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## **Meeting #1 Summary**

Climate, Energy and Commerce Advisory Committee (CECAC)

Columbia, South Carolina

April 27, 2007

### **Attendees:**

#### **CECAC Members:**

Senator John Courson - SC Senate / CECAC Chairman  
Representative Ben Hagood - SC House of Representatives, CECAC Vice Chair  
Dana Beach, Executive Director - SC Coastal Conservation League  
Crandall Close Bowles - President and CEO, Springs Mills  
Jim Byrd, Deputy Director - Market Services Division, SC Department of Insurance  
Lonnie Carter - President and CEO, Santee Cooper  
John Clark - Director, SC Energy Office  
Barry Falin - Vice President and General Manager of Carolina Operations, Vordian  
Bob Fledderman Manager - Environment and Regulatory Assurance, MeadWestvaco  
John Frampton - Director, SC Department of Natural Resources  
Dr. Paul Gayes - Director, Center for Marine and Wetlands Studies, Coastal Carolina Univ.  
Emerson Gower - VP, Southern Region, Progress Energy Carolinas  
Ladd Hall - Vice President and General Manager, Nucor Steel  
Representative Bill Herbkersman - SC House of Representatives  
Joe James - CEO, Corporation for Economic Opportunity  
Bob King - Deputy Commissioner, SC Department of Health and Environmental Control  
E. Bruce Morgan - Mayor, City of Union  
Dr. Marcus Newberry - Former Dean, MUSC College of Medicine  
Mike Olbrich - Plant Manager, BP Chemical  
Bob Scott - President, SC Forestry Association  
Lanneau Siegling - Past Chairman, Hospitality Association of SC  
David Smalls - President, Walterboro-Colleton Chamber of Commerce  
Steve Smith - Executive Director, Southern Alliance for Clean Energy  
John Tiencken - Former CEO, Santee Cooper  
Bill Timmerman - CEO, SCANA  
Senator Danny Verdin - SC Senate  
Hugh Weathers - Commissioner, SC Department of Agriculture  
Johnny Williamson - CEO, SC Soya, LLC  
Brad Wyche - Executive Director, Upstate Forever

#### **Office of the Governor:**

Governor Mark Sanford  
Justin Evans

## **South Carolina Department of Health and Environmental Control (DHEC)**

Michael Juras, Agency Liaison

### **Center for Climate Strategies (CCS):**

Tom Peterson, Executive Director

Ken Colburn, Randy Strait, and by telephone Bill Dougherty

### **Background Documents:** *(all posted at [www.scclimatechange.us](http://www.scclimatechange.us))*

1. Notice and Agenda
2. Powerpoint Presentation
3. Memo on CECAC Process
4. Preference Form for Joining Technical Work Groups

### **Discussion and Conclusions:**

#### **1. Welcome and Introductions**

Senator John Courson, Chairman of the CECAC, opened the meeting and welcomed the members of the CECAC and the public. Senator John Courson turned the floor over to Governor Mark Sanford for opening remarks.

Governor Sanford thanked Senator John Courson, Representative Ben Hagood, and the members of the CECAC for their time commitment and participation in this important process. Governor Sanford noted that the CECAC process is unique in that the legislative and executive branches will be working together to address climate change issues. He noted that he has observed the effects of climate change on rising sea levels which is converting freshwater wetlands at his farm in the coastal plain to salt flats and killing oak trees. The work of the CECAC is important for getting ahead of the curve to find the best approaches for addressing climate change in South Carolina. It is important to find solutions that work for South Carolina and to position South Carolina to influence any Federal programs that may be forthcoming in the future. He asked that the CECAC approach development of its recommendations for addressing climate change with an open mind, and to be creative in finding market-based solutions and other actions.

Senator Courson introduced Representative Ben Hagood, Vice-Chair of the CECAC, followed by introductions by the CCAC members and CCS. Senator Courson provided brief remarks noting that he has observed the effects of global warming first hand on trips he has made to northern Canada. He noted that global climate change has decreased the amount of ice thus affected the migration patterns of polar bears making them harder to find.

#### **2. Purpose and Goals**

Tom Peterson from CCS noted that in this meeting a substantial amount of information about the CECAC process, South Carolina's draft greenhouse gas (GHG) inventory and forecast, and other context-setting information necessarily had to be presented. Future meetings of the CECAC would have increasing amounts of discussion among CECAC members and diminishing amounts of presentation.

The purpose of the process will be to achievement the goals laid out in Governor Sanford's Executive Order 2007-04 which are:

- Review and approval of a current and comprehensive inventory and forecast of greenhouse gas (GHG) emissions in South Carolina from 1990 to 2020;
- Development and recommendation of a comprehensive set of specific policy recommendations and associated analyses to reduce GHG emissions and enhance energy and economic policy in South Carolina by 2020 and beyond;
- Development and recommendation of a set of recommended statewide GHG reduction goals and targets for implementation of these actions; and
- Issuance of recommendations in the form of a final report to the Governor by March 2008.

Peterson noted that because of the timing in launching the CECAC process, additional time will be needed to complete the process, and therefore, the final report will be delivered by June 2008 rather than March 2008.

Peterson proceeded to describe for the CECAC CCS' role as facilitation, support and analytical assistance. Peterson also indicated that the CECAC process represents a chance to build upon South Carolina's already existing climate and energy efforts.

Finally, Peterson noted that today's session would set stage for more detailed discussions by the CECAC, and that the next key step in the process was the formation of the Technical Work Groups (TWGs).

Continuing on, Peterson explained that the heart and soul of the CECAC's work will be to formulate and evaluate actions – tailored entirely to South Carolina – that can be compiled into a set of recommendations actions in a carbon reduction plan. The final report will emanate directly from the materials that the CECAC and the TWGs will prepare.

### **3. Recent Climate Developments**

Ken Colburn from CCS recounted several recent climate developments. The U.S. Supreme Court's April decision makes this outcome far more likely. The Court concluded that the states do have standing to seek action regarding GHG emissions, and that EPA is not only authorized to address GHG emissions but encumbered to do so. Accordingly, we ultimately expect to see some kind of carbon reduction program at the national level. Precisely how and when that will happen, of course, remains uncertain at this time

A second item Colburn covered concerned the Fourth Assessment Report from the Intergovernmental Panel on Climate Change. The first of four reports from this global body of thousands of climate scientists was issued in February and concerned the physical science basis of climate change. The second was announced in early April and concerned climate impacts, vulnerability, and adaptation. The third report will cover mitigation and will be released in early May. A fourth report synthesizing the Panel's findings and conclusions will be published this summer.

Domestically in the U.S., many states are now undertaking climate action planning, mitigation, and adaptation efforts, and state action on a regional basis is accelerating. Specifically, the Western Regional Climate Action Initiative (WRCAI) involving Washington, Oregon, California, Arizona, and New Mexico was recently announced and has held its organizational meeting. The Canadian province of British Columbia has also announced its intention to join the WRCAI. WRCAI member states have committed to establishing a regional GHG emissions reduction goal, identifying regional market mechanism(s) to help meet the goal, and participating in a regional or national GHG registry. There is significant interest from states across the country in a common GHG registry, and over 20 states are likely to formally launch The Climate Registry next month. No state will be compelled to join, of course, but The Climate Registry is being designed to meet multiple program requirements (e.g., voluntary participation, mandatory GHG emissions reporting, required GHG reductions, etc.). Having the functionality of The Climate Registry available will be essential for states that want to assist entities in securing credit for making early GHG reductions, commonly known as providing “baseline protection.”

Colburn concluded by indicating that we’ll likely review recent climate developments at every CECAC meeting, because developments are now happening so quickly, including budding discussions in Congress.

#### **4. Review of the CECAC Process**

Tom Peterson proceeded to describe in detail the structured approach that the CECAC will follow. As a stepwise process, attendance at each meeting is important. This is a democratic process, and all members of the CECAC participate on an equal footing. CCS will develop and post background material before every meeting in time for members to do their “homework” in preparation for the decisions to be taken at the meeting. Also, because this is a stepwise process, the CECAC and its subsidiary TWGs will reach agreement and then move on; there won’t be time for backsliding. Once the group has discussed issues and moved on to the next step, we can’t go back because each step builds on the previous one. Peterson also noted that no CECAC member should represent himself or herself as speaking for the group as a whole.

The CECAC process was initiated by Governor Sanford. CECAC will make recommendations directly to the Governor; TWGs will operate as technical subcommittees, bringing their recommendations to the CECAC. Members can participate in more than one TWG if their time permits. Opportunities for public input will be offered each step of the way.

Peterson reflected on a similar effort in Arizona to provide CECAC members with an example of the results of the stepwise process. Arizona’s Climate Change Advisory Group concluded with 49 recommendations, 45 of them unanimous, which collectively could reduce that state’s GHG emissions back to 2000 levels by 2020 and to half that amount by 2040. South Carolina’s growth rate is about 75% between 1990 and 2020, nearly one-half that of Arizona’s growth rate over this 30-year time period. In doing so, Arizona could save \$5.5 billion net present value through 2020 over business as usual (BAU) and gain 285,000 jobs. Implementation of the plan is now proceeding.

Peterson reviewed the ten steps that the CECAC will go through to develop its plan. Peterson went on to characterize the five TWGs that would be formed: Energy Supply; Residential, Commercial, and Industrial; Transportation and Land Use; Agriculture, Forestry, and Waste Management; and Cross-Cutting Issues.

Peterson also characterized the voting procedures that would be used to develop CECAC recommendations. At key points during the process, CECAC members will be asked to vote on decisions. The process will seek but not mandate consensus. The voting method will be based on a request for objections regarding any decision. Final decisions will be based on three levels of support, including: unanimous consent (no objections), supermajority (five or fewer objections), or majority (less than half object). As objections are noted, CCS will ask for clarity on the technical basis for the objection and for the objector to propose a constructive alternative to address the particular issue at stake. As needed, alternatives will then be developed by the CECAC and or TWGs to address barriers to consensus.

## **5. Recent Actions in South Carolina Relating to Climate Change**

Bob King provided an overview of efforts that South Carolina already has underway and under consideration which impact GHG emissions in the state. He noted that GHG reductions achieved thus far are associated with co-benefits of measures employed to improve air quality, save energy and money, and improve energy security. For example, South Carolina counties that participated in an Early Action Compact processes to achieve attainment of national ambient air quality standards have emphasized energy efficiency and conservation programs for buildings, energy use, and transportation that also reduce GHG emissions. Other examples include commuter bus services, alternative energy incentives being considered by the state legislature, green power purchasing options to residential and commercial customers, bringing buildings on South Carolina college and university campuses into compliance with Leadership in Energy and Environmental Design (LEED) standards, and land use preservation and agriculture incentives. South Carolina is second in the nation for number of biodiesel pumps, and seventh in the nation for ethanol pumps. He noted that South Carolina is aggressively pursuing hydrogen technology, and that the South Carolina Biomass Council is exploring the potential of biomass fuel.

Mr. King also noted pending Priority Investment Area Legislation (S.266) that was recommended by the Governor's Quality of Life Task Force in 2003. This legislation would promote coordinated long-term planning among local governments and other relevant governmental bodies and provide development incentives for builders. Representative Hagood reflected on S.266 further, noting that the bill would address the current absence of land-use planning (especially coordination and prioritization among local governments) in planning public infrastructure investments (e.g., schools, roads, etc.) because they have potentially significant land use impacts which in turn affects quality of life as well as GHG emissions.

John Clark reported that the Energy Freedom and Rural Development Act (H.3649) was just reported out of the House committee yesterday, and that there are several bills being

considered by the legislature to promote green buildings, two of which are proceeding through the legislature at this time.

## **6. Review of South Carolina GHG Emissions Inventory and Forecast**

Randy Strait from CCS introduced the South Carolina GHG inventory and forecast, noting that while standard EPA inventory tools are typically used as a starting point. Strait noted that this draft inventory and forecast is designed to be a starting point for the CECAC, not the final word. CECAC members are encouraged – and TWGs will be specifically requested – to review the inventory and forecast and recommend improvements and revisions for the CECAC’s consideration.

CCS’ work looked at electricity from both a production (emissions associated with in-state generation) and consumption (emissions associated with in-state generation and net exports of electricity) standpoint. Strait noted that the CECAC inventory and forecast will form the baseline against which the CECAC will measure its efforts, but it is not a source-by-source compliance-level inventory.

In reviewing the inventory, Strait noted that South Carolina’s gross GHG emissions by sector for the year 2000 match national sector shares reasonably closely, with the exception of the transportation and electricity supply sectors with emissions that are about 7% and 5%, respectively, higher than the national average. South Carolina’s emissions for the residential and commercial fuel use, agriculture, waste, and industrial non-fuel use sectors are slightly lower than the national average for these sectors. South Carolina’s per-capita emissions are a somewhat lower than the national average, but South Carolina’s gross emissions on a gross state product basis track the national average very closely. Overall, South Carolina’s GHG gross emissions increased about 38% between 1990 and 2005, and by about 26% between 2005 and 2020. Strait characterized the assumptions used to estimate future GHG emissions, and urged members to review and suggest improvements to it as well. He concluded by taking several questions from CECAC members on sector-specific approaches used in developing the inventory and forecast. CCS noted that the CECAC and TWG members would have the opportunity to review more detailed versions of the inventory and forecast and propose revisions for CECAC consideration.

## **7. Agenda, Time and Date for the Next CECAC Meeting**

Peterson noted that the principal task for the CECAC at its second meeting will be to review the universe of policy options developed by the TWGs to ensure that it is appropriately inclusive of all options (before TWG efforts begin to screen and select priority options for South Carolina).

Senator Courson indicated that the second meeting of the CECAC would be held on June 27, 2007 in this same location.

## **8. Public Input and Announcements**

Peterson issued a final call welcoming public input at the meeting. No audience members wished to make a statement. Senator Courson concluded by thanking CECAC members and others in attendance for an excellent kickoff meeting.