



MEETING SUMMARY
IOWA CLIMATE CHANGE ADVISORY COUNCIL
Clean and Renewable Energy (CRE) Subcommittee (SC)
Meeting #14, August 8, 2008, 10:00 a.m. CDT

Attendance

Iowa CRE SC Members: Michelle Arenson, Roxanne Carisch, Calhoun County Electric Cooperative Association; Pam Mackey-Taylor, Sierra Club; Jeff Myrom, MidAmerican Energy Company; Wally Taylor, Sierra Club; Mike Thatcher, Corn Belt Power Cooperative

Iowa Department of Natural Resources: Marnie Stein

IUB: Amy Christensen, Gordon Dunn, John Pearce, Krista Tanner

Center for Climate Strategies (CCS): Hal Nelson, technical advisor and facilitation support; Tom Peterson, facilitation support; Joan O'Callaghan, administrative support.

Other: Kerri Johannsen, Environmental Law & Policy Center

Background Documents

The following documents for call #14 were posted at: <http://www.iaclimatechange.com>:

- Notice and Agenda
- IA CRE SC PowerPoint Presentation
- IA CRE Load Growth Forecast
- IA CRE POD

Discussion Items and Key Issues

Meeting Introduction

Hal Nelson called the meeting to order and took attendance. The draft meeting summary for call #13 was not available for review, and will be presented during the next call, along with the call #14 summary. Tom Peterson reviewed the policy option template and updated the CRE SC on progress with the economy-wide modeling. He noted that as the first step in the quantification process, the CRE SC needs to reach agreement on the bases of the various assumptions used, which will be the focus of call #14.

Iowa Load Growth Forecast—Iowa Tab

Under the Iowa tab for the load growth forecast, the numbers for 2006 may be a bit lower, perhaps closer to 1.5%. The correct number includes everything but transportation

fuels. The 8.10% in row 8, column E, looks high but Roxanne was asked to look into it. Plug-in vehicles aren't included, and would account for an additional use of electricity. SC members will send comments on the numbers in this file for Nelson to use in the Iowa inventory and forecast (I&F).

Nelson asked the SC to look at the numbers under the Weighting of Utility Sales table to make sure they're consistent with numbers from the Iowa electricity sector. The SC approved the proposed numbers for the initial modeling.

Iowa Load Growth Forecast—New Build Tab

The numbers under the new build tab for the load growth forecast reflect projected energy supply and are based on discussions within the Energy Efficiency and Conservation (EEC) SC. As energy efficiency and renewable sources of energy are deployed, other energy sources will be displaced. In the short term (through 2012) marginal sources of generation are displaced that have non-negligible fuel costs. In the long run, new thermal plant construction is avoided.

Though SC members were divided on whether to include more coal or not, the SC agreed to use 50% for coal and 50% for natural gas until 2012, and the thermal new build mix of 99% coal, 1% gas in 2013+. The assumptions can be revised and a sensitivity analysis can be conducted later if the SC requests these steps. The 5% biomass mix for the Sutherland Generating Station Unit may need to be revised to 10% if the Iowa Utilities Board order comes through, but that won't be for a few years.

In response to a request to running numbers for analyzing future growth in wind capacity, Myrom proposed extrapolating what the 2007–2013 numbers under a business-as-usual scenario and extrapolating them. The SC agreed to another proposal to use a growth rate of 100 megawatts (MW) of wind per year after 2013 as a basis for analysis, based on the three new wind facilities.

Nelson clarified that there are two new-build base case scenarios: one with just the Sutherland coal plant and one with Elk Run coal plants. Myrom suggested looking into the uprating of the Duane Arnold nuclear plant, and will Mike Thatcher agreed to send Nelson updated information for this analysis and the I&F.

The SC had no questions or comments on the proposed fuel cost estimates, the coal generation assumptions, the generation assumptions, the 2020 snapshot, the levelized and avoided costs for CRE-4a, or the combined heat and power assumptions. Nelson will check how many months the 30% figure for Walter Scott's generation during 2007 represents, since the plant only came on line in 2007.

Update on CRE-3b (MGA Cap and Trade) and CRE-4b (Carbon Tax) Modeling Efforts

The preliminary results of the economy-wide modeling for the Midwestern Governors Association region and for a carbon tax will be presented at the next CRE SC meeting. A specific price needs to be set for a carbon tax. Nelson pointed out that at the last call, the SC agreed to \$40/ton and \$80/ton as initial prices that can be changed if they are not appropriate to the analysis. CCS will provide the SC with a Word document that identifies the assumptions for each cap-and-trade and carbon tax model that CCS used. Marnie Stein

reported that in 2005, Iowa GHG emissions from electricity and direct fuel use were 36% and 23%, respectively, and are projected to be 37% and 22% in 2025.

Next Steps

At the next ICCAC meeting on September 3, 2008, the various policy options will be reviewed. Eventually, a cost curve of all of the recommended options will be developed. For now, proxy cost curves from other states, the preliminary IA estimates, McKinsey cost curves and the MGA accord will be used to guide the ICCAC modeling efforts.

Upcoming Call Schedule

- CRE call #15—August 15, from 1:00 to 2:30 p.m. CDT.

Public Comments

None.

Announcements

None.