

Appendix B

Description of Climate Change Advisory Group Process

This appendix contains a memo by the Center for Climate Strategies describing the facilitated stakeholder process that the CCAG would follow. This memo was originally presented at the first meeting of the CCAG on April 20, 2007. It was revised during preparation of the final report to incorporate two additional MCCAG meetings, the addition of the Cap-and-Trade TWG, extension of the period for analyses from 2020 to 2025, and staffing changes that occurred during the MCCAG process as approved by the MCCAG and DOC/PCA.

Memorandum

To: Minnesota Climate Change Advisory Group (MCCAG) Members

From: The Center for Climate Strategies

CC: Minnesota Department of Commerce (DOC)
Minnesota Pollution Control Agency (PCA)

Re: Minnesota Climate Change Action Plan Process

Date: April 20, 2007

Forming the Minnesota Climate Change Advisory Group

On December 12, 2006, Minnesota Governor Tim Pawlenty announced the state's "Next Generation Energy Initiative," including "development of a comprehensive plan to reduce Minnesota's emissions of greenhouse gas (GHG) emissions." In this announcement, the Governor requested assistance from the Center for Climate Strategies (CCS) in the development of a Minnesota Climate Mitigation Action Plan (Action Plan) and formation of the Minnesota Climate Change Advisory Group (MCCAG). This broad-based group of Minnesota citizens and leaders is charged with developing a comprehensive set of state-level policy recommendations to the Governor through a stakeholder-based consensus building process that will be facilitated by CCS in coordination with the Minnesota Department of Commerce (DOC) and Minnesota Pollution Control Agency (PCA).

Development of a Minnesota Climate Change Action Plan

To develop the Action Plan as directed by the Governor, the MCCAG is tasked with completion of the following specific planning recommendations:

1. Review and approval of a current and comprehensive inventory and forecast of GHG emissions in Minnesota from 1990 to 2025;

2. Development and recommendation of a comprehensive set of specific policy recommendations and associated analyses to reduce GHG emissions and enhance energy and economic policy in Minnesota by 2025 and beyond;
3. Development and recommendation of a set of statewide GHG reduction goals and targets for implementation of these actions; and
4. Issuance of recommendations in the form of a final report to the Governor by March 2008.

The Center for Climate Strategies (CCS) will work in partnership with DOC and PCA to provide facilitation and technical support for a process to complete these tasks through joint activities of the MCCAG, a set of Technical Work Groups (TWGs), state agencies, and members of the public. A detailed work plan and description of the Action Plan process follows.

Final MCCAG Report

By March 8, 2008, CCS will provide a final MCCAG report to the Governor. It will compile and summarize final recommendations of the MCCAG and cover the following areas:

1. Executive Summary
2. History and Status of State Actions
3. Inventory and Forecast of Minnesota GHG Emissions
4. Recommended Policy Actions by Sector:
 - a. Energy Supply
 - b. Residential, Commercial and Industrial
 - c. Transportation and Land Use
 - d. Agriculture, Forestry and Waste Management
 - e. Cross-Cutting Issues (inventory and forecast, emissions reporting, registries, education, statewide goals, etc.)
 - f. Cap-and-Trade
5. Technical Appendixes

Timing and Milestones

The first meeting of the advisory group will be held April 20, 2007 with seven additional meetings and a final report to be completed by March 2008. Two or more TWG conference calls per each of the five TWGs will be held between each of the advisory group meetings according to the following schedule.

MCCAG Calendar

Date	Action
February 16, 2007	Executive Order and Announcement
April 20, 2007	1 st MCCAG meeting
June 14, 2007	2 nd MCCAG meeting
August 2, 2007	3 rd MCCAG meeting
September 27, 2007	4 th MCCAG meeting
November 8, 2007	5 th MCCAG meeting
December 5, 2007	6 th MCCAG meeting
January 10, 2008	7 th MCCAG meeting
January 24, 2008	8 th MCCAG meeting
March 8, 2008	Final MCCAG Report Due
Between MCCAG Meetings	TWG conference calls and meetings

Design of the Action Plan Process

The Action Plan process will follow the format of several state climate action planning processes conducted by CCS (available through www.climatestrategies.us). This consensus building model combines techniques of alternative dispute resolution, community collaborative decision-making, and corporate strategic planning in a combined form of facilitation and technical analysis known as “evaluative facilitation.” The process fully integrates group decisions and technical analysis through open, informed, and collaborative decision making and self determination by a broadly representative group of stakeholders (the MCCAG), with the support of TWGs. Activities of the MCCAG will be transparent, inclusive, stepwise, fact-based, and consensus driven (see key principles and guidelines of the process listed below). The process will *seek but not mandate consensus* on individual policy option recommendations and will use formal voting processes by the MCCAG to identify potential objections and alternatives.

The Action Plan process relies on intensive use of information and interaction between facilitators, participants, and technical analysts. The CCS team provides close coordination of MCCAG, TWG, facilitation, and technical support activities. To facilitate learning, collaboration, and task completion by the MCCAG and TWGs, CCS will provide a series of discussion and decision templates for each step in the process, including:

- A public website for all information and proceedings of the process at <http://www.mnclimatechange.us/>;
- Standard meeting documents, including: agenda and notice, discussion PowerPoint, meeting summary, and reference document(s) formatted for each of the MCCAG and TWG meetings;
- A draft report, PowerPoint presentation, and series of worksheets for review and approval of the Minnesota GHG emissions inventory and forecast;

- An initial master catalog of state GHG reduction actions with lay descriptions for each option, suggested ranking criteria, draft rank of potential for GHG reductions and costs or cost savings of each action, and indication of major recent actions already undertaken in Minnesota;
- An assessment of the emissions savings and other impacts of actions already adopted in Minnesota;
- A balloting form for identification of initial priorities for analysis for each of the TWG areas;
- A draft policy option template for the drafting and analysis of individual recommendations;
- A principles and guidelines document for quantification of policy options in each of the TWGs;
- Analysis materials, including documentation of key data sources, assumptions, models, and methods, and printouts of worksheets as needed; and
- A final report format with summary chapters and technical appendixes.

The MCCAG and TWG process includes the following key principles and guidelines:

- The process is fully transparent. All materials considered by the MCCAG and TWGs are posted to the project website, and all meetings are open to the public. For TWG meetings, which will be conducted telephonically, the state will arrange for physical locations with a telephone and a telephone monitor so that the public can listen. The quantification of all potential policy options is transparent with respect to the data sources, methods, key assumptions, and uncertainties. In addition, policy design parameters and implementation methods for recommended actions are fully transparent, including goal levels, timing, coverage of parties, and implementation mechanisms. The transparency of technical analysis, policy design, and participant viewpoints is critical to the identification and resolution of potential conflicts.
- The process is inclusive. A diverse group of MCCAG and TWG members are chosen by the Governor to represent a broad spectrum of interests and expertise in Minnesota. A ground rule for participation is to be supportive of the goals of the MCCAG and the process described here, but members are free to disagree on specific decisions within the process. The public will be afforded the opportunity to provide meaningful review of and comment upon pending MCCAG decisions.
- The process is stepwise. Each step of the sequential process builds incrementally on the prior one toward a final solution. Sufficient time, information, and interaction are provided between steps to ensure comfort with decisions and quality of results. Participants are responsible for staying current with information developed by and decisions of the process.
- The process will seek but not mandate consensus. Votes will be taken at each of the major milestones in the process in order to advance to next steps. Decisions are requested on individual policy options. Alternatives that address barriers to consensus will be developed by the MCCAG with the assistance of CCS, as needed. Voting is conducted by simple request for objection at the point of decision (by hand), followed by resolution of conflicts through discussion and development of alternatives, as needed, in order to proceed. Final votes by the MCCAG include support at three levels, including: Unanimous consent (no

objection), Super Majority (four objections or less), and Majority (less than half object). (Typically, the early stages of the process proceed with unanimous consent, and super majority, if needed. Final recommendations may include recommendations at all three levels. Typically, most, if not all, final recommendations enjoy unanimous consent.) The final report will document the level of support for individual MCCAG recommended options, including alternative views as needed.

- The process is comprehensive. The MCCAG will explore solutions in all sectors and across all potential implementation methods, including a variety of voluntary and mandatory implementation mechanisms. Recommendations may include state-level and multi-state actions (regional and national). Mitigation of all GHGs will be examined. Units will be expressed in million metric tons of carbon dioxide equivalent (MMtCO₂e). Similarly, all forms of energy supply and use and economic development are open for consideration as they relate to GHG mitigation actions. Significant actions taken by the executive or legislative branches during the process will be included as possible and needed in a reference case forecast of emissions.
- The process is guided by clear decision criteria for the selection and design of recommended actions. These include consideration of: (1) GHG reduction potential; (2) cost or cost savings per ton of GHG emissions removed; (3) co-benefits, including economic and energy policy improvements; and (4) feasibility issues (technical, economic, political, and institutional).
- The process is quantitative. Results of MCCAG decisions will include explicit descriptions of policy design parameters and results of economic analysis. Recommendations can include both quantified and non-quantified actions, with emphasis on quantification of GHG reduction potential and cost or cost savings for as many recommendations as possible. Additional quantification needs related to co-benefits or feasibility issues will be evaluated on a case-by-case basis pending MCCAG input and available resources.
- The process covers short-, medium-, and long-term periods of action. The period of analysis for emissions inventories and reference case projections will be 1990–2025. Emissions reduction options, related energy, and economic analysis will cover the present to 2025, with supplemental analysis as possible for longer periods.
- The process is implementation oriented. The goal of the process is ultimate adoption of specific policies by the State of Minnesota based on planning recommendations of the MCCAG and subsequent, more detailed analyses as needed. Accordingly, recommendations of the MCCAG are intended to support immediate policy adoption, but will not consist of the highly detailed issues related to programmatic implementation, rulemaking, institutional design, and feasibility.

The TWG process is fully integrated with the MCCAG. TWGs are comprised of members of the MCCAG and/or their staff, as well as additional technical members appointed by the Governor, and serve in an advisory role to the MCCAG. The TWGs will be structured around the following sectors: Transportation; Energy Supply; Residential, Commercial and Industrial; Agriculture, Forestry and Waste; and Cross-Cutting Issues.

The TWGs will perform the following tasks in assistance to the MCCAG:

- Review the Catalog of existing, planned and potential state actions and suggest additional state actions for MCCAG consideration;
- Suggest a list of initial priorities for analysis of policy actions for MCCAG consideration through a balloting process;
- Develop and suggest initial “straw proposals” for the design of individual policy actions (with CCS assistance), including goals, timing and coverage of parties for MCCAG consideration;
- Review proposals for the analysis of individual policy actions, including data sources, methods and key assumptions for MCCAG consideration;
- Assist with the identification and development of data and assumptions to assist CCS with analysis of individual policy actions for MCCAG consideration, as needed;
- Respond to requests by the MCCAG for the development of alternative design scenarios or analyses to address potential barriers to consensus;
- Review draft final text for policy actions and final report language with suggested changes as needed for consideration by the MCCAG.

CCS will provide a facilitation and technical analysis team to assist the TWGs and coordinate MCCAG and TWG activities. The state will fully coordinate any technical staff involvement with the CCS team to ensure consistency and alignment on technical issues. As with the MCCAG, the TWGs will not debate the science of climate change or the goals, but will instead focus on identifying specific actions, design and analyses for MCCAG consideration that allow Minnesota to achieve the goals of the Executive Order.

Key Steps and Milestones

The objectives and agendas for each of the MCCAG and TWG meetings are listed below, with notes regarding each decision of the MCCAG.

MEETING ONE

- Objectives:
 - Introduction to the process, presentation of preliminary fact finding (inventory and forecast of emissions, Catalog of state actions), formation of TWGs (no votes, however, MCCAG members should be prepared to select one or more work groups for participation), next steps.
- Agenda:
 - Introductions
 - Purpose and goals of the Action Plan process
 - Review of the components and ground rules of the process
 - Review of the history and status of state climate mitigation and related energy and commerce actions
 - Review of the draft Minnesota emissions inventory & forecast

- Review of the draft Catalog of existing state climate mitigation actions, including Minnesota actions
- Formation of TWG's, next meeting agenda, time, location, date
- Public input and announcements

Interim work group calls will cover: 1) suggested revisions to the draft inventory and reference case projections, and 2) review and suggested modifications to the Catalog of policy options.

MEETING TWO

- Objectives:
 - Addition of potential actions to the draft Catalog of state actions (by vote); identification of potential revisions to the draft emissions inventory and forecast (by vote if/as needed)
- Agenda:
 - Review and recommended updates to the draft emissions inventory and forecast
 - Review and approval of additional actions to the Catalog of possible Minnesota actions
 - Discussion of the process for identifying initial policy option priorities for TWG analysis
 - Next meeting agenda, time, location, date
 - Public input and announcements

Interim work group calls will cover: 1) suggested revisions to the emissions inventory and reference case projections, as needed; and 2) early ranking of options in the Catalog and balloting for initial “priority for analysis” options.

MEETING THREE

- Objectives:
 - Review and approval of initial priorities for analysis of TWG identified policy options (by vote); review and approval of revisions to the emissions inventory and forecast (by vote if/as needed)
- Agenda:
 - Agreement on inventories and baseline forecasts revisions, with modifications as needed
 - Review and approval of TWG lists of initial policy priorities for analysis, with modifications as needed
 - Discussion of process for developing straw policy design proposals for analysis of priority policy options
 - Briefing on quantification methods for draft policy options
 - Next meeting agenda, time, location, date
 - Public input and announcements

Interim TWG calls will cover: 1) development of straw proposals for design parameters for individual options, and 2) next steps for analysis of options.

MEETING FOUR

- Objectives:

- Review and approval of TWG suggested straw proposals for policy design (goals, timing, coverage of parties) (by vote); review and approval of any additions to the list of priority policy options for analysis, if/as needed (by vote); preparation for quantification phase of the process (briefing and discussion)
- Agenda:
 - Review and approval of straw proposals for policy design, with modifications as needed
 - Discussion and approval of additional priority policy options for analysis, if/as needed
 - Discussion of quantification principles and guidelines, key assumptions for TWG analysis of priority policy options
 - Next meeting agenda, time, location, date
 - Public input and announcements

Interim TWG calls will cover: 1) review of proposed quantification procedures for individual options, including proposed data sources, methods, assumptions; 2) review of first round of quantification results, identification of needs for revision as needed; and 3) identification of potential early consensus options for recommendation for MCCAG approval.

MEETING FIVE

- Objectives:
 - Review and approval of consensus policy recommendations (by vote); identification of specific barriers to consensus, and potential alternatives for non-consensus policy options (discussion).
- Agenda:
 - Review of the draft pending policy options list, with results of analysis and cumulative emissions reductions potential
 - Identification of early consensus policy options
 - Identification of barriers and alternatives for remaining options, with guidance for additional work on options to TWG's
 - Review of final report progress and plans
 - Next meeting agenda, time, location, date
 - Public input and announcements

Interim TWG calls will cover: 1) final revisions to alternative policy design and implementation mechanisms as needed, 2) final analysis of options and alternatives, and 3) final steps on formulation of cross cutting policy options and mechanisms.

MEETINGS SIX, SEVEN, and EIGHT

- Objectives:
 - Review and approval of final policy option recommendations (by vote); review of final report procedures.
- Agenda:

- Review of the draft pending policy options list, with results of analysis and cumulative emissions reductions potential
- Review and final approval of draft pending policy options, with revisions as needed
- Summary of the process, review of next steps for completion and transmittal of the final report
- Public input and announcements

Participant Roles and Responsibilities

The MCCAG process involves a number of parties with specific roles and responsibilities, as follows:

Governor

The Governor convenes the process, appoints members and agency Chairs to the MCCAG, appoints members of the TWGs, receives nonbinding recommendations from the MCCAG through a report from CCS, and considers their implementation. The Governor also appoints a facilitation and technical support team (CCS), and agency representatives as needed to ensure that the process achieved the purpose and goals of his directive.

State Agencies

The process will be overseen and coordinated by DOC and PCA. State agency representatives serve as nonvoting members of the MCCAG, and participate in the TWGs. The state also provides technical and logistical support to MCCAG and TWG meetings and related activities in support of the CCS facilitator and TWG leaders. This includes logistical support for meetings, public notice, meeting summaries, and technical review and input to TWG meetings.

Center for Climate Strategies

CCS works in partnership with the state to design and conduct the MCCAG process and provides facilitation and technical support as an impartial and expert party. CCS manages and facilitates meetings and votes during meetings, schedules meetings in coordination with the state and Chair, develops meeting agendas, and produces documents for MCCAG and TWG consideration, including technical analysis.

CCS abides by the Model Standards of Conduct for Mediators approved by the American Arbitration Association, the Litigation Section, and the Dispute Resolution Section of the American Bar Association, and the Society of Professionals in Dispute Resolution. CCS also ensures that adequate funding exists to successfully complete the process through private sources. A project team is listed at the conclusion of this memo.

Climate Change Advisory Group

The MCCAG is appointed by the Governor to make nonbinding recommendations that include specific policy actions to reduce GHG emissions and provide positive energy and commerce opportunities. This includes a full range of potential mitigation options and recommended statewide goals, and approval of a final Minnesota GHG emissions inventory and forecast. MCCAG members are appointed to respond to the goals and timelines of the process. CCS facilitates MCCAG activities and votes in an open group format. The appointed Chair works in partnership with CCS to ensure timely and orderly completion of tasks, good faith participation

and resolution of issues by MCCAG members. In coordination with CCS, the Chair enforces ground rules, opens, and closes MCCAG meetings.

Technical Work Groups

TWG members will be comprised primarily of MCCAG members assigned to specific sector based TWGs of interest by the state. They may include non-MCCAG individuals with technical expertise and interest of importance to the process. The TWGs provide guidance to MCCAG members on decisions related to milestones in the stepwise process. TWGs also assist CCS in the identification, design, and quantification of policy recommendations. Sector based TWGs include:

- a. Energy Supply (heat and power)
- b. Commercial, Industrial and Residential (energy efficiency and conservation, industrial process)
- c. Transportation and Land Use
- d. Agriculture, Forestry and Waste
- e. Cross-Cutting Issues (inventory and forecast, emissions reporting, registries, education, statewide goals, etc.)
- f. Cap-and-Trade

The Public

The public is invited to attend MCCAG and TWG meetings and provide review and input to members.

Participant Guidelines

MCCAG and TWG members are expected to follow certain codes of conduct during the process, including:

- Participants will not debate the science of climate change, the goals established in the Executive Order, or the timeline, but will instead provide leadership and a vision for how Minnesota will rise to the challenges and opportunities of addressing climate change.
- Participants are expected to support the process and its concept fully and, through the group process, in good faith collaborate toward the goals of the MCCAG and work groups.
- Participants are expected to act as equals during the process to ensure that all members have equal footing during deliberations and decisions.
- Participants must attend meetings and stay current with information provided to the group and the decisions of the group. Alternates are strongly discouraged and must be cleared with the facilitator and Chair. It is expected that alternates will not be routinely utilized. Any

alternate who does participate should be current with information developed by the process and able to make decisions.

- Participants will respect prior decisions made by the MCCAG in the stepwise process. Once the MCCAG reaches a milestone by consensus or vote, it will move to the next step.
- Each participant should speak only about their position and refrain from characterizing the views of others when making MCCAG decisions. Each MCCAG member must be able to vote or otherwise take a position at the meetings.
- When speaking about the process with the media or in other public settings, each MCCAG member must make clear they are representing only themselves, not the process, its convenors, or other participants.
- Participants are expected to provide objective, fact-based comments and alternatives during MCCAG and work group discussions, and must refrain from personal criticisms