

MEETING NOTICE

Governor's Task Force on Global Warming Carbon Tax/Cap and Trade Work Group

Date: Wednesday, August 29, 2007, 9:00 a.m. to 12:00 noon

**Location: Public Service Commission of Wisconsin
610 North Whitney Way, Madison, Wisconsin
Pecatonica Conference Room (Lower Level)**

AGENDA

- 1) Welcome/Housekeeping announcements
- 2) Detailed discussion of offset and voluntary programs and carbon tax policies.
Specific review of offset programs in Oregon and Minnesota.
- 3) Policy assignments
- 4) Next steps/Review of future meeting schedules
- 5) Public comment
- 6) Adjourn

This meeting is open to the public.

If you have any questions or need special accommodations, please contact Lisa Stefanik at the Public Service Commission of Wisconsin by telephone at (608) 266-1125 or via e-mail at lisa.stefanik@psc.state.wi.us.

GWTF Carbon Group Meeting Notes
8.29.2007
Public Service Commission of Wisconsin

At our last meeting, we went over IL Cap-and-Trade program. Today we will review OR and MN materials.

Review of OR Climate Trust Carbon Offset Programs (via slide presentation from Matt Tidwell as presented at the 2007 National Symposium on Market Transformation).

- ** Nina to look up what 1605B says.
- Whoever takes the write up for the offset program should review the voluntary registry program and see how we can build off of that program.
- Offset programs may want to specify a project type.
- Could Caroline give us a presentation re: the Voluntary Program (or give this presentation to the small group that writes up a policy about offsets)?
- *** CCX web site – give offset links to group.
- Group discusses including offset options in our policy write up, but that we should leave the door open for participants to propose their own way to claim offsets.
- Offset programs can exist independent of a Cap-and-Trade program. They can also be written in anticipation of a Cap-and-Trade program.

Review of list of Characteristics

Offset Program (independent of Cap-and-Trade)

General question for discussion: Is our offset program an absolute statewide cap on large industry and utilities? Or, are we aiming for a performance standard? The more flexible offset programs will need more oversight.

Source and Activity

New generation & new large sources.

Level is an issue as well (1.5 level – OR performance standard, MN offset all emissions)

Scope, sectors and emissions

Could potentially be WI, outside of WI, or any state with which we have an MOU.

Pre-approval projects

Accounting

See Cap-and-Trade

Costs

Administrative

Generate \$\$ for administrator (OR example)

Economic

Transaction

Compatibility

Are we building the offset program to be compatible with a future Cap-and-Trade program?

Legal Issues – Penalties, Liabilities

Ownership

Liability for default

Registry or Tracking options

Keep future C&T program in mind.

Transparency

While as much transparency as possible is desirable, consider that some businesses may be reluctant to disclose all details due to competitive issues.

Verification

Protocols can differ

Approval process

Certification process

Additionality

Performance Standard

This will likely be an Electric Generation issue, more appropriately.

This is an attempt to quantify emission reductions through offset programming. You can measure each project against a performance standard.

** John to send offset information to our group.

Exploring Cap-and-Trade – what can WRI model for us?

Can WRI assist in doing some lower level modeling to help us come up with our ‘one shot’ at a Cap-and-Trade program?

John will model:

- What will happen if you look at joining RGGI
- What will WI context be if you adopt a program similar to IL?
- ** John can send rough calculations about these scenarios.

Does what John will send cover costs of achieving reductions? Example: if we cap the Electric Generation industry, what does that do to electric prices?

Could we run C&T models with REMI and could WRI advise us in order to run these correctly?

Review of Summary of our discussion of IL proposal:

Things to keep in mind for modeling:

- Keep in mind that final outcome is recommendation to Governor. What you decide will go in the model might inform your final product, but it might not be the same.
- Discussion of economic costs:
 - One state acting alone would have much higher costs than if they joined others for a Cap-and-Trade program.
 - A state with program links to other states will likely have a lower cost than acting alone, but it will likely not enjoy as much savings as if it would be part of a regional, integrated market. Keep in mind that if you link to other states or a regional program, you are subject to the rules and regulations of the program that you are linking to. You sacrifice your opportunity to develop a Wisconsin-specific program.
- We'll need to work closely with our REMI modeler on required variables / economic assumptions we'll use to assess economic impacts of this program.
- We could run our "best shot" and then run sensitivity analyses to refine our recommendations, but time and resources will be an issue.
- WRI can provide limited information such as pros and cons for allocations. They will not be able to provide solid information on costs.

John makes suggestion about policies circulating around DC that have "upstream" elements that include the transportation sector.

Public Comment:

Construction Industry:

- We have to learn the vocabulary and how to represent ourselves.
- We are a low emitter in comparison to other emitters here
- My recommendation to this group would be – as it is possible – we need an avenue for education, but perhaps on a smaller scale than utilities
- We need incentives to participate, perhaps in a voluntary program.

Next Steps:

- We need to yet go through characteristics for voluntary programs and carbon tax.
- We need to make "assignments" for policy write ups in small groups. One person should be the main author.
- Nina suggests we start working on the two policies we've already reviewed.

- ** Lisa to send e-mail to ask for volunteers for write-ups. List should include Cap-and-Trade, Carbon offset, Carbon Tax, and voluntary programs. Look at notes for list of programs that might be included under “voluntary programs”.