

MGA Renewable Electricity & Advanced Coal w/Carbon Capture and Storage Advisory Group

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**Indiana University-Purdue University
Campus Center
Indianapolis, IN**

MGA



Midwestern Governors Association

Impressions & Implications from Day 1

- EE quantification underscored the importance of deriving metrics that can be useful across all the states (e.g., per capita or per GSP).
- Worried that ICF modeling, as currently conceived, won't include job growth implications and economic impacts.
- We will need this information to be persuasive with policy makers.
- Plug-in hybrids may be a solution to negative LMPs at night. People agreed that this belongs in the BTAG group + adding a few other people with the right expertise.

Impressions & Implications from Day 1

- CHP session: Review EE-3 to see if it explicitly mentioned CHP.
- Need a procedure and process for people to test the model and its assumptions.
- Additional incentives that might enhance the use of CO₂ in EOR? Oil below a certain price makes EOR w/CCS economically challenging.
- Review the recommendations used in the draft MGA Stimulus Package letter, and turn those into recommendations from this group that could be posted on the Web site so that people might benefit from them (see next bullet).

Impressions & Implications from Day 1

- Consider a lower “minimum threshold” for CO2 sequestration (500,000 tons/year is too high).
 - Maybe 250,000 would catalyze more activity sooner. Might be hard to “shoot the moon” right away with only big projects; should consider targeting smaller projects first to build comfort with the technology and process.
- **Issue:** push only fully-integrated projects vs. pushing smaller projects first.

Impressions & Implications from Day 1

- Biggest concern for utilities has been “does this work” rather than the financing per se, which would argue for smaller projects first.
 - Validate 100-300,000 ton/year post-combustion capture first. Wouldn't want ethanol projects, for example, that might eat up any incentives in the stimulus package at the expense of coal w/CCS projects.

Impressions & Implications from Day 1

- Need a process for deciding whether or not it is the job of this group to make recommendations to the administration (for the stimulus package or otherwise).
 - Concerned that this might distract from this group's core mission of making recommendations to governors/premiers.
- Financing will hinge on sorting out the liability issues surrounding CCS. Could have a multi-state commission funded by a tax on sequestration that takes responsibility for issues that come up (this will be taken up by the CCS sub-group).

Potential Implementation Activities Identified in the Policy Options doc.

- Need to finalize language in Policy Options document by February 6th. Please use “track changes.” Can just send Wick specific sections that you’ve made changes to.
- Will be making changes to RE-5, RE-6, AC-2 based on yesterday’s discussions.
- RE-8 has a large jobs implication. Group may want to flesh this out further (see Brian Warner on relevant economic modeling work).
- NextEnergy is identifying the job growth potential for the value chain for wind, solar and biomass. Tom will provide this info. for RE-8.

Potential Implementation Activities Identified in the Policy Options doc.

- DTE has created a database of nearly 1,000 companies and research projects related to alternative energy. Will be publicly available soon. Could be duplicated in other states or across MGA region.

Next Steps on Quantification

- Greg Powell to work with GPI staff and designated participants in each state to refine state-level data.
- Within two weeks hold a Webinar to go back through the modeling Greg Powell is doing.

Misc.

- Does gasification w/ CCS hinge on a pipeline connection to the Gulf coast, or could it be done even in the absence of such a pipeline?
- Review some of the recommendations that might turn out to violate state constitutions and/or interstate commerce clause (e.g., can states really go beyond the federal CAFÉ standard?).

Priorities for work between now and Sept. 2009 Summit

- Develop a “milestone” schedule that goes from now until September 2009.
 - What parts of the MGA Platform will the group NOT be able to make recommendations on?
 - Agreeing on the final content of this Advisory Group’s portion of the Roadmap.
 - Greg Powell’s modeling is due mid-February
 - Get updates from individual states regarding emerging initiatives that would be relevant to this work (e.g., wind energy zones in MI; KS is considering mandatory RPS, etc.).