



MEETING SUMMARY
IOWA CLIMATE CHANGE ADVISORY COUNCIL
Clean and Renewable Energy (CRE) Subcommittee (SC)
Meeting #15, August 15, 2008, 1:00–3:00 p.m. CDT

Attendance

Iowa CRE SC Members: Michelle Arenson, Alliant Energy; Roxanne Carisch, Calhoun County Electric Cooperative Association; Dean Crist, MidAmerican Energy Company; Pam Mackey-Taylor, Sierra Club; Jeff Myrom, MidAmerican Energy Company; John Pearce, IUB; Krista Tanner, IUB; Wally Taylor, Sierra Club; Deb Bergen for Julie Smith, Iowa Association of Municipal Utilities; Mike Thatcher, Corn Belt Power Cooperative

Iowa Department of Natural Resources: Marnie Stein

IUB: Amy Christensen

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

Background Documents

The following documents for call #15 were posted at: <http://www.iaclimatechange.com>:

- Notice and Agenda
- Summary of IA CRE SC Meeting #14
- IA CRE SC PowerPoint Presentation
- Levelized Costs for Iowa, version 1
- Modeling of Cap-and-Trade Programs
- IA CRE POD
- MGA C&T and IA Carbon Tax PowerPoint
- MGA C&T and IA Carbon Tax Simulations
- IA Quantification—CRE-2 Renewables
- IA Quantification—CRE-4a Decarbonization Fund
- IA Quantification—CRE-5 GPS
- IA Quantification—CRE-7 Nuclear
- IA Quantification—CRE-8a Incentives
- IA Quantification—CRE-8b Incentives
- IA Quantification—CRE-11 DG
- IA Quantification—CRE-12 CHP
- IA Quantification—CRE-13 Feed-in Tariff

Discussion Items and Key Issues

Meeting Introduction

Hal Nelson called the meeting to order and took attendance. The draft meeting summary for call #14 was approved with the following corrections: (1) insert John Pearce and Krista Tanner in the list of Iowa CRE SC members, and (2) revise the last sentence of the second paragraph under the heading Iowa Load Growth Forecast—New Build Tab to read: The 5% biomass mix for the Sutherland Generating Station Unit may need to be revised to 5% within 2 years and 10% within 10 years of operation if the Iowa Utilities Board order comes through.

Base Case Assumptions

Myrom brought that the previous meeting would address the Duane Arnold nuclear plant uprate. Nelson reported that it would be 10MW in 2009. Jeff Myrom felt that MidAmerican wind development was not reflected in the reference case. He offered to submit updated new capacity expansions to Nelson. The group was reminded that at the last meeting the subcommittee approved an initial methodology for reducing CO₂ emissions that included 50% coal, 50% gas through 2012, and the new build mix of 99% coal, 1% gas for 2013 on.

CRE-3b. MGA Cap and Trade, Including Offsets to Promote Renewable Energy

Adam Rose presented an overview of the Midwestern Governors Association cap-and-trade model. The preliminary results of the economy-wide modeling show that all of Iowa's mitigation options would result in cost savings. Iowa's net costs would be offset by the additional revenue generated from selling the permits. Trading could produce a 12% (\$5 million/year) savings for Iowa. The SC agreed that the model is rough and needs to be furthered reviewed.

CRE-4a. Decarbonization Fund

There was some discussion about why consumers bear the brunt of the fee, instead of utilities and industry, which are the largest sources of greenhouse gas emissions. It was also clarified that the money from the decarbonization fund goes to designated accounts over which IUB has oversight. Roxanne Carisch will get clarity on RECS for the implementation section of this policy option.

CRE-5. Performance Standards

The 2050 target date needs to be inserted under the Goals section. Crist asked if the costs of the program could be listed in the summary and reporting. Nelson explained that net present value is the cost of the program over the 2009–2020 timeframe discounted at the real discount rate.

CRE-7. Policies Related to Nuclear Power

Nelson noted the considerable uncertainty regarding the Energy Information Administration (EIA) capital costs used for the generation modeling assumptions. In May 2008, Moody's published a new capital cost for nuclear of \$7,500 per kilowatt (kW), which is almost three times higher than the EIA's \$2,631 used in the analysis.

Nelson also noted that Florida Power & Light (FP&L) is proposing to charge \$8,000/kW. There was debate in the subcommittee on whether or not to include other sources of nuclear generation cost assumptions besides the EIA data. Dean and others felt using a consistent source of data was preferable to multiple sources. Others argued for the best data sources should be included without regard for the one-source consistency issue. Nelson will provide the SC the FP&L numbers for nuclear and other sources of energy, and the SC will then decide how to move forward with this policy option.

Next Steps

A revised policy option document will be posted for the ICCAC meeting on September 3, 2008.

Upcoming Call Schedule

SC members will be sent a request regarding their availability to participate in two SC calls between the September and November ICCAC meetings.

Public Comments

None.

Announcements

None.