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MEETING SUMMARY
MINNESOTA CLIMATE ACTION PLAN TECHNICAL WORK GROUP

Residential, Commercial and Industrial TWG Meeting #8 Summary
October 23, 2007, 1:00-5:00pm

Prepared by Bill Sierks and Bill Dougherty

The meeting was called to order by Bill Dougherty at approximately 2:20 pm. The meeting had originally been scheduled to begin at 1:00 pm but started late due to a 3-hour delay at Logan airport for Bill's flight.

In attendance were the following TWG Members:

- Becky (Last Name)–Koch/Flint Hills
- Jeff Muffat-3M
- Karen Linner-Builders Assn of MN
- Pam Weaver-Builders Assn of MN
- Doug Peterson-Centerpoint Energy
- Cherie Shoquist-Minnesota Housing
- John Carmody-UofM
- Sheldon Strom-CEE
- Joe Steffel-Buffalo
- Gary Connett-GRE (called in)
- Chuck Dayton-MCEA (called in)
- Mike Robertson-Chamber (called in)
- Rick Carter (first hour)

From MN state staff, the following were in attendance:

- Rebecca Walter
- Bill Sierks
- Peter Ciborowski- PCA
- Ed Garvey- PCA
- Janet Streff- Commerce

From the public, no one was in attendance.

From CCS staff, the following were in attendance:

- Bill Dougherty

The following background documents that were used as the basis for the discussions were posted on the website in advance of the meeting. These included the following documents:

- Most Current Version (20 October 2007) of RCI TWG Policy Options. These were all Word documents unless otherwise noted.

The following background documents had been posted to the website in advance of the meeting. However, due to reasons still not well understood, they were not available at the time of the meeting. These included the following documents:

- Meeting Notice and Agenda
- CCS, PowerPoint Presentation to the RCI TWG

The agenda for the meeting was as follows:

1. Call to order
2. Roll Call of TWG members and public
3. Review of MN CCAG Process and Expected Next Steps
4. Harmonization of versions of the straw proposals
5. Discussion of quantification approach for avoided costs
6. Discussion of quantification approach for RCI-1
7. Discussion of targets for RCI-2 through RCI-10
8. Proposed agenda, time and date for NEXT meeting
9. Public input and announcements

Bill Dougherty called the meeting to order and took the roll call (as summarized above). Then began a review of the agenda, highlighting the importance of the meeting explaining that the group should expect to produce a clear roadmap of the analysis of each priority RCI option for determining: (1) Greenhouse Gas Reductions; (2) Costs of achieving reductions; (3) Co benefits. And discuss the approach needed for this analysis for all policy options.

The group reviewed each of the ten (10) straw proposals to harmonize the different versions and ensure that the latest, correct version for each policy proposal was posted to the website. These policy options will be edited over the coming weeks to make them clearer to the lay person.

QUANTIFICATION APPROACH FOR AVOIDED COSTS

- Each priority mitigation option will be analyzed relative to their net annual and cumulative GHG reductions, their present value cost, and the cost of saved carbon (cost to save 1 ton of CO2 equivalent);
- In order to identify these GHG reductions and associated costs, each priority mitigation option needs to have a clearly defined baseline and clearly established penetration targets over the time period 2008 – 2025.

- One sticking point was how to establish the avoided costs associated with the expansion of the MN electric system. The TWG proposed that a two estimates be prepared – one for a fossil-fired scenario that does not consider the recently passed RPS legislation, and another for a fossil/renewable scenario that considers the recently passed RPS legislation.
- The group agreed on the importance of quantifying external benefits, particularly health benefits associated with reductions in other air pollutants, and agreed to revisit the issues related to the quantification of co-benefits at a future meeting.

QUANTIFICATION APPROACH FOR RCI-1

- The group agreed to model two scenarios, as follows: 1) excluding the RPS and 2) including the RPS.
- The next question was what to do with sales forecast with and without the CIP. Utilities' average growth annually is 1.7%, high especially for this region (growth rate taken from certificate of need).
- The group is trying to determine the cost of existing programs and what impact the policy proposals will have on those programs, in terms of dollars expended and energy/GHG saved. One question was how and whether to model the federal production credit as a cost. The TWG, in making cost projections, will assume that embedded energy efficiency is about 0.5% per year.

DISCUSSION OF TARGETS FOR RCI-2 THROUGH RCI-10

- **RCI- 2:** Suggestion was made to require 20% more efficient than code, and to clarify that this is not intended for agricultural. RCI 2 is meant to make the building code mandatory statewide; provide for enforcement; and restructure existing code to simplify it for builders
- **RCI-3:** A suggestion was made to give examples of the application of this policy like Rick Carter's 2030 presentation featuring the school example. RCI-3 could allow schools to opt out if there was no funding mechanism or the work was not cost effective.
- **RCI-4:** The RCI TWG agreed they were primarily looking at natural gas and biomass and that they needed to weigh-in on implementation; quantification would begin to address this but they still need to decide how much new CHP there will be—and whether it is increasing or decreasing.
- **RCI-5:** The group agreed to remove a specific \$/ton, to use the term “reasonable cost”, instead of a specific percentage, and that “reasonable cost” could be approximately \$15/ton unless otherwise determined by the agency. The intent is to start with a 2010 grace period and, by agency-enforced regulation, a full deadline in 2015. The group would like to model a range of costs, \$15/ton, as well as \$50 and \$100/ton.
- **RCI-7:** This will just meet the Energy Star requirements and would only apply to new equipment, with a baseline of probably 50% to 60%. The purpose of this policy is to create the incentive for those already meeting a 50% increased efficiency to upgrade to equipment that will achieve an 80% increase. Suggested implementation mechanism is for a tax to go to commerce, with the utility companies administering the rebate.

- **RCI-9:** The aim is that beginning in 2010, 2% of all energy (i.e., electricity and fuel) consumed at state facilities is required to be based on on-site renewable energy, but questions remain regarding quantification.

SCHEDULE:

The next ES TWG meeting was decided to be on November 28 from 3:00 to 5:00 PM to discuss the preliminary quantification results. During the interim, Bill will send out results and would like suggestions and incremental feedback by email.

PUBLIC COMMENTS:

There were no members of the public in attendance, and hence no comments from the public.

ANNOUNCEMENTS

There were no announcements.