

State of Hawai`i - Department of Business, Economic Development, and Tourism
Greenhouse Gas Emissions Reduction Task Force
Meeting Minutes
Monday, June 16, 2009
1 pm – 5 pm
Room 436, No. 1 Capitol District Building. (fmr. Hemmeter Bldg)
250 S. Hotel St., Honolulu, Hawaii 96813

Attendance

Task Force (TF) present:

1. Laurence Lau, Co-chair
2. Theodore Peck, designee for Theodore E. Liu , Co-chair
3. Robert Alm
4. Mark Fox
5. Maxine Burkett
6. Jeff Mikulina
7. Makena Coffman
8. Gareth Sakakida

TF Members Excused: Gary North, Frank Clouse

Representative present from Attorney General's Office: Mr. Gregg Kinkley, Deputy Attorney General

- 1) The meeting was called to order by Co-Chair Mr. Lau at 1:05 pm.
- 2) Minutes from the May TF meeting were approved.
- 3) ICF Work Plan Update:

Mr. Glen Wood, Senior Manager at ICF International gave a presentation titled "Hawaii GHG Emissions Reduction Modeling." The presentation may be viewed on the GHG website:

<http://hawaii.gov/dbedt/info/energy/greenhouse/Material/ICF%20Refrence%20case%20and%20workplan.pdf/download>

The purpose of the presentation was to provide TF members with an overview of what ICF is doing for the State and how the modeling they are working on will be useful towards reaching Hawaii's energy goals.

ICF is continuing its work to build an updated model for Hawaii – incorporating updates relating to cap and trade options and data from the GHG Inventory completed by ICF last year. The presentation included an overview of the Energy 2020 model, modeling inputs and assumptions, and a preliminary review of possible GHG reduction policies.

Mr. Wood asked the TF which set of assumptions they wanted ICF to use in modeling for the reference case. Co-chair Lau led the TF in a straw poll to indicate to ICF it's wishes on two items: 1) TF chose to use the CAFÉ standard of 35 mpg by 2020 over the 35 mpg by 2016 proposed by current government regulation. 2) TF settled upon using AEO projections for biofuel usage over the EIA projection, AEO being the more conservative of the two projections.

ICF indicated that for the reference case, they will be using IRP3 for projecting the mix of generation in the future, not the price forecasts in IRP3. When looking at the work plan scenario cases, ICF will look at IRP4 for policy possibilities.

Mr. Fox commented on the particular importance of the impact a national cap and trade policy would have on the State, as well as the modeling of a local carbon tax for the TF. Mr. Wood agreed, and briefly elaborated on preliminary modeling of the Waxman-Markey Bill.

4) Discussion and possible action on GHG committees and committee membership:

Mr. Lau moved this agenda item up to be addressed at this time, due to a TF member needing to leave by 3:00 p.m. Mr. Gregg Kinkley, deputy attorney general assigned to the TF, explained that there is no official concept of committees included in Sunshine Law, but that one certainty is that when a statutory quorum is reached, that constitutes a full TF meeting. Nothing a committee does is final; everything needs to be acted upon by the full TF. Mr. Fox proposed combining the analysis committee with the policy committee, considering the material covered in the analysis committee overlaps with material covered in the policy committee. This merging of the two would create legal problems since each committee is only allowed to have a maximum of 5 members – anything over that would constitute a quorum for a full TF meeting, and require the meeting to be run as such.

Rather, the solution adopted by the TF was to make every member of the TF an ad-hoc member of the TF committees, which allows them to attend and listen in any committee meetings of which they are not full committee members; however, the ad-hoc members are unable to vote, their presence doesn't count for quorum, and they are unable to speak at the meeting. Mr. Fox motioned, Dr. Coffman seconded, and the motion passed.

5) Waxman-Markey legislation discussion:

Dr. Coffman gave a brief overview of material covered in the Analysis Committee on 6/15/09. The analysis committee discussed the Waxman-Markey bill and the impact it would have on Hawaii. This conversation discussed that Hawaii should pursue a special Hawaii higher-performing alternative to the national cap and trade program, if the Waxman-Markey bill turned out to have an unacceptable negative impact on Hawaii. In terms of the discussion of a work plan, they decided to prioritize two

areas: (1) To conceptualize the work plan in the absence of federal legislation, and to focus on a local upstream carbon tax; (2) to look at a potential national cap and trade program and how Hawaii can integrate with that.

Mr. Lau was concerned that lots of money will leave Hawaii should a national cap & trade program become law.

Mr. Alm added that the Bill is likely to be changed from its current form after it goes through the Senate which is under more pressure from the coal lobby. If the Bill changes to focus more on the promotion of coal technologies, Hawaii may stand to lose a lot financially, with a lot of revenue flowing out and little to keep here to further clean energy goals. In such a case, as a small, isolated energy economy unable to interconnect to other regions, Hawaii ought to be able to opt out, and to keep a unique Hawaii option. This can't wait until the last minute of the process of the bill. Hawaii wants to actually reduce carbon, not just buy credits. Hawaii should point out to Congress our RPS, EEPS, the Hawaii Clean Energy Initiative (HCEI) and steps Hawaii is already taking, with the message not that we "want out", but that we want to opt-out in order to do better.

Mr. Fox commented on the possibility of generating analysis of scenarios to back-up potential implications of a coal-influenced bill. Dr. Coffman echoed Mr. Fox's comments in reference to providing the congressional delegation with affirmative points in support of Hawaii's clean energy objectives.

Mr. Peck added that because of HCEI, the Hawaii reference case will show the difference being made by HCEI. It will show that Hawaii has already undertaken measures in the reference case to address reducing GHG, and that Hawaii needs to do it in a unique way fitting our unique conditions. ICF reference case needs to show that without HCEI, we can't achieve the goal of Act 234.

Mr. Lau agreed that if HCEI isn't part of the reference case, Hawaii can't show how it is already on the way to the GHG goals apart from any national measures like Waxman-Markey. Dr. Coffman reiterated that in ICF's analysis, two things are needed: 1) upstream local carbon tax, and how the revenue would be spent; 2) the effect of a national cap and trade system. Mr. Lau stated that he has a preference to use the reference case plus two work plan scenarios to show that Hawaii may need an exception from the national program. ICF was asked to look in their work plan scenarios at whether the Waxman-Markey bill will have a sufficient revenue flow to Hawaii, and agreed that they could do that.

ICF also requested that the TF inform ICF whether to use the new the new HCEI RPS (renewable portfolio standard) & EEPS (energy efficiency portfolio standard) passed by the Legislature during this past session, as this would help Hawaii to illustrate that it is doing more towards the goals of the Waxman-Markey bill and thus assist an opt-out case.

TF discussed this, and decided that the new HCEI RPS & EEPS (energy efficiency portfolio standard) passed by the Legislature would not be included in ICF's reference case analysis product; only the current RPS would be included.

Mr. Lau asked that Congressional Hawaii delegation lobbying on the Waxman-Markey bill be included in next meeting for decision making. TF members agreed to look for and assess information and analysis of the bill for the next TF meeting.

6) Presentation: "The Emission-Reduction Potential of Native Forest Restoration."

Mr. Christian Giardina, research ecologist; Mr. Neil Hannahs, Land Assets Division, Kamehameha Schools; Mr. Jimmy Greenwell, landowner; and Mr. Marc Conte, with the Natural Capital Project of The GHG ERTF Working Group on Hawaii Land, Forest, & Climate shared these Presentations, which may be viewed on the GHG website at:

http://hawaii.gov/dbedt/info/energy/greenhouse/Material/Christian%20Giardina_Forest%20Carbon%20Presentation.pdf/download

and

<http://hawaii.gov/dbedt/info/energy/greenhouse/Material/Marc%20Conte%20Forest%20Carbon%20Sequestration.pdf/download>

The presentations looked into the purpose of carbon sequestration, associated cost and benefits, cost-sharing options, and how carbon sequestration can be an avenue for reforestation and restoration of native plants in Hawaii.

Mr. Greenwell spoke from the perspective of the ranching sector in the State, noting that carbon sequestration should be considered a possible supplemental source of ranching income, and that carbon sequestration projects tied to ranching could play a role in the recommendations to be issued by the TF.

7) Public workshop series to present GHG work plan: Ms. Seese indicated that the TF needs to begin planning the series of four workshops, one for each county, required by Act 234. Funding isn't yet established so she asked to have the planning included on the agenda for the next TF meeting. DOH staff assistance to TF on this was requested. Mr. Peck added that the TF needs to work up a cost estimate and find funding, and that he and Ms. Seese would discuss sources of funding, adding that possibly one source is if the barrel tax in HB 1271 were to be enacted).

8) Meeting adjourned at 4:54 p.m.