

State of Hawai`i - Department of Business, Economic Development, and Tourism
Greenhouse Gas Emissions Reduction Task Force
Meeting Minutes
Friday, July 31, 2009
1 pm – 3 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. Mark Fox
4. Gary North
5. Frank Clouse
6. Maxine Burkett
7. Jeff Mikulina
9. Makena Coffman
10. Gareth Sakakida

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

- 1) The meeting was called to order by Co-chair Lau at 1:07 p.m.

- 2) Minutes from the June TF meeting were amended as follows:
 - Co-chair Lau requested the following change on page two, under section five, in paragraph one, in sentence three: "This conversation concluded 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."
 - Co-chair Lau additionally requested the following change on page three, under section five, in paragraph six, in sentence three: "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."

Dr. Coffman requested the following change on page two, under section five, in paragraph one, in sentence two: "TF discussed whether Hawaii should pursue an alternative if the Waxman-Markey bill turned out to have unacceptable impacts, although no decision was made."

The minutes, as amended, were adopted.

3) ICF Reference Case, and first draft Work Plan update:

Ms. Seese requested that the TF look at the Reference Case and the proposed Work Plan, and submit their comments and guidance via email to DBEDT, which would convey them to ICF.

Mr. Clouse was concerned that the carbon tax was vaguely discussed and did not include case studies or identify products that would potentially be targeted. A primary concern was that such a mechanism could run jobs out of the State.

Mr. Fox added that it would be preferable to see the following suggestion's in ICF's final product: (1) Specific suggestions for the application of a carbon tax; (2) identification of specific products that would be taxed, and; (3) what would be the sector-by-sector impacts.

Mr. North was concerned that there would be a much more significant impact on business and small business not accounted for by ICF's draft Work Plan. Ms. Seese responded by noting that the statute did not define the term "small business," and posed the question as to whether it was the task of the TF to define "small business" for purposes of the Work Plan.

Dr. Coffman raised the point about the Work Plan's starting assumption---that since Hawaii is not geographically contiguous, Hawaii would not have much of a leakage issue. Ms. Coffman did not necessarily believe that should be presumed to be true because of our imports and other issues. Ms. Coffman also wondered about more detail regarding how the models, which are being used by ICF, work.

Ms. Seese noted that she has requested that ICF provide a more transparent description of both the REMI Model (macroeconomic model) and the Energy 2020 Model (energy simulation model).

Dr. Coffman then commented that it is important to know what variables are endogenous or exogenous (i.e. fed into the model or determined by the model), particularly in terms of resident welfare and energy consumption/type.

Mr. Fox expressed his desire to see that carbon sequestration be treated as another policy option in its own right, rather than only considered in the context of a cap and trade policy measure.

Co-chair Lau added that the reference to state legislation within the proposed Work Plan should be updated to reflect the Act numbers rather than Bill numbers. Additionally, the section on state building codes ought to incorporate consideration of the State Building Code Council.

The TF deliberated about which modeling scenarios should be confirmed by the TF for use by ICF in the Work Plan.

Co-Chair Lau moved to allow public comment over this agenda item:

Members of the public gave comments over the following four points : (1) That reducing carbon emissions to 1990 levels would be inadequate to achieve climate-change objectives; (2) reasoned that it would be a waste of time to model a carbon tax without adequate policy specifications (i.e. pricing, sector, etc); (3) supported earlier comments by Mr. Fox on agro-forestry, and expanding such policies outside the context of a national cap and trade scheme, and; (4) urged that water allocation policy decisions will be decisive in programs dependent on agriculture.

In response to the first point in public comment, Mr. Peck noted that TF objectives do not preclude the TF, from recommending policy measures for the period beyond that covered in Act 234, extending out, for example, to 2050. Secondly, he noted that water allocation issues have been recognized and can be referenced in the Bio-Energy Master Plan. Finally, Mr. Peck expressed support for modeling a carbon tax.

Dr. Coffman pointed out that because this is not an optimization model, ICF should be able to determine what the carbon tax could be, by back-calculating in terms of desirable emissions reduction rates.

The TF ended this discussion with consensus, summarized by Co-chair Lau, supporting the current proposed three scenarios for the Work Plan, but making sure to ask ICF for inclusion of additional analysis on the impact of Hawaii Clean Energy Initiative (HCEI) alone.

- 4) Discussion and possible action as appropriate on Waxman-Markey Bill, Hawaii case:

Co-chair Lau decided to skip this item, because the situation in Congress had not changed much since the last meeting.

- 5) Discussion and possible actions as appropriate on planning public workshops series to present Work Plan:

TF members received a handout from Barry Ching of Dept. of Health (DOH) with preliminary ideas.

Initial discussion was related to the number of TF members needed to attend public workshops and funding levels necessary to execute these activities. In reviewing the Act, Deputy Attorney General, Mr. Kinkley, stated that it would *not* be necessary for the TF to meet quorum during public workshops, but that attendance by a quorum (6) or more of TF members would cause the meeting to become a full TF meeting with attendant sunshine law requirements. If only one or two TF members attend, there is no problem going ahead with the workshop. In particular, if less than a quorum (6), but more than two TF members attend, sunshine law interpretation on permitted interactions comes into play and the TF

may need to accordingly take advance action at a previous full TF meeting to accommodate such a situation (establish investigations group).

Asia Yeary with the EPA, noted that the EPA was intending on assisting with press issues and publicity.

Co-chair Lau added that TF members should engage with their own professional network and get their feedback.

DBEDT staff will make contact with the county energy coordinators and include them in workshop planning and execution.

- 6) Update, discussion, and possible actions as appropriate on outreach plans and activities:

DOH staff distributed a video of the 'Olelo student video competition to the TF.

- 7) TF discussion on future agenda items and housekeeping matters:

The TF will be meeting next on September 3rd. TF will be resuming talks over the updated three-scenario Work Plan (to be submitted by ICF August 12th - and TF members agreed to send their comments for ICF via DBEDT by 8/21) and the planning of public workshops. The TF requested ICF to make a presentation via video conferencing or webinar during this next meeting. Mr. Peck, for the record, highlighted that the Work Plan will ultimately be a TF product and not a DBEDT product.

- 8) Public Comment:

Gary Slovin, from Goodsill Anderson Quinn & Stifell Law Firm, submitted materials on the Waxman-Markey Energy Bill.

- 9) Meeting adjourned at 3:02 p.m.