

MEMORANDUM

TO: Global Warming Technical Advisory Group

FROM: Tia Nelson
Roy Thilly

DATE: July 16, 2007

SUBJECT: *Reflections on the Technical Advisory Group's First Meeting on July 11, 2007*

We believe the Technical Advisory Group got off to a good start at its July 11th meeting with WRI. Based on the discussion at the meeting, we have the following observations we hope will help the group move forward expeditiously.

1. In simple terms, the Task Force's mission is to propose a series of policies and actions across sectors that will result in a substantial reduction in Wisconsin GHG emissions from what they would be without these policies and actions, while at the same time protecting and enhancing Wisconsin's economy. Given this mission, the purpose of the GHG inventory, the reference case (which is a "business as usual" scenario) and the two modeling exercises that we will need to do, is help the Task Force make good decisions on its recommendations. This includes not doing inadvertent harm and understanding the inter-relationships between different policies that are likely to affect outcomes in ways that we may not anticipate when proceeding on a sector, policy-by-policy basis. We need to have confidence in the relative merits of different proposed policies and their relative potential impacts on GHG emissions and costs.

2. The Task Force's responsibility is to propose specific, reasonably detailed policy recommendations. Much more rigorous technical support will be required for any resulting regulatory actions.

3. In undertaking our task, we need to recognize that there will be data inadequacies and gaps and we cannot and should not strive for a false sense of accuracy. We need to know where our data is less reliable than elsewhere and make the best assumptions that we can with our knowledge and expertise and the databases that are available in making projections and utilizing models. The objective should be confidence that the results are reasonable at this time to guide good policymaking.

4. It also is important to avoid the pitfalls of thinking that the Task Force will solve the global warming problem in this single effort or that the world will look in the future as we project it today. Not only will the work of the workgroups and the Task Force itself be iterative processes, but it is virtually certain that within several years, the state will review the policies recommended and make changes and propose new policies and actions to address global warming. In other words, we are engaged in what is an inevitably incremental process. We need to make good decisions and good recommendations now based on what we know to start aggressively taking action to mitigate the major impacts we believe that climate change threatens. Thus, for this process, we need a good, but not perfect, inventory of Wisconsin's GHG emissions in 1990, 2000 and 2006. On the last point, we need to determine whether a 2006 inventory is feasible or if we should revise the baseline for the short-term benchmark that we have set for the workgroups. We also need a reference case that projects a "business as usual" outcome that takes account of known and likely changes that would occur without our recommendations, using the best available data, given our time and budget constraints. We need inter-sector modeling to provide us with an understanding of the likely interactions between policies, so that our policy recommendations are well-informed. Similarly, our macroeconomic modeling needs to be done in a way that gives us reasonable confidence on how the policy recommendations we are making may affect the state's economy over the long term.

5. With these observations in mind, it seems to us that the tasks of the Technical Advisory Group are to (i) understand WRI's inventory, and provide comments and input to improve that inventory as it is used for the Task Force's purposes, (ii) carefully vet on the assumptions that are used by WRI and others in supporting the Task Force with emissions impacts and cost estimates, the reference case and the modeling we do and define the sensitivities that will need to be run in

order to establish reasonable ranges of outcomes that give us confidence for decision-making, and (iii) recommend the models and related consultants to be used for the two modeling exercises, based upon a review of alternatives and the best understanding we can achieve of the strengths and shortcomings of the models and consultants — what they can and cannot do and performance experience, including the sophistication of models and the competence of the people who will be doing the work. Also, as others noted during the meeting, we need the inter-sector modeling to provide reasonable comparability with the results of modeling being undertaken for other states, as well as the ability to expand our models to evaluate regional policy initiatives.