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MEETING SUMMARY
MARYLAND CLIMATE CHANGE ADVISORY GROUP
Residential, Commercial and Industrial Technical Work Group
(RCI TWG)

Meeting #12, February 6, 2008

Attendance:

Technical Working Group: Brad Heavner, Julian Levy, William Livingston, Mike Mallinoff

Maryland State Department Representatives: Tad Aburn, Liz Entwisle, Jim Lewis, Michael Li

Center for Climate Strategies (CCS): Christopher James, Alice Napoleon, Kenji Takahashi, Jennifer Kallay

Public Attendees: none

Background documents:

http://www.mdclimatechange.us/GHG_Residential_Commercial_Industrial.cfm)

- Meeting Notice and Agenda
- Meeting #11 Summary
- Meeting #9 Summary
- PowerPoint for Teleconference
- RCI Policy Option Document

Discussion items and key issues:

1. CCS called the meeting to order, completed the roll call, and reviewed the agenda and plans for the call.
2. The meeting notes for TWG call #9 were approved.
3. The meeting notes for TWG call #11 were posted, but not all TWG members had reviewed them. A motion was made to approve the minutes for call #11 via email. This motion was approved. TWG members should provide any comments and approval for the minutes for call #11 to CCS via email.
4. CCS covered the stepwise planning process. There were no questions or comments about this.
5. MDE indicated that the schedule for completion of the MD climate process had been moved to early June (from April 20th), which should provide the group with some

breathing room to adequately cover issues and provide for quantification of the policy options.

6. Recent legislative activity/inventory and forecast adjustments

- a. Michael Li from MEA provided an overview of several legislative efforts that have been recently introduced in the MD general assembly. Five of the 20-25 bills introduced by Governor O'Malley focus on energy and climate change. Michael is hopeful that all relevant bills can be passed. The relevant bills are provided next:
 - i. SB 205/ HB 374: Empower Maryland Act. This bill codifies the Governor' goal to reduce consumption 15% by 2015. Energy efficiency reduction targets will be created. Utilities will be responsible for achieving 10% of the 15% reduction target (or two-thirds). Utilities must develop their own plans along with any proposals for rate recovery. Smart meters/smart grids can be included if they are "beneficial" (MEA will make this determination). MEA is responsible for the remaining 5% of the 15% goal (or one-third). The bill does cover municipal utilities and IOUs, but does not impact cogeneration.
 - ii. SB 268: Maryland Strategic Investment Fund (RGGI). The bill designates how funds from the sale of RGGI allowances are to be used, and for what programs. Funds can be used by MEA to pay for their 5% share of the 15% Empower Maryland goal.
 - iii. SB 207: solar/geothermal. The bill would establish sales and property tax exemptions for qualifying projects. A \$1000/ton incentive would be established for geothermal projects, with a \$3000 cap. For solar, a \$2,500/kW incentive would be established, with a \$10,000 cap per project. The bill seeks to create a market for solar Renewable Energy Credits. The funding cap will be set by the legislature. Under a current program, the cap has been \$1.5 million, but only one-third of that allocation has been spent. MEA has lowered their requested authorization for the SB 207 program, if it is enacted, based on this current experience.
 - iv. SB 209: RPS. This bill would increase the RPS from 9% to 22% by 2022 and set the alternative compliance payment at \$40/MWh.
- b. CCS asked the TWG whether these pending efforts should be quantified as recent actions and subtracted from the baseline. The TWG agreed that the quantification of GHG reductions should only accounts for what has already been enacted legislatively today, and that we cannot make any concrete reduction assumptions about the proposed MD legislation at this time. The TWG discussed what is counted, or not, in the baseline. Several suggested not including reductions based on Governor's Executive Orders. There were no objections to not quantifying Executive Orders and legislation that has not passed.
- c. CCS mentioned recent discussions that have occurred with the CCS facilitators responsible for energy supply, transportation and land use and cross-cutting initiatives to assure coordination with respect to recent actions.

7. Policy options document overview: CCS mentioned that RCI-1 and -6 have been restructured based on guidance from the MWG. RCI-4 and -5 are now coordinated with CC-4 and -5 based on discussions with the cross-cutting workgroup. For RCI-7, the values reported for GHG reductions were revised slightly due to the inclusion of furnace fans. LEED language has been added to RCI-1 to encourage greater participation rates for high building performance. All of the policies will be adjusted when we get the emissions factors.
8. Discussion of individual policy options, including new proposed language for Key Uncertainties, Additional Benefits and Costs, and Feasibility Issues:

RCI-1

Alice Napoleon noted some of the changes made to the language in the policy description and implementation mechanisms in response to feedback at the last TWG meeting. Alice received a comment after the last meeting suggesting that the buildings subject to size-specific goals be reduced from 10,000 ft² to 7,500 ft². A TWG member expressed concern about conflicts this would create with OSHA or other regulations. No change was made to the language on size-specific goals.

Alice received another comment after the last meeting, asking if the Gulf Coast study is relevant to Maryland. CCS indicated that we did not have data specific to MD but would be happy to use it if the TWG can suggest another source.

The TWG agreed to move this policy option to the MWG for its review

RCI-2

There were no objections to the proposed use of \$2.4/MMBtu for the cost of saved natural gas. The TWG discussed funding, and the use of RGGI auction proceeds. The TWG discussed the charge from the MWG to focus on \$100 million annually as the assumed funding level for this policy option.

The TWG agreed to move this item to the MWG for its review, with one abstention.

RCI-3

CCS reported on the difficulties in obtaining reliable data to attempt to quantify the benefits and costs of this policy option. CCS mentioned the data from the New Hampshire PAYS® program and the potential for significant GHG overlap between this option and other RCI measures. CCS also mentioned uncertainties related to the feasibility of implementing this option.

The TWG had no objection to moving this item to the MWG for review.

RCI-4

CCS suggested moving blocks of text from this policy option to CC-4. There were no objections to this suggestion.

RCI-5

This policy option has been transferred to CC for its consideration.

RCI-6

This policy option has been combined with RCI-1.

RCI-7

Language has been added, per suggestion from the TWG, that manufacturers should keep spare parts available. Language on green power has been removed.

The TWG agreed to move this item to the MWG for its review.

RCI-8

CCS mentioned some of the design and analysis issues with this policy option. Before the meeting, Alice Napoleon sent a table and chart illustrating the sensitivity of the projected cost of RCI-8 to the assumed annual energy savings per customer. The assumed savings of 3% is based on a study that only covers 6 months, including the summer peak, but not winter months when savings could be lower, and not addressing long-term consumer response to price signals. Moreover, participation in the program that formed the basis of the study did not require all customers to take time of use rates.

Bill Livingston brought up that peak shaving measures could result in increased diesel generation, which comes with its own pollution problems. Tad Aburn indicated that MDE is working on regulations on back-up generation.

Members of the TWG said that RCI-8 is not ready to be moved forward to the MWG.

RCI-10

The TWG discussed this policy option with RCI-2.

There were no objections to moving RCI-10 to the MWG.

RCI-11

CCS restructured this policy to mimic the “billion bulbs” campaign, per guidance from the MWG at its last meeting.

There were no objections to moving RCI-11 to the MWG.

9. Public input or announcements: none

Next steps and agreements:

10. The next TWG call, #13, is scheduled for March 4, 2008 from 2:00 PM to 4:00 PM EST. (This was later changed to **Wednesday, March 12, from 10:00 AM to 12:00 PM Eastern Time.**)
11. For the March 4 TWG call, the agenda will include
 - Discussion of recommendations for modifying the Maryland emissions inventory and projections (I&F)
 - Review of results of remaining analysis