



MEETING SUMMARY
IOWA CLIMATE CHANGE ADVISORY COUNCIL
Clean and Renewable Energy (CRE) Subcommittee (SC)
Meeting #16, September 30, 2008, 12:30–2:30 p.m. CDT

Attendance

Iowa CRE SC Members: Roxanne Carisch, Calhoun County Electric Cooperative Association; Thomas Fey, Fey & Gomez, Inc.; Pam Mackey-Taylor, Sierra Club; Jeff Myrom, MidAmerican Energy Company; John Pearce, IUB; Krista Tanner, IUB; Wally Taylor, Sierra Club; Mike Thatcher, Corn Belt Power Cooperative

Iowa Department of Natural Resources: Aaron Brees, Mindy Kralicek, Marnie Stein

IUB: Amy Christensen

Other: Ed Woolsey

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 #16 were posted at: <http://www.iaclimatechange.com>:

- Notice and Agenda
- Summary of IA CRE SC Meeting #15
- IA CRE SC PowerPoint Presentation
- IA CRE POD
- MGA Draft Recommendations
- IA Quantification CRE-8a Incentives

Discussion Items and Key Issues

Meeting Introduction

Tom Peterson called the meeting to order and took attendance. There was some discussion about the draft summary for meeting #15 regarding the discussion of CRE-3b. Some of the subcommittee members disagreed with the model's preliminary results and thought that the findings weren't ready for consideration by the ICCAC and that further modeling was needed. There was some discussion about the text for the previous call regarding the CO₂ methodology. Krista Tanner and Jeff Myrom argued that "approved" doesn't capture the subcommittee's deliberation under the Base Case Assumptions. Peterson pointed out that there was extensive discussion and that, while there wasn't unanimity on the CO₂ methodology, the understanding

was to move on with the modeling using the assumptions discussed. There was a suggestion to look at call notes or tape recordings on the decision.

Peterson and Hal Nelson next briefly summarized the decisions that took place during the ICCAC September 3–4 meeting. For the 38 policy options approved by the ICCAC for all the sectors, the text is being revised according to the ICCAC's requests.

Myrom recommended changing the text throughout the POD under the Type(s) of GHG Reductions to read: "Primarily CO₂, with small amounts of N₂O and CH₄."

CRE-6. Voluntary GHG Commitments

Nelson clarified the third goal regarding examining mechanisms for ensuring rate recovery. This policy option was approved for recommendation to the ICCAC.

CRE-8. Support for Grid-Based Renewable Energy and Development

Changes to this policy option have been made based on the new inventory and forecast reference case, including the last bullet under the Policy Description section, where 10% and 9.3% were changed to 11% and 16%, respectively.

CRE-8a—The first bullet under the Goals section should be clarified to say that the goal is to increase grid-based renewable electric production in Iowa by 400,000 MWh *in the first year* and then to add 1% of retail sales each year *thereafter*. This revision will require changing the number in the second sentence, which should be closer to 416 GWh.

CRE-8b—John Pearce noted the goal of 1400 GWh per year is too high. It should be closer to 760/year for 2018–2020.

The new language under the Key Uncertainties section needs some clarification. There is a risk that the GHG reductions might be overstated and the costs might be understated. The more specific language might be retained for CRE-8a, and the text might be translated into more generic terms for application to the other policy options. Nelson will draft the generic text.

There were no objections to recommending this policy option to the ICCAC pending CRE SC approval of the new text to be drafted.

CRE-9. Transmission System Upgrading

There was some discussion about whether the text under the Policy Description section should specify the need to avoid impacts on bird and bat migration. Another SC member noted this is unnecessary because the policy assumes that all existing state and federal requirements for protecting the environment and wildlife will be followed. Amy Christensen will draft and send language to Pam Mackey-Taylor for her comments.

Ed Woolsey recommended adding a new bullet in the Goals section along the lines of: "Utilize existing or unused distribution capacity with distributed generation." He will send Nelson proposed draft text, along with references as to how Minnesota is addressing this issue.

There were no objections to recommending this policy option to the ICCAC pending CRE SC approval of the new text to be drafted.

CRE-10. R&D for Emerging Technologies and Corresponding Incentives

The text under the Timing section will be moved to the Implementation Mechanisms section, and "See above" will be inserted in its place. There were suggestions for cross-referencing CRE-4a (Decarbonization Fund) under Related Policies and Programs in Place. There were no objections to recommending this policy option to the ICCAC.

CRE-11. Distributed Generation/Co-Generation

Nelson noted that CRE-13 (Pricing Strategies To Promote Renewable Energy and/or CHP) might be referenced under Related Policies and Programs in Place. The text might say CRE-13 addresses feed-in tariffs and net metering to help facilitate investments in distributed generation.

Nelson asked if the last bullet under the Implementation Mechanisms section is redundant and whether it should be deleted. Pearce suggested mentioning the pricing strategies in CRE-13 under the last bullet of this section.

Woolsey suggested making the policy option contingent on not conflicting with Federal Energy Regulatory Commission requirements.

CRE-4b. Carbon Tax (Economy-wide)

Nelson asked the CRE SC for modeling guidance regarding how much of the reductions from the Agricultural, Forestry, and Waste Management (AFW) policy options will enter the economy. There were no objections to excluding AFW from the modeling. Nelson also clarified that this is a statewide tax, not a regional tax.

Under the first bullet of the Goals section, Mackey-Taylor recommended changing "an \$80/ton carbon tax" to "an appropriate \$81/ton carbon tax."

Myrom noted the need to be careful that price by itself not necessarily force items in the supply curve. He suggested inserting text under the Feasibility Issues section that some of the policies have market barriers that go beyond price—e.g., up-front funding availability, operation and maintenance expenses. The group approved the following text for the uncertainties section: "Market barriers and market failures might prevent market mechanisms from achieving the GHG reductions that are being modeled."

MCA Cap and Trade and Carbon Tax

Nelson recommended following ICF's modeling regarding what sectors to include under the cap, and also to include the transportation sector. Tanner noted that the ICCAC directed the CRE SC to follow the MGA model. However, the SC doesn't know what the MGA proposal will look like, and it is unlikely it will be completed before the spring of 2009. The SC agreed not to quantify this policy option until it can be modeled using the MGA's variables as the basis for modeling.

Next Steps

The next CRE SC call will focus on the carbon tax and new nuclear power options. In preparation for the call, the SC should consider whether the text under the Key Uncertainties section of the nuclear power option is adequate. As recommended by the ICCAC, the text under the cost assumptions should be retained and not revisited. A request was made to also discuss the Lieberman-Warner bill's relationship to a cap-and-trade system.

Upcoming Call Schedule

SC CRE teleconference call #17 will be held Wednesday, October 15, 2008, from 1:00 to 3:00 p.m. Central time.

Public Comments

None.

Announcements

None.