Robert Dostis as leaders of such a Summer Study Committee would – due to their direct involvement in the GCCC-PG – complement and enhance the interaction and close working relationship that already exists between the Legislature and the GCCC-PG as its process proceeds.

2. Fall 2007 Climate Change Symposium

Addressing climate change will create both major challenges and opportunities. To successfully slow, stop, and reverse ever-increasing emissions of climate altering gases will require not only the use of means, measures, and technologies that society has available today, but the development and application of fundamentally new technologies and new thinking about how energy is created, distributed, and utilized throughout society. New and expanded opportunities will arise not only with respect to energy and energy technologies, but also in markets, policies, services, and education.

To this end, the Governor's Commission and the Legislature could jointly sponsor and convene a high profile symposium, featuring major thinkers and leaders on the opportunities that a "new energy future" presents, and how Vermont can best position its citizens and economy to take full advantage of these opportunities. Targeted topics should include

energy production, distribution, and use; developing markets and economies; environmental issues and services; legal and financial services; and policies that should be introduced in order for Vermont to benefit from the global warming solutions that will enjoy widespread adoption.

3. Vermont College and University Climate Challenge

The Legislature could challenge Vermont's institutions of higher education to develop plans to provide superior education on the issue of climate change, including science, policy, adaptation, and opportunities in technology, law, finance, and emerging markets.

Such a "Vermont College and University Climate Challenge" could take many paths, including initiation of academic programs to identify and target technology and policy leadership opportunities that will be created by the "new energy future" noted above; similar opportunities associated with adaptation responses to changing climate; and development of specific scientific and technical capabilities to assess and most effectively utilize Vermont's resources. For example, using Vermont's forest resources as biofuel feedstocks may better address future energy requirements than simply using them as fuel wood for combustion. The Challenge could also be a key output from the Legislative Symposium suggested above.

Conclusion

The GCCC-PG hopes that the above early consensus recommendations will prove useful in your consideration of potential climate change action during the 2007 Legislative Session. The GCCC-PG recognizes that the Legislature has many additional opportunities and proposals for action as well, several of which are also currently before the GCCC-PG for professional quantification of cost and GHG reductions and consensus development. We look forward to providing you with these additional, comprehensive policy recommendations in September 2007 following these steps and their approval by the Plenary Group of Vermont stakeholders and the GCCC. Please don't hesitate to contact any of us if we can be of additional assistance.