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**SUMMARY OF TELECONFERENCE MEETING #1
CROSS-CUTTING (CC) ISSUES TECHNICAL WORKING GROUP (TWG)
May 22, 2007**

Attendance:

1. TWG Members:
Will Anthony, Duke Bascom, Bill Droessler, Ann Glumac, Scott Harrison,
J. Drake Hamilton, Greg Jason, Nancy Lange, Jeff Muffat, Mike Robertson,
Bob Schulte, Sheldon Strom, Peter Sullivan

2. Minnesota Pollution Control Agency (PCA):
David Thornton (Agency Staff Lead)
Peter Ciborowski, Colleen Coyne, Lisa Herschberger, Jeff Ledermann, John
Seltz, Bill Sierks, Mark Sulzbach, Rebecca Walter

3. Minnesota Department of Commerce (DOC):
Edward Garvey

4. Minnesota Department of Agriculture (MDA):
Mike Yost, Paul Burns

5. Center for Climate Strategies (CCS):
Ken Colburn, TWG Co-Facilitator
Randy Strait, TWG Co-Facilitator

6. Other Attendees:
Jim Turner (for David Sparby) and Nicole Rom (for Will Steger)

Background documents:

(all posted at: http://www.mnclimatechange.us/Cross_Cutting.cfm.)

1. Meeting Notice & Agenda (including provisions for public access)
2. PowerPoint© presentation for meeting
3. CC Draft Catalog of State Actions

Discussion items and key issues:

This was the first conference call of the CC TWG.

1. Ken Colburn called the meeting to order, completed the roll call and reviewed the agenda and plans for the call.

2. At the beginning of the call Colburn reported that the state legislature recently adopted a bill entitled the “Next Generation Energy Act of 2007” (S.F.145). The DOC, PCA, and CCS are reviewing the bill to determine how to incorporate the provisions of the bill into the MCCAG process. This bill establishes the following greenhouse gas (GHG) emission reduction goals and target dates for MN: reductions to a level at least 15% below 2005 levels by 2015, at least 30% below 2005 levels by 2025, and at least 80% below 2005 levels by 2050. CCS will extend the GHG emissions forecast from 2020 to 2025 since policy options ultimately approved by the MCCAG for development will need to include an estimate of emission reductions through 2025. It was noted that the bill had not yet been signed by Governor Pawlenty; however, it is anticipated that the Governor will sign the bill in the very near future. A TWG member asked if a summary of the act was available, and CCS responded that it would check to see if a summary could be identified. The following provides a website link to the bill: <http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S0145.0.html&session=ls85>.
3. Colburn provided an overview of the purpose and goals of the MCCAG and the CC TWG as delineated in Slide #5 of the PowerPoint presentation. He also reviewed the MCCAG and CC TWG roles, responsibilities, and ground rules emphasizing the following points:
 - The TWGs provide informal guidance to MCCAG, and the MCCAG makes formal decisions throughout the process.
 - Whereas most TWGs are focused on particular options within specific sectors (e.g., energy; residential, commercial, and industrial fuel use; transportation and land use; agriculture, forestry, and waste), the CC TWG will discuss and develop recommendations that cut across all sectors.
 - The CC TWG will be examining the options provided in the draft “catalog” for today’s call, and will provide suggested revisions to the catalog to expand the universe of CC policy options for review by the MCCAG during its June 14th meeting.
 - The nature of the policy options considered by the CC TWG reflects broad-brush, enabling policies that may apply to MN or a larger region. As a result, the CC policy options do not require quantification of GHG reductions or costs. If the CC TWG identifies an option for which quantification of GHG reductions and costs may be desirable, the option will be transferred to one of the other sector-specific TWGs for quantification, as approved by that TWG and the MCCAG.
 - The CC TWG is welcome to comment on improvements to the GHG inventory and forecast; however, this will be a primary responsibility of the other TWGs that are focused on specific sectors. Recommendations for improving the inventory and forecast from the CC TWG will be referred to the appropriate sector-specific TWG for consideration.

Colburn also provided an overview of the timing for TWG meetings relative to MCCAG meetings, and the work products to be developed by the CC TWG. Colburn provided the following information in response to questions asked by TWG members:

- Recommendations by the CC TWG (as with the other TWGs) will be based on consensus opinion. CCS will assist with coordinating consideration of options that overlap with other TWGs to avoid duplication of effort. If a CC option is transferred to another TWG for quantification, then the CC TWG would be able to follow the other TWG's progress on the option.
 - While not recommended later in the process, it is possible to add additional actions even after the next TWG and MCCAG meetings.
 - Little information exists about the in-use effectiveness of the CC policy options since many are just now being considered and tested by other states.
4. Inventory and Forecast: Randy Strait provided an overview of the draft GHG inventory and forecast noting that this work is helpful for assessing GHG emissions and trends, but it is not intended to be a compliance baseline. The inventory covers historical emissions from 1990 to the most recent year of data, and the forecast covers emissions from the most recent year of data to year 2020. The historical emissions are based on estimates prepared by the MN PCA with the exception of the inventory for managed forests and emissions associated with imported electricity. CCS developed a GHG profile for imported electricity and used the U.S. Forest Service estimates for managed forest lands. Strait noted that the inventory and forecast is a preliminary draft for review and improvement by the MCCAG and the TWGs. Documentation of the data sources, methods, and results is forthcoming for the TWGs and MCCAG members to review. Strait and other members of the TWG provided the following information in response to questions asked by TWG members:
- The industrial sector is divided into two general categories. Emissions associated with the consumption of fuels (i.e., natural gas, petroleum, coal) for space and water heating, for example, are included with the residential, commercial, industrial (RCI) fuel-use sectors. Emissions associated industrial manufacturing processes (e.g., production of cement and taconite; or use of limestone or soda ash to manufacture products) are included in the industrial non-fuel use sector. The industries included in the non-fuel use sector can vary significantly from one state to the next.
 - Except for the electricity supply sector, the inventory includes emissions associated with activities within the state boundaries of MN. Emissions for imported electricity are estimated to inform the development of electricity supply-side and demand-side policy options.
 - Definitions for the 100-year global warming potential (GWP) factors used to convert methane, nitrous oxide, and halogenated hydrocarbon emissions to a carbon dioxide equivalent basis were provided.

- The assumptions resulting in future estimated transportation emissions being significantly lower than recent emissions will be provided in the documentation for the inventory and forecast.
 - Emissions from landfills are quantified under the waste sector. If landfill methane gas controlled by flares or landfill gas-to-energy projects, the carbon dioxide emissions associated with the combustion of methane are not counted in the inventory. However, emissions associated with other pollutants (e.g., nitrous oxide) are counted. Landfill gas-to-energy projects that produce electricity that is sold to the power grid are included in the inventory for the electricity supply sector.
5. Draft Catalog of State-Level GHG Reduction Policy Options (Handout): CCS provided the TWG with a catalog of CC policy options that have been reviewed and/or undertaken in other states. It was noted that the catalog should focus on the policy options to be considered by the TWG, and a separate “design options template” will be developed to help the TWG define the attributes of individual policy options approved for development by the MCCAG at its 3rd meeting. Colburn provided a brief overview of each of the 10 options in the catalog. Colburn noted that the options are numbered solely for convenience in referencing them, and that their numbers do NOT reflect a ranking or prioritization of the policy options. Prior to the next meeting, CCS will prepare a file that provides a brief description of each of the 10 options. The following provides a brief summary of items noted as Colburn explained the options:
- GHG Inventories and Forecasting (CC-1): It was noted that MN PCA has been preparing a GHG inventory of historical year emissions for several years and has one of the best GHG inventory capabilities of any state in the country. Thus, for MN, the TWG may want decide if the state should establish an on-going capability for preparing GHG forecasts like the capability it has developed for preparing an inventory of historical year emissions.
 - GHG Reporting (CC-2): This option entails establishment of emissions quantification (or measurement) and reporting requirements for MN sources to support tracking of emissions over time. Colburn noted that GHG reporting is typically a precursor for sources to participate in GHG reduction programs, opportunities for recognition, and a GHG emission reduction registry, as well as to secure “baseline protection” (i.e., credit for early reductions). Reporting could be mandatory or voluntary depending on the type of source, and could also be used to assist the state in preparing its GHG inventory of historical emissions.
 - GHG Registry (CC-3): Registries require a viable GHG reporting framework and reporting and registries are often considered jointly when developing design characteristics. Registries provide a mechanism for sources to record emission reductions for “baseline protection” in order to encourage sources to undertake early reductions. Colburn noted that MN, along with 30 other states, two Canadian provinces, and a tribal authority, recently joined *The*

Climate Registry as a charter member allowing MN to participate in the development of protocols for emission sources that choose to participate in this multi-state registry. Colburn explained the TWG should consider how this option could meet all of MN's policy needs, whether just as a voluntary registry, for emissions reporting, or also to document reductions. Therefore, it will be important for the TWG to consider the registry needs for all emission sources and sources that store carbon (carbon sinks). The TWG could use *The Climate Registry* as is or go farther, for example by adding currently excluded sources (e.g., forestry). Peter Ciborowski (MN PCA) noted that *The Climate Registry* will require emission sources to obtain 3rd party verification to certify their emissions. More information about *The Climate Registry* can be found at www.theclimateregistry.org

- Statewide Greenhouse Gas Reduction Goals or Targets (CC-4): The CC TWG will need to consider this option in light of the goals contained in the recent “Next Generation Energy Act of 2007” passed by the state legislature. The quantification results of policy options that will be prepared by the other TWGs will be used to inform the development of this policy option.
- State’s Own GHG Emissions (Lead-by-Example) (CC-5): This option recognizes that the state itself is a GHG emitter, and can “lead by example” in reducing its GHG emissions.
- Comprehensive Local Government Climate Action Plans (CC-6): For this option, the idea would be for the state to develop a program to assist local agencies in developing local plans to mitigate GHG emissions.
- Public Education and Outreach (CC-7): This option lays out an audience-based approach for considering development of an education and outreach program to address climate change issues and GHG emissions. The TWG is free to re-organize this option as it wishes.
- Tax and Cap Policies (CC-8): Colburn noted that this option would be appropriate for the CC TWG if it decides to recommend an enabling type of policy to be undertaken by the state (e.g., if the state should evaluate the suitability of a cap and trade program for emission sources within MN or consider joining a regional initiative). However, if the MCCAG approves of a cap and trade or tax policy for specific sources covered by another TWG then the option would be quantified by the other TWG.

A TWG member asked about regional GHG cap and trade initiatives, and it was noted that cap and trade efforts by the Regional Greenhouse Gas Initiative (RGGI) and the Western Regional Climate Action Initiative (“5-State Initiative”) are the best examples to date, but there is growing interest in such collaboration among the Mid-western states. Members of the PCA and DOC that participated in the call noted that they would compile ideas for collaborating with other states for the TWG to consider.

- Clearinghouse to Facilitate Investment in Climate-Related Business Opportunities (CC-9): This option is based on one identified by the state of

Colorado. The intent of this option is to encourage and facilitate the involvement of funding and investment sources (e.g., philanthropists, venture capitalists), business interests, and entrepreneurs in pursuing business opportunities associated with GHG reductions and climate change solutions.

- Adaptation and Vulnerability (CC-10): The intent of this option would be for MN to identify the effects of climate change on the state's natural resources and economy and develop a strategy for "adapting" to the effects identified.
6. Call to the Public: There were no public participants.
 7. Announcements: None.

Next steps:

1. The next CC TWG call (#2) will be **Tuesday, June 5, from 2:00–3:30 PM Central time**. CCS will notify the full TWG of the date and time for call #2 and send a reminder out several days before the call.
2. Draft Catalog of State Actions: TWG members should review the catalog items carefully and be prepared to discuss revisions and/or additions to the catalog during the next call. During the next call CCS will review the catalog items with the TWG in detail. TWG members should send their suggestions for addition of options to the catalog to the CCS facilitators and the MN Agency Lead by June 1 for discussion by the TWG during call #2.