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Meeting #1 Summary
Minnesota Climate Change Advisory Group (MCCAG)
St. Paul, Minnesota
April 20, 2007

Attendees:

MCCAG: Jon Anderson, Leith Anderson, Willis Anthony, Peter Aube, Dan Bartholomay, Alexander Bascom, David Berg, John Brandl, Tracy Bridge, Jan Callison, Rick Carter, Mitch Davis, Chuck Dayton, Laura Ekholm, Stan Ellison, Barbara Freese, Ann Glumac, Bill Grant, J. Drake Hamilton, Scott Harrison, Bill Heaney, Jonathan Holmes, Bill Hunt, Robert Jagusch, Greg Jason, Boise Jones, John Kelly, Julie Ketchum, Jeff Korsmo, Greg Langford, William Lee, Tim McGraw, Dave McMillan, Jeffry Muffat, Eric Olsen, Pat Perry, Steve Raukar, Mike Robertson, David Sparby, Will Steger (replacement), Peter Sullivan, Barb Thoman, David Tilman, Nim Traeger, Christopher Twomey, Jeff Wilkes, Mark Wolak, Bruno Zagar

Department of Commerce (DOC): Edward Garvey, Linda Limbach, Bill Sierks

Pollution Control Agency (PCA): Brad Moore, David Thornton, Todd Biewen, Peter Ciborowski, Anne Claflin, Colleen Coyne, Lisa Herschberger, Jeff Ledermann, John Seltz, Rebecca Walter

Center for Climate Strategies (CCS): Tom Peterson, Ken Colburn, Randy Strait, Will Schroeer, Bill Dougherty (by telephone)

Others (State Agency): Jan Homan, Mark Lindquist, Laurie Martinson, Tim Marx, Arlene McCarthy, Guy Peterson, Sharon Pfeifer, Cherie Shoquist, Keith Wendt, Michael Yost

Background Documents: (all posted at www.mnclimatechange.us)

1. Notice and Agenda
2. Powerpoint Presentation
3. Memo on MCCAG Process
4. Preference Form for Joining Technical Work Groups

Discussion and Conclusions:

1. Welcome and Introductions

DOC Deputy Commissioner Edward Garvey opened the meeting with brief remarks indicating the need to reduce carbon emissions, but that we must do so thoughtfully to maximize effectiveness and to minimize detrimental impact to Minnesota's economy.

PCA Commissioner Brad Moore offered an overview, noting that while Minnesota has more work to do, the state already has some of the toughest and far reaching climate and energy legislation in country, and is already benefiting economically from these initiatives. Moore cited the example of touring an upstate dairy farm that was using a manure digester for methane and was able to sell carbon credits on the CCX as a result.

Garvey and Moore noted that climate change transcends geo-political boundaries and that the purpose of the MCCAG process is not to debate climate science, but rather to identify the best ways for Minnesota to do its part to solve the problem.

Members of the MCCAG went around the room introducing themselves. Observers and members of the public numbered about 30.

2. Purpose and Goals

Tom Peterson from CCS reviewed the agenda for the meeting, indicating that in this meeting a substantial amount of information about the MCCAG process, Minnesota's draft greenhouse gas (GHG) inventory and forecast, and other context-setting information necessarily had to be presented. Future meetings of the MCCAG would have increasing amounts of discussion among MCCAG members and diminishing amounts of presentation.

Peterson proceeded to describe for the MCCAG CCS' role as facilitation, support and analytical assistance. Peterson also indicated that the degree of existing climate action in Minnesota is much higher than average, noting that CCS has never seen a state where so much has happened in such short of time, and that the MCCAG process represents a chance to build upon Minnesota's already existing climate and energy efforts.

Finally, Peterson noted that today's session would set stage for more detailed discussions by the MCCAG, and that the next key step in the process was the formation of the Technical Work Groups (TWGs).

Continuing on, Peterson explained that the heart and soul of the MCCAG's work will be to formulate and evaluate actions – tailored entirely to Minnesota – that can be compiled into a set of recommendations actions in a carbon reduction plan. The final report will emanate directly from the materials that the MCCAG and the TWGs will prepare. Hopefully it will be delivered by February 1, 2008 rather than mid-March 2008.

3. Recent Climate Developments

Ken Colburn from CCS recounted several recent climate developments. The U.S. Supreme Court's April decision makes this outcome far more likely. The Court concluded that the states do have standing to seek action regarding GHG emissions, and that EPA is not only authorized to address GHG emissions but encumbered to do so. Accordingly, we ultimately expect to see some kind of carbon reduction program at the national level. Precisely how and when that will happen, of course, remains uncertain at this time

A second item Colburn covered concerned the Fourth Assessment Report from the Intergovernmental Panel on Climate Change. The first of four reports from this global body of thousands of climate scientists was issued in February and concerned the

physical science basis of climate change. The second was announced in early April and concerned climate impacts, vulnerability, and adaptation. The third report will cover mitigation and will be released in early May. A fourth report synthesizing the Panel's findings and conclusions will be published this summer.

Domestically in the U.S., many states are now undertaking climate action planning, mitigation, and adaptation efforts, and state action on a regional basis is accelerating. Specifically, the Western Regional Climate Action Initiative (WRCAI) involving Washington, Oregon, California, Arizona, and New Mexico was recently announced and has held its organizational meeting. The Canadian province of British Columbia has also announced its intention to join the WRCAI. WRCAI member states have committed to establishing a regional GHG emissions reduction goal, identifying regional market mechanism(s) to help meet the goal, and participating in a regional or national GHG registry. There is significant interest from states across the country in a common GHG registry, and over 20 states are likely to formally launch The Climate Registry next month. No state will be compelled to join, of course, but The Climate Registry is being designed to meet multiple program requirements (e.g., voluntary participation, mandatory GHG emissions reporting, required GHG reductions, etc.). Having the functionality of The Climate Registry available will be essential for states that want to assist entities in securing credit for making early GHG reductions, commonly known as providing "baseline protection."

Colburn concluded by indicating that we'll likely review recent climate developments at every MCCAG meeting, because developments are now happening so quickly, including budding discussions in Congress.

4. Review of the MCCAG Process

Tom Peterson proceeded to describe in detail the structured approach that the MCCAG will follow. As a stepwise process, attendance at each meeting is important. This is a democratic process, and all members of the MCCAG participate on an equal footing. CCS will develop and post background material before every meeting in time for members to do their "homework" in preparation for the decisions to be taken at the meeting. Also, because this is a stepwise process, the MCCAG and its subsidiary TWGs will reach agreement and then move on; there won't be time for backsliding. Once the group has discussed issues and moved on to the next step, we can't go back because each step builds on the previous one. Peterson also noted that no MCCAG member should represent himself or herself as speaking for the group as a whole.

The MCCAG process was initiated by Governor Pawlenty with PCA and DOC as the supporting departments. MCCAG will make recommendations directly to the Governor; TWGs will operate as technical subcommittees, bringing their recommendations to the MCCAG. Members can participate in more than one TWG if their time permits. Opportunities for public input will be offered each step of the way.

Peterson reflected on a similar effort in Arizona to provide MCCAG members with an example of the results of the stepwise process. Arizona's CCAG concluded with 49 recommendations, 45 of them unanimous, which collectively could reduce that state's GHG emissions back to 2000 levels by 2020 and to half that amount by 2040.

Minnesota's growth rate is nearly one-third that of Arizona, but is high for a northern state at about 50% between 1990 and 2020. In doing so, Arizona could save \$5.5 billion net present value through 2020 over business as usual (BAU) and gain 285,000 jobs. Implementation of the plan is now proceeding. Minnesota has particular advantage in pursuing a similar approach because it has an unusually solid GHG inventory and has already undertaken numerous emission reduction measures.

5. Remarks by Governor Pawlenty

Thank you everyone. You're all busy and you've taken time to help us form a better environmental program for the state.

As Peter Drucker taught us, "The practices that got us here, won't get us to the future. The best way to think about future is to go out and invent it."

It looks like we should have listened to President Carter. He called us to action, and we should have listened. So we now have ourselves in a bit of a pickle. As is often the case, the people are way ahead of the politicians. We're benefiting from their tailwind.

Other visionaries deserve credit too, many who may have been dismissed as goofy. They were right, not goofy.

Energy and climate issues are intertwined. Climate change is real. Human behavior is partly and may be a lot responsible. Those who don't think so are simply not right. We should not spend time on voices that say it's not real. Please don't let these voices discourage or distract you from your mission.

Our hope is at the end of your deliberations, you will have given us a plan for action.

I'm proud of Minnesota's longstanding attention to environmental issues, but here we need to raise the bar as others catch up. We want to be bold, dynamic. But we have to fashion steps. Our actions on climate can't unravel the political consensus or the Minnesota economy. It must be done in a rational way.

Sometimes success has led to complacency. Sadly we have been complacent in thinking about energy and environment. But we're reaching a tipping point, and we have to deal with it now. I'll do my best to lead and advocate for your recommendations.

6. Review of the MCCAG Process (continued)

Following Governor Pawlenty's appearance, Peterson reviewed the ten steps that the MCCAG will go through in development of its plan. Garvey noted that this planning approach appeared to dovetail well with prospective legislation to require the DOC to develop a state plan for reducing carbon dioxide emissions. Peterson went on to characterize the five TWGs that would be formed: Energy Supply; Residential, Commercial, and Industrial; Transportation and Land Use; Agriculture, Forestry, and Waste Management; and Cross-Cutting Issues.

Peterson also characterized the voting procedures that would be used to develop MCCAG recommendations. At key points during the process, MCCAG members will be asked to vote on decisions. The process will seek but not mandate consensus. The voting method will be based on a request for objections regarding any decision. Final decisions will be

based on three levels of support, including: unanimous consent (no objections), supermajority (five or fewer objections), or majority (less than half object). As objections are noted, CCS will ask for clarity on the technical basis for the objection and for the objector to propose a constructive alternative to address the particular issue at stake. As needed, alternatives will then be developed by the MCCAG and or TWGs to address barriers to consensus.

7. Recent Actions in Minnesota Relating to Climate Change

Garvey introduced many of the government agency leaders in the room, and then provided an overview of efforts that Minnesota already has underway which impact GHG emissions in the state. These included the Energy Conservation Investment Program (CIP), one of the more aggressive and effective programs in country; a mandate for “25x’25”; an aggressive 30% renewable goal by Xcel; repowering of the Riverside power plant from coal to natural gas; dramatically increasing wind power development (now 4th in the US for installed wind power), and expanding solar and biomass activity. In terms of transportation fuels, Minnesota is already a national leader with E10 blend ethanol, is moving toward more E85 stations, and has a 2% biodiesel mandate. In addition, Minnesota has progressive land planning and higher recycling rates than in much of the country. Peterson indicated that other actions that MCCAG members are aware of can be added into the MCCAG planning process.

In response to a question about regional efforts, Peterson noted that some programs may be most effective on a multi state basis, and the MCCAG can make recommendations with respect to regional and or national efforts that the state should support and or lead. Peterson also indicated that recent actions that the state has already taken will be quantified separately from those recommended by the MCCAG. Peterson also noted that some options may not be quantifiable, and policy options can include ways to increase carbon storage or sequestration, not only to reduce GHG emissions. Peterson concluded by noting that all analyses will be conducted using transparent methods, data, and assumptions. The MCCAG then broke for lunch.

8. Review of Minnesota GHG Emissions Inventory and Forecast

Randy Strait from CCS introduced the Minnesota GHG inventory and forecast, noting that while standard EPA inventory tools are typically used as a starting point, Minnesota’s inventory is already far more precise due to the attention that the PCA has paid to this important issue. Strait noted that this draft inventory and forecast is designed to be a starting point for the MCCAG, not the final word. MCCAG members are encouraged – and TWGs will be specifically requested – to review the inventory and forecast and recommend improvements and revisions for the MCCAG’s consideration.

CCS’ work looked at electricity from both a production (emissions associated with in-state generation) and consumption (emissions associated with in-state generation and net imports of electricity) standpoint, and estimated emissions associated with the state’s 25x’25 renewable energy objective. Strait noted that the MCCAG inventory and forecast will form the baseline against which the MCCAG will measure its efforts, but it is not a source-by-source compliance-level inventory.

In reviewing the inventory, Strait noted that Minnesota's emissions by sector match national sector shares reasonably closely, with the exception of agriculture, which is about twice the national average in Minnesota. Minnesota's per-capita emissions are a bit higher than the national average, possibly because of higher agricultural sector emissions in areas with relatively lower populations. Overall, Minnesota's GHG emissions increased about 20% between 1990 and 2000. Strait characterized the assumptions used to estimate future GHG emissions, and urged members to review and suggest improvements to it as well. He concluded by taking several questions from MCCAG members on sector-specific approaches used in developing the inventory and forecast.

9. Agenda, Time and Date for the Next MCCAG Meeting

Peterson noted that the principal task for the MCCAG at its second meeting will be to review the universe of policy options developed by the TWGs to ensure that it is appropriately inclusive of all options (before TWG efforts begin to screen and select priority options for Minnesota).

Garvey indicated that the second meeting of the MCCAG would be an all-day meeting to be held on June 14, 2007 at a location to be determined.

Members requested additional information, including a glossary of relevant acronyms and a summary of the recent IPCC reports and CNA (military) report on climate and security risks, or links to such summaries.

10. Public Input and Announcements

Peterson issued a final call welcoming public input at the meeting. No audience members wished to make a statement. Peterson concluded by thanking MCCAG members and others in attendance for an excellent kickoff meeting.