



www.vtclimatechange.us

DRAFT MEETING SUMMARY
Vermont Governor's Commission on Climate Change – Plenary Group (GCCC-PG)
Agriculture, Forestry & Waste Resource Management (AFW)
Technical Work Group
Call #8, April 26, 2007

Attendance:

1. TWG Members: Paula Calabrese, Jennifer Jenkins, Elaine Wang (for Debra Sachs), William Sayre, Elizabeth Courtney, Netaka White, Sandy Wilmot,
2. Public:
3. CCS: Steve Roe, Katie Bickel
4. VTDEC: Jeff Merrell

Background documents:

(all posted at http://www.vtclimatechange.us/Agriculture_Forestry.cfm)

1. Agenda
2. Power Point Presentation to the AFW TWG
3. AFW Policy Options Document
4. Summary Notes from Call #7

Discussion and conclusions:

1. CCS reviewed notes from the last call, highlighting two outcomes of the last PG: the PG requested information on the current rates of forest conversion to developed uses (which will be included in the policy options document), and asked the TWG to consider the biomass energy goal levels and potentially increase them. No changes to the draft call summary were requested.
2. There was a brief conversation about the goal levels under AFW-6. One member noted that the forest productivity goals were too conservative as the structure of the age classes in VT is such that there is a lot of standing timber moving into the productive age class, thus 20% in 20 years is quite low. Another member noted this was due to accretion and at some point in the future growth will flatten. The question was raised of what definition to use for productivity. It is important to note that the goals of AFW-6 are to *raise the levels of productivity by 20% beyond business as usual* (i.e. above what would occur without the policy). Hence, the issues of stand age and existing productivity relate to the business as usual case; the policy is designed to increase the productivity by some percentage above BAU.



www.vtclimatechange.us

3. The recent resignation of a TWG member was opened for discussion. CCS asked others if they shared similar concerns. One member supported some similar concerns about the ability of the process to address climate policy holistically, particularly with regard to the land base, noting trade-offs in the supply and demand of biomass energy (it was also noted that a recent diagram prepared by CCS on biomass allocation across AFW and other sector options was helpful in this regard). Another member noted agreement that a holistic approach is needed, and would take it to the level of addressing trade-offs in taxes and other incentives for other socially responsible issues (beyond climate change).
4. A final point was made about the make-up of the committee, and concern about representation of traditional/mainstream agriculture in the process. CCS noted that the new Secretary of Agriculture wants to be involved in the process and that there have been discussions of bringing in a new member to the TWG and PG. An invitation has been extended to the Farm Bureau to add a representative to the TWG and PG.
5. CCS noted the desire/intent to facilitate a stakeholder led process and not a consultant driven process. One TWG member noted the small size of the state making it challenging to find enough expertise to contribute their time to the process given the competing demands on their time.
6. CCS reviewed with the TWG the latest draft of policy options, including quantification of AFW-9 and AFW-12 in terms of GHG benefits and costs. There was a TWG comment on AFW-9 that capital costs to build additional single stream facilities or transportation costs to the sole facility in the state need to be included.
7. One member asked why ethanol is so much cheaper in the AFW-12 analysis. CCS noted that the analysis looks at incremental costs of producing starch-based versus cellulosic ethanol. The cost difference is assumed to equal what is needed to incentivize cellulosic ethanol production in VT (versus starch-based ethanol). There is a bigger cost differential to produce biodiesel versus petrodiesel than cellulosic ethanol versus starch-based ethanol. There was some discussion of how the GHG reductions are split between production side in AFW and the consumption side in TLU (an AFW TWG member is participating in both groups and working on consistency between options).
8. One member asked how net present value is determined. CCS explained the NPV captures total societal costs, born by the incentives program for ethanol and biodiesel (e.g., a 5 year program to support development of the biofuels industry). It was asked whether the capital costs of algal oil production plants were included. CCS responded that these were not addressed specifically; but asked the TWG member to review the level of incentives estimated to determine if they seemed too low or high to incentivize the development of these plants.
9. CCS prepared a diagram of the biomass supply across AFW and other sector options, as a way to ensure a reasonable biomass balance in terms of supply and demand. CCS reviewed the diagram with the TWG. The group decided to modify the diagram and specify between three types of biomass supply: high quality material (e.g., sawlogs), biomass energy, high nutrient material/biomass. In addition, AFW-6 will be an output



www.vtclimatechange.us

rather than an input to the biomass supply potential (coming from the biomass energy supply box). AFW-8 would be an out arrow from the high quality material box. The diagram helps to show that biofuels are not competing with the high-quality wood pools. The BERCC report may be available by May 1 to serve as an important input to this assessment.

10. TWG discussed an analysis memo prepared by CCS regarding assumptions and inputs for quantifying GHG benefits and costs for the forestry options. The forestry experts discussed assumptions for AFW-7 in some detail and CCS will begin quantification of this option. The forestry experts also scheduled a separate call to further discuss the forestry analysis (see below).
11. CCS requested comments/questions on the inventory and forecast (I&F) for VT. One member indicated they would like to see both a consumption and production basis for the energy supply sector (VT imports most of its fossil fuels). CCS noted that the PG will use either a production or consumption basis for evaluating the Process' ability to meet state-level targets (reductions to get 25% below 1990 levels by 2012; 50% below 1990 by 2028). The CC TWG will be performing the evaluation of whether to use production or consumption-based accounting.
12. One TWG member asked about how net present values were calculated and how cost estimates are determined. CCS explained that information from the TWG's input to the Implementation Mechanisms section of the template is used as a starting point to evaluate where societal costs occur and the potential level of these costs. Where information is lacking in the Implementation Mechanisms section, CCS will use alternative methods to estimate costs. CCS requested that TWG members review the material developed by CCS to support these estimates and provide comment, as the quantification of each policy option is completed.
13. One TWG member requested CCS circulate the VT I&F so that the TWG could review and provide comments. CCS asked the TWG to refer to the forestry, agriculture, and waste appendices to the I&F that have previously been posted to the AFW website. The versions of the appendices posted to the website include the projections out to 2030 (it was incorrectly noted during the call that the versions might not include these projections).

Next Steps:

14. Next PG meeting is on May 17, 2007, at which CCS will present the draft policy proposals (note: materials need to be posted by May 10, 2007).
15. Forestry subgroup call: May 2, 2007 1-2:30 pm (email confirmation will be circulated).
16. Next TWG June 5, 1-3 pm.