

**KEC MGA Committee Meeting Notes
February 21, 2008**

KEC MGA Committee Members Attending: Bruce Snead, Committee Chair, Sarah Dean, Ken Frahm, Galen Menard, Hans Nettleblad, Adrian Polansky, Curt Wright

Other KEC Members in Attendance: Rick Anderson, Stuart Lowry, Lt. Gov. Mark Parkinson

KEC Staff: Liz Brosius, Jennifer Knorr; with KCC Energy Programs Division staff Dana Maher and Leslie Uhl

Opening Remarks

Bruce Snead welcomed the group and asked the Co-Chairs if they had any comments. Co-Chair Ken Frahm thanked everyone for coming despite the miserable weather. Liz Brosius noted that the document in the binder under the MGA Committee header is an overview of the policies and actions Kansas has taken that apply to the MGA Platform.

Overview of the MGA agreements and next steps for Kansas

Jennifer Knorr, Governor & Lt. Governor's Office, gave a PowerPoint presentation outlining the components of the MGA Energy Security and Climate Stewardship Platform and the Midwestern GHG Accord. [This presentation is available on the KEC web site (<http://kec.kansas.gov/mga/index.htm>), under the February 21, 2008, meeting heading.] Knorr noted that not every state that signed the platform signed onto every initiative within the platform. She pointed out that the goal (under bio-based products and transportation) of having E-85 offered at 15% of the region's filling stations by 2015 and 20% by 2020 equates to 4,400 stations and 5,900 stations, respectively. Similarly, Knorr said that the renewable energy goals—10% of the region's electricity provided by renewables in 2015, 20% by 2020, and 30% by 2030—are equivalent to 103 million MWh, 219 million MWh, and 376 million MWh of retail sales.

Rick Anderson said that the Energy Efficiency goal, "2% of regional annual retail sales of natural gas and electricity through energy efficiency improvements by 2015%, with 2% additional yearly thereafter" was entirely unrealistic. Anderson explained that utilities are predicting 3% yearly demand growth in the near future and that the expectation that utilities cancel out this 3% growth and make an additional 2% reduction in demand using energy efficiency is absurd. Snead pointed out that the language does not appear to call for a reduction in demand, but rather calls for meeting 2% of the consumption that will occur with energy efficiency improvements. Sarah Dean and Hans Nettleblad commented that the 2% number does not seem aggressive enough compared to the rest of the document. Knorr said she and Ray Hammarlund, Director of KCC's Energy Programs Division, will follow up with the appropriate MGA staff on this issue. Galen Menard added that energy producers such as himself will be wary of any initiative calling for a decline in production because investors will not finance an industry in decline. Lt. Governor Mark Parkinson suggested that Kansas is in a great position to make conservation profitable and that creative thinking will achieve said profit.

Stuart Lowry asked about the MGA stakeholder groups, and Knorr explained there are four advisory groups that are set up to coincide with the four goals outlined in the Platform and the Accord; one or two will be appointed from each state for each group. Both governmental and non-governmental representatives will be represented in these respective groups; every stakeholder group will be represented in some capacity. Lowry asked whether Kansas has started a state-level effort to engage stakeholders, and Snead commented that the KEC MGA Committee is exactly that group of stakeholders and that forum.

Parkinson asked Knorr to explain the mechanics of the MGA Platform, and Knorr outlined that the MGA has a \$2 million budget, \$750,000 of which has already been spent on research and data collection. The MGA Platform contains the four goals, six initiatives to achieve these goals, and numerous policy options for states to choose from. Dean asked for an organizational chart delineating the MGA Platform advisory group structure. Frahm asked for clarification on whether any KEC observations on the MGA Platform and Accord should be directed to the Governor's Office or the MGA, and Snead replied that the MGA should be provided with such observations. Frahm continued by saying that the KEC must address the issue of GHG emissions if it is to be relevant. Referencing carbon capture and storage, Curt Wright warned of the danger of basing policy on untested technology and referenced past policies regarding oxygenates for gasoline. Adrian Polansky noted that industry played a role in the problems associated with MTBE.

Summary of MGA policy options and Kansas policies/actions

KEC Director Liz Brosius explained that the summary included all the policy options contained in the MGA platform along with the information about what Kansas has done or considered with respect to these options. Dean stated that she wants to analyze this document in depth and asked that time be set aside for a comprehensive discussion, to which Snead replied that the MGA Committee can certainly do so if its members wish to.

Brosius said it was her opinion that the MGA Committee has achieved its goal of becoming informed about the MGA Platform and Accord and suggested the committee consider whether it wants to stay focused on the MGA documents for the rest of the planning cycle. She noted that the KEC's planning process may not mesh very well with the MGA timelines. Snead agreed that KEC staff resources were limited and suggested focusing on one or two issues. Brosius asked if the Committee wanted to broaden its discussion to the topic of GHG emissions reduction, the goal that underlies the MGA agreements. Menard asked what the Governor's office expects of the MGA Committee and the KEC, and Knorr replied that the Governor's office will welcome any feedback. Snead closed discussion.

IPCC presentation #1

Nate Brunsell, KU Assistant Professor of Geography, gave a PowerPoint presentation on Kansas and climate change. [This presentation is available on the KEC web site (<http://kec.kansas.gov/mga/index.htm>), under the February 21, 2008, meeting heading.] Brunsell noted that climate is not weather. He explained that he and Johan Feddema had

begun to focus on water transfer issues in Kansas using IPCC models under different warming scenarios. He emphasized that we don't know what future impacts will be. Based on their model results, Brunsell said it was likely that Kansas would become dryer, that there would be a decline in statewide precipitation, on average.

Frahm asked whether the prediction for Kansas is for less rain or less evapotranspiration, and Brunsell replied that rainfall will not be reduced but evapotranspiration will increase. Frahm asked about the potential impact of changes in farming methods, and Brunsell replied that more water-efficient farming methods can reduce water use up to a point and that these variables were not included in the model. Frahm agreed that it is not possible to meet the deficit with efficiency. Polansky asked whether the slide showing CO₂ concentrations over the last several hundred thousand years is suggesting that the most recent increase in CO₂ started with humanity's adoption of agriculture? Brunsell explained that the current period of CO₂ increase began with the natural glacial cycle and is not considered to be anthropogenic at the point where humans adopted agriculture. Anderson asked what precipitates the 100,000 year CO₂ cycle, and Brunsell replied that this is the result of the Milankovitch cycle, the well-understood collective effect of cyclical changes in the way the Earth orbits the sun. Wright asked about regional variations in the IPCC's average warming predictions, and Brunsell replied that as a general rule, warming is expected to be greater the further north one goes. Dean noted that the Ogallala aquifer is not addressed in the slides, and Brunsell explained that the Kansas IPCC members are using water-level data from the Kansas Geological Survey to begin accounting for the Ogallala. Brosius noted that the notebooks included an IPCC handout summarizing robust findings and key uncertainties of the report.

IPCC presentation #2

Chuck Rice, KSU Professor of Soil Microbiology, gave a presentation on IPCC impacts, adaptation, and mitigation. [This presentation is available on the KEC web site (<http://kec.kansas.gov/mga/index.htm>), under the February 21, 2008, meeting heading.]

Frahm asked how much crop residue can be removed for biofuels production when using no-till cropping, and Rice replied that about 60% of no-till crop residue can be removed without damaging the soil, further noting that perennials like switchgrass allow for the removal of 80% to 90% of residue without harm. Brosius asked whether the no-till acres being enrolled in Chicago Climate Exchange (CCX) reduction contracts are new or existing, to which Rice replied that most of the acres currently sold on the market are established no-till and that it is thought that no-till acres will sequester additional carbon every year. Rice compared the price of carbon in the EU-mandated market to the much lower U.S. market prices.

Rice stated that reported U.S. no-till acreage is between 25% and 30%, but continuous enrollment is only around 10%. Parkinson asked why this number is so low, and Rice replied that expenses associated with new machinery, the issue of disease build-up in continuous growth, and the power of tradition were all issues. Polansky added that it takes a few years after switching to no-till for everything to work smoothly, leading to extra costs that cash-strapped farmers might not be able to absorb.

[The MGA Committee adjourned before completing business and agreed to reconvene following the KEC meeting, if time permitted.]

Discussion of MGA Committee direction

Snead re-convened the MGA Committee and raised the question of what the committee wanted to focus on during the rest of this year's planning cycle. Brosius and Knorr concurred that the KEC planning process may not align very well with the MGA's own process.

Frahm said he would like to see the Committee discuss the proper scope for various actions to reduce GHG emissions, noting that his bias was that it was a global issue requiring international regulation, or failing that, national regulation, but that there were probably additional things that could be done at the state or local level.

Lowry said that it would be important for all MGA proposals to include a cost-benefit analysis, and it was agreed that Knorr and Hammarlund would carry that message to the MGA staff and advisory groups.

Following additional discussion, the Committee identified the following objectives:

1. Develop pathways for the KEC MGA Committee to better interact and communicate with the MGA advisory groups and identify Kansas representatives to each group. This will ensure that the MGA Committee is up to date and able to appropriately ask questions or provide feedback.
2. Learn more about how a cap-and-trade system might work.
3. Develop a state-level policy focus, eliminating areas that are better addressed at the regional or national level.
4. Develop additional policy options by having MGA Committee members generate up to three suggestions within the four MGA goals for further discussion by the Committee. Suggestions may be entirely new or can be alternatives or changes within the MGA policy options.

The Committee agreed that they needed at least two more meetings between now and the next KEC meeting on June 10, 2008; Brosius said she would email the group with some suggested dates.

Snead adjourned the meeting.