

BTAG POD Webinar-Meeting Notes

April 14, 2009 10:30am-12:00pm

Participants: Doug Berven, Dennis Banasiak, Jack Huggins, Mike Doherty, Eric Sundquist

Staff: Brendan Jordan, Amanda Bilek, Jane Ruliffson, Liz Marshall

**For BTAG members not available to be on the webinar, read through POD, if you haven't already and send any barriers to consensus or additions that need to be made to Brendan Jordan, bjordan@gpisd.net and Amanda Bilek, abilek@gpisd.net to be included in the final version of the POD to be approved at the May meeting in Minneapolis.

Overview

- Upcoming BTAG meetings
- Review of current policy options document
- Implementation status update
- Model and draft scenario development update

Upcoming BTAG meetings

- BTAG Webinar #2 (roadmap and draft scenario development)
 - Tuesday, April 21st, 2:30-4:00pm (CST)
- BTAG Webinar #3 (implementation)
 - Tuesday, May 5th, 10:00-11:30am (CST)
- Joint Tier 2 and GHG Accord advisory group meeting, May 11-12, Minneapolis

Review of Current BTAG Policy Options

- Highlight policy broadly
 - Discuss changes made since January
 - Issues raised that have been addressed
- Barriers to consensus?
- Issues to resolve?

BT1.1: Market Pull and Distribution Infrastructure

- Create stable market pricing (counter-cyclical retail subsidies or taxes) for renewables to complete with volatile petroleum pricing
- Focus of policy: "Green Fuel Retailers" Program
 - Retail and wholesale outlets that attain benchmarks in sale of low carbon fuels recognized as "Green Retailers."
 - Establish a variety of incentives to support infrastructure developed needed for low carbon fuels
- Increase quantity of low carbon fuels in public institution fleets
- Advocate for blend increase (15%-20%)
- Encourage blender pumps at retail outlets to expand consumer choice

Overview of changes

- Low carbon fuels definitions and vehicle technology language added throughout policy (multiple low carbon fuels and technology)
- Goals fleshed out to include additional low carbon fuels/blends and vehicle technology

- Detail added to implementation mechanisms section

BT 1.1-no major objections

BT 1.2 – LCFS

- LCFS recommendations approved by MGA steering committee
- LCFS Implementation discussed later in the webinar today

BT 1.3: Increase Vehicle Fuel Efficiency

- Policy designed to reduce GHG emissions from on-road vehicles and off-road engine vehicles through technology deployment designed to cut GHG
- Implementation mechanisms for increased vehicle fuel efficiency:
 - Incentives for buying low GHG vehicles
 - Education campaigns for low GHG vehicles
 - State procurement of low GHG vehicles
 - HOV access for low GHG vehicles
 - Implementation of Clean Car programs
 - Incentives for retooling manufacturing to produce low GHG vehicles
 - Ecodriver program – driver training for efficiency

Overview of changes

- Detail added to policy description and design
- Implementation mechanisms added under financial incentives, regulations and guidelines and legislation
 - Electric vehicle demonstration projects
 - “End of life” assistance/buyback program
 - Permit sale of high efficient vehicles from U.S. and non U.S. automakers not currently available in the market
 - Work with utilities to add EV component to “smart grid” plans
 - Provide price support/cost recovery for automakers during transition to more efficient vehicles
- BT 1.3-Follow up with Charles on federal vehicle fuel efficiency policy-recommendations to harmonize with CAFÉ and state clean car legislation.

BT 2.1 Demand Management: “Pay-As-You-Drive”

- Provides incentives and removes regulatory barriers for auto insurance companies to institute a “pay-as-you-drive” (PAYD) system for policyholders.
- Implement policies and strategies that make more of the fixed cost of driving into variable costs related to VMT and emissions.
- Use new revenue streams for less GHG-intensive travel options (e.g., public transit, vanpooling, commuter benefits, and commuter options).
- Goal:
 - For PAYD insurance—assume market penetration of 25% in 2015 and 50% in 2025

Overview of changes

- Implementation mechanisms revised and clarified
 - Addresses regulatory barriers
 - Survey of insurance commissioners

- One-time tax incentive for insurers to implement PAYD
- Impact on rural drivers addressed
 - Brookings Institute Hamilton Project study
 - PAYD premiums vary depending on other risk factors such as lower accident incidence in rural areas. Rates would also be relative to average driving pattern for each local area
 - Study concluded no adverse impacts on rural drivers

BT 2.1-Additional major barriers? Should this be something that should be in the policy recommendations or is it a commercial application that should be handled outside of government? In some states it is illegal and commission rules make it impossible to implement. Policy ask is for states to review legal structure and change law to make it work. We are not mandating a PAYD policy, but only making it legal to implement a PAYD.

Take a close look at implementation mechanisms-make sure language is very soft ask, not mandating PAYD but only to remove regulatory barriers.

BT 2.2: Expand Travel Choices

- Reduce GHG emissions from transportation by providing access to lower carbon intensity modes
 - Intercity passenger rail
 - Local transit
 - Walking
 - Bicycling

Overview of changes

- Content reorganized and detail added to policy design
- Implementation mechanisms added for each mode
 - MGA states commit to fully implement MWRRI
 - Adequate governance and taxing authority by states for securing federal local transit funding
 - Complete streets for bicycle and pedestrian expansion

BT 2.2-no major barriers or issues identified.

BT 2.3: Transportation Infrastructure and Planning

Goal

- Reduce VMT per capita by 50% from a 2005 baseline by 2050, with incremental goals for intervening years.

Some sample mechanisms:

- Prioritize spending from new highway capacity to “fix it first” approach
- Require GHG impacts analysis for new transportation projects
- Reform state economic development programs to reward low VMT jobs
- Encourage more compact development
- Adopt statewide “complete streets” policies

Overview of changes

- Additional implementation mechanisms added and reworked
- References to related programs/policies

- Detail added to estimated GHG reductions and costs/savings section
- Detail added to key uncertainties
- Detail added to additional benefits and costs

BT 2.3-no major barriers to consensus identified

BT 2.4: Freight Transportation

- Addresses near-term and long-term policies to improve regional freight infrastructure
- Identifies near-term and long-term policies to reduce GHG emissions for multiple freight modes
- Goal
 - Near-term priority: Reduce rail congestion and delays in freight transportation by implementing CREATE projects
 - Long-term: Implement intermodal infrastructure efficiencies

Overview of changes

- Detail and content reorganized for implementation mechanisms
 - Rail-infrastructure efficiencies
 - State and local governments factor GHG emissions into purchasing decisions
 - Maximize ARRA funding for freight electrification infrastructure
 - River and lock improvements
 - Long-term rail upgrade and modal movement

BT 2.4-no major barriers to consensus identified.

BT 3

- Overall policy options ranked low during working group implementation priority setting in January
- Staff added references to ARRA where appropriate

BT 3.1: Advanced Technology Commercialization

- Existing language focuses on commercialization of advanced biofuels
 - Prior discussion about broadening the focus to include a variety of low carbon fuels (H2, electricity, batteries, etc)
- Select projects for support based on a competitive process
- Supply grants for scale-up of projects
- Develop funding mechanisms to support groups of producers in developing projects using advanced technologies

BT 3.2: Technical Assistance

- Provide technical assistance to projects based on their potential to reduce GHG emissions, and improve economic development and energy security
- Sample mechanisms:
 - Fund FEED studies
 - University consortium should offer technical assistance to projects

BT 3.3: Regional research collaboration

- Leverage Region’s research and intellectual property generation capabilities for low carbon transportation technologies
- Mechanisms:

- Bring together university leaders from around the region, agree on areas for collaboration
- Develop an information clearinghouse on conversion technologies
- Develop working relationships with risk capital sources to secure funding
- Fund development of 3 projects to bring to commercialization

BT 4.1: Develop Biobased Products

Mechanisms:

- Catalog biobased products
- Create a certification scheme for biobased products, w/ logo and branding
- Base certification on economic, social, and environmental factors, with GHG impact based on life cycle assessment
- Promote through education and incentives

4.2: Regional Infrastructure for Biobased Product Manufacturing

- Goal
 - Improve efficiency of regional infrastructure to support the development of biobased products industry
- Mechanisms
 - Process for formalized regional coordination
 - Convene biobased products supply chain parties to determine transportation modes for current and future product distribution
 - Regional study to determine deficiencies and efficiency loss in the supply chain, identify supply chain enhancements
 - Material flow analysis for the region
 - Feasibility study on proposed supply chain enhancements
 - Develop and carry out implementation plan of identified feasible supply chain enhancements
 - Expand Midwest’s agbiorefining capacity

BT 4.1 & 4.2

- Overview of changes
 - Policy reviewed by Mike Bailey, Ohio Department of Agriculture
- Added implementation mechanisms consistent with OH Dept. of Agriculture process on biobased product development

BT 5.1: Perennial Biomass Supply

- Develop Midwest’s full potential for biomass supply and production facilities
- Mechanisms:
 - Leverage federal funding opportunities (BCAP)
 - Map available biomass, improve regional biomass inventories
 - Identify sustainability guidelines and BMPs
 - Regional demonstration opportunities
 - Fund research development at land grant colleges

Summary of changes

- Content streamlined and reorganized in policy description and design

- Implementation mechanism focus is federal funding opportunities
- Implementation mechanisms reorganized and streamlined
- Additional related policies/programs added

BT 5.2: Feedstock Logistics

- Develop feedstock systems for production, harvest, transport, densification, and storage of biomass
- Research need: Identify, by product, the potential feedstock contribution to reducing GHG through displacing use of fossil fuels and carbon sequestration to determine the most effective feedstocks.
- Mechanisms cover:
 - Equipment and storage for biomass feedstock production.
 - Allow short-rotation fiber production under traditional private forestry land programs and associated tax programs.
 - Produce improved maps of forestry biomass resources
 - Evaluate use of rail for transporting biomass
 - Evaluate development of nodes for densifying and transporting biomass

Overview of changes

- Content streamlined and reorganized in policy description and design
- ARRA funding added to implementation mechanisms
- Complementary federal programs added

BT 6.1: Wealth Creation

- Work in conjunction with other proposed options to encourage and facilitate the deployment of technologies developed in Midwest and accrue value-added margins available from new technologies.
- Assure that cooperatives, municipal authorities, other local and community-owned entities, and small investors are not excluded from government incentive programs
- Give bonding authority or access to bonding funds to co-ops, municipal utilities, and other local and community-owned entities
- State and regional programs will be established to underwrite loans to existing biofuel facilities to purchase fixed cost technology that will accomplish one or more of the following:
- Fund the upgrading (or expansion to add cellulosic) of corn ethanol plants to cellulosic ethanol plants (don't use the term "upgrade", this won't necessarily happen this way, assume its new cellulosic plants)

BT 6.2: Workforce Development

- Create collaborative workforce development programs between industry, state governments and educational institutions
- Develop a focused approach by building on a solid foundation of labor market data and analysis
- Build good jobs through partnerships, linking economic development and job creation
- Focus attention on job quality, access for all, and upward mobility in the green economy

BT 6

- Overview of changes

- Overall policy options ranked low during working group implementation priority setting in January
- Opportunity for a cross-cutting issue group or rolling these recommendations into Governor Granholm’s Green Jobs initiative
- Content reorganized and streamlined in policy description and design
- References to ARRA added
- Feedback from cluster members incorporated

Implementation Status

- Biomass
 - GPI has submitted grant request to Energy Foundation to support implementation of federal biomass programs working with stakeholders across the region
- Strategy
 - A stakeholder group, chaired by a Midwestern Ag Director, will work to develop detailed recommendations for BCAP rule-making and work to communicate the results to congress and USDA.
 - The group may also issue other recommendations for key policies needed at the state or federal level for commercializing agricultural biomass crops in the Midwest.
- LCFS
 - Approval by MGA steering committee
- Next steps:
 - GPI submitted proposal to Energy Foundation for LCFS implementation support
 - MGA Steering Committee Approval of draft workplan, timeline and list of participants
- Transportation
 - Thinking through an implementation strategy
 - No funding currently for implementation
 - Working to identify funding sources