

Global Climate Change Commission Meeting
Thursday, 22 February 2007
2:15 p.m.
Room 643 LOB

The Legislative Commission on Global Climate Change met on Thursday 22nd February in Room 643 of the Legislative Office Building with Representative Joe Hackney, Co-Chair, presiding. Other members present were: Sen. Cowell, Rep. Harrison, Rep. Underhill, Rep. Wilkins, Mr. Clark, Dr. Eggers, Dr. Erickson, Mr. Tim Toben, Mr. Ivan Urlaub, Ms. Tompkins, Dr. Crawford-Brown, Mr. Everett, Mr. Howard, Mr. Profeta, Dr. Boyles, Dr. Riggs, Mr. Shore, Mr. Slocum, Dr. Smith, Mr. Stephenson, Dr. Uzochukwu, and Mr. Ebert. The visitor registration is Exhibit A.

Representative Hackney called the meeting to order and indicated that Co-Chair, Mr. Garrou is on his way back from Australia and gave the floor to Mr. Givens for introductory remarks.

Mr. Givens stated that each member should have six documents in front of them including an agenda and called attention to agenda item 5 which is an Introduction of visiting Members of the British House of Commons in London (Michael Ancram, Q.C.M.P.; Charles Hendry, M.P.; Peter Kilfoyle, M.P.; and Bill Oler, M.P.) They will be here around three and we will be briefed on what they have to say.

Each member should have a memo (Exhibit B), an agenda (Exhibit C), Interim Report to the Environmental Review Commission and the General Assembly of North Carolina (Exhibit D); Climate Action Plan Advisory Group Memo (Exhibit E); Protecting our Coastal Economy ASBPA by Dr. Erickson (Exhibit F); and a document from the John Locke Foundation from Senator Pittenger (Exhibit G).

Representative Hackney noted the presence of Secretary Ross in the audience and asked if the secretary would like to say a word of welcome to the group.

In accordance with our agenda we will proceed to consideration of recommendations for inclusion of the interim report and recognize Brock Nicholson, Deputy Director, Division of Air Quality.

Brock Nicholson: Mr. Nicholson thanked the chairman and stated as indicated at the last Commission meeting on the 12th of January we did have our CAPAG meeting on January 24th in which we considered those mitigation options that we thought were to be early consensus items. We did get early consensus on a number of them. We focused on options where we had early cost and benefit analyses – that early analyses was complete at least in a draft form and it was based on a unanimous consensus of the CAPAG group which I think is

important. We wanted to have it as a fairly tight filter at this stage of the game so that what you see before the Commission today was in fact a unanimous consensus of the CAPAG members. That was 16 of the 53 mitigation options for which we have identified out of the 300 or so that we want to focus our analyses on. We did have a majority of the CAPAG members present at this meeting and felt like it was a good balance and a strong signal in terms of this consensus. We did have further discussion and consideration of other options and it did result in the identification of the need for additional analyses requirements. I will note that all of the cross cutting items were voted unanimously to come forward to this meeting as recommendations to this body. The next question is what is the process of the CAPAG going forward from here? Certainly, on the remaining 37 options we are going to have further analyses, further discussion, in both the CAPAG itself, but first in the technical work groups and work through all of those issues that any of the members may have had on these additional items and refine that and adjust those items until we do reach a form of consensus. Not necessarily a unanimous consensus for the remainder of the process but we are looking for a consensus. We will share this progress with the Commission as we are going along. The schedule basically is that we will have the next CAPAG meeting on May 8th of this year and that will be the sixth meeting, the seventh meeting will be on July 16th and then we may as an optional meeting, have one in the September/October time frame. A draft report by September 07 is what we are shooting for with the final reconciled inventory and projection report for greenhouse gases in November 2007 and then the final report of the CAPAG by December 2007. All of this is hinged on a contract extension we are working on with the Center for Climate Strategies and Tom Peterson.

After December 07 we anticipate that some number of us, whether it's with the department or CAPAG itself, will be involved in presentations, etc. both to the Legislative Commission as well as the administration or the Legislature otherwise and certainly to the public. Lastly I want to thank those Commission members that have been active participants in the CAPAG process. It has been a very important aspect of what we have been doing. At this time I would like to turn it over to Tom to get into the meat and details and the numbers and so forth in our interim report.

Representative Hackney: Brock, thank you for all the work that's gone into the CAPAG process and we look forward to moving through these items. Mr. Peterson.

Mr. Tom Peterson: Thank you. I have a recommendation memo with the 16 items that the CAPAG recommended as early consensus.

Representative Hackney: This is the packet that you all should have that has the letterhead of Center for Climate Strategies is that correct? Does everyone have a copy of that before them?

Mr. Peterson: That is correct. Let me ask in terms of your preference for proceeding here. We have a list of the sixteen that are broken in three batches, if you would like us to walk through those either in brief or detail we can do so or if you have another preference by all means let me know how you would like to proceed.

Representative Hackney: Let's plan to run through them twice, once for you to make an explanation and then we can see them all before we start voting on them. That way you know what is ahead before you vote on the first ones.

Mr. Peterson: In order to do that what I would like to do is quickly do a phone link with our lead consultant for the first batch of these things Brent if you could get him on the horn. What we will be doing with the document in front of you should be relatively straightforward. Beginning on page 1 of the document you will see the first batch of actions these are known as residential, commercial and industrial. This is where we see energy use and process related emissions in what is typically referred to as the stationary source sector otherwise known as buildings, facilities, manufacturing, and institutions but this is essentially an energy efficiency and conservation package and that has a number of items involved that are labeled by the number that has been assigned to them in the CAPAG process. We have 53 options and we assigned a label and number to each and so you will see RCI2 right through RCI11 and these are the CAPAG assigned numbers for these options that we will refer to from here forward when we go through the list. The second batch is what we call energy supply on page 2 – we have two options there. This is a set of actions that relate to the generation of heat and power in North Carolina and electricity and direct fuel use for the stationary source sector. Just as a point of clarification, liquid fuels for mobile sources are not included they would be included in the transportation and land view section. The third batch that we will go through lies by the name of cross cutting issues functionally. This includes reporting registries, education, goals, adaptation a set of things that are not unique to a particular sector and as consequences are called cross cutting. There are six options there. So what I would propose to do is very briefly walk through each batch and each option and then depending on need we can have clarifying questions. Our lead consultant for RCI will be on the phone to help us with that. Just so you know, Randy Strait has been one of our lead consultants on the cross cutting issues, also David VonHeckle who is joining us on the phone has been principally involved in the energy supply issues that we will be touching on in just a moment.

Representative Hackney: All right let's proceed.

Mr. David VonHeckle: Good morning members of the Commission.

Mr. Peterson: David what we will do here will be our usual federal express version and then we'll be circling back for clarifying questions later. So if you

could do the federal express on RCI.

Mr. VonHeckle: Ok I'll provide approximately two sentence description on each of these RCI options. These are the options that did receive consensus at the last CAPAG meeting. RCI2 is expanded energy efficiency funds this is an expansion of the collection of funds to approximately the level of one percent of utility revenues in both the electricity and natural gas sectors and those funds would be spent on energy efficiency programs in each of the residential/commercial/industrial sectors. They would be spent on a variety of different applications and we haven't and probably will not specify those precisely but basically a range of different energy efficiency options.

RCI3 is energy efficiency requirements for government buildings and these are for state and local and municipal government building that would be above and beyond building code requirements including some of the expanded building requirements for energy efficiency that are included in other RCI options. We would essentially breach code, if you will, for government buildings to target.

RCI4 is market transformation and development programs. These are opportunities for the combination of groups including public groups, private groups, retailers, manufacturers of energy efficient equipment and appliances to come together to offer opportunities to transform market so that the markets themselves pick up more efficient appliances and equipment without the application of additional codes. This actually goes beyond what is in RCI5 which is improved appliance and equipment efficiency standards. Here there is consideration of a standard that goes beyond the federal level. But there is substantial preference on the part of the CAPAG and as well as in our technical work group to make sure that if standards for appliances and equipment go beyond federal standards are on equipment that are not covered by federal standards that there will be as much coordination as possible with other states also considering these higher standards so that it is not just a North Carolina statistic standard. But a standard that covers a number of different states, preferably in the regions but perhaps in other areas of the nation as well. This option also includes a recommendation that North Carolina support higher standards at the federal level because that is the most efficient in terms of application by manufacturers of higher standards nationwide.

RCI6 is an improvement in building energy codes which includes a combination of improved energy efficiency standards, higher energy efficiency standards for North Carolina buildings and also an enhancement to make sure that the building codes are well supported by inspectors and by building designers, building developers so that it includes as an implementation mechanism as a bunch of implementation mechanisms educational mechanisms to make sure that these building codes can be applied well in North Carolina.

RCI7 is beyond code building design incentives and targets including incorporating local building materials and advance construction. This option is sort of an **inaudible** to the breach code or the beyond code activities included in RCI3 for government buildings except this is for private and non-government buildings. It's essentially intended to be incentives and other supporting types of mechanisms to get buildings to be much more efficient than they are today. In fact more efficient than the enhanced building codes would have them be. They are working toward a situation where there is much less, perhaps even fifty percent less energy consumed on average in buildings per unit of floor area than there is now.

RCI8 is a combination of education measures including education for consumers for primary and secondary school students and post secondary and specialist education taking place in colleges and universities and other venues. In support of the overall goal of reducing greenhouse gas emission in the State of North Carolina and also in support of the specific element of the different residential, commercial, industrial and in many cases other technical working groups suggestions. So this option does not include, we have not done any quantification for this option because many of these elements are very important to, but almost integral to some of the other options, but cannot easily be described savings or cost on their own.

RCI11 is the last of the options that received consensus at the CAPAG meeting although there are several RCI options still pending. RCI11 is residential, commercial, and industrial energy and emissions technical assistance. What is often been called audits in the past and recommended measure implementations. So its support for our process where experts sometimes engineers, sometimes well trained technicians would go into residential, commercial, industrial buildings and make suggestions at the opportunities for energy savings and in the cases of some industries, opportunities for reducing non-energy related process emissions for greenhouse gases. That's the RCI package that is before you right now.

Mr. Peterson: And before we proceed to the next batch let me just amplify a little bit. If you will turn to page 4 of that same memo you will see a table that summarizes the options that David has just reviewed and that table includes quantification of estimated potential greenhouse gas reductions as well as the potential cost or cost savings associated with the implementation of those measures. The numbers under the first three columns are expressed in million metric tons carbon dioxide equivalent reduction. The \$ columns, just so you know, if you see a negative sign there, that means that the cost savings measure as opposed to a cost spending measure on the net. The analysis of these resolved on specifications of the work groups, David can elaborate if necessary on that. In addition to the table summary on page 4 you will find for each of the options that David has just reviewed on the following pages from 5 – 13 a one page description of that option which includes a mitigation option description,

what we call option design which specifies the goals, timing and participating parties involved in that. Those are key mitigation option design parameters that we use for actually analyzing reductions and cost. And finally potential implementation mechanisms, these are the specific approaches by which this action might be implemented and that includes potentially the implementing agents or agencies. You will note as you review these, that in some cases the CAPAG was prescriptive in terms of how these options might be implemented and in other cases they were not prescriptive assuming that additional details would need to be worked out later through either rule making or what ever sort of follow up implementation process might be appropriate. Would you like me to go through the entire list before we circle back?

Representative Hackney: I think maybe we ought to take them section by section – so let's go back through this section. Do we still have David on the phone? Let's take discussion and see if there are any motions on these starting with RC12 on page 5.

Representative Harrison: I need a little bit more of an explanation about the net present value and cost effectiveness. All of these are negative numbers so they are all cost savings. I guess I'm trying to figure out what exactly they mean. You've got the carbon emissions reduction achieved in that one column and then you've got this net present value, I don't think I really know what that means with cost effectiveness.

Mr. Peterson: My apologies for too many acronyms and such just to go to Table 4 and let me know if I don't answer your questions. But the very first column which we've got instead of the three columns that are underneath the heading GHG reductions, that's greenhouse gas reductions milimetric tons. And we have a snap shot for any particular option. What we did is we quantified the amount of greenhouse gases that would be estimated to be removed from the atmosphere over a given period of time. That time period is specified in the longer write-ups of these options under goals and timing – when it starts, when it stops. The typical start up is present and runs through the year 2020. What we do is we analyze the cumulative greenhouse gas reductions that occur between the start and end point for that option and that is that number that's under the column that says total 2007-2020. That's the total reduction over that period. We provide snap shots for years 2010 and 2020 that are annual snap shots of reductions during that same period; so that's on the reduction estimates, how we arrive at those numbers. On the economic numbers we do something similar – we look at the combination of positive and negative costs of implementation between the start and end periods of the option and that is the column that is net present value 2007 through 2020. That is the sum total of the net position of the positive and negative cost over that time period that is financially discounted to adjust for the time value of money. I think our discount rate is either five or seven percent and we use whatever the standard state discount rate is for impact analyses. The next column which is cost effectiveness is the average net cost per ton

which in this case the negative means a cost savings of removing emissions from the atmosphere during that period of present through 2020 whatever the start and end periods of that option are. So throughout the duration of the implementation of that that would be the average cost effectiveness in discounted terms of removing emissions. The negative numbers again indicate that cost savings, David could split out the details in most cases, that is a number that represents expenditures for energy – so it is an energy savings number that has been modified.

Representative Harrison: Thank you. So we've got a classifiable figure for the carbon reductions.

Mr. Peterson: Yes.

Representative Hackney: Further discussion on RCI2? Dr. Everett, what took you so long?

Dr. Everett: I was waiting for others to speak. For those of you who are not part of these working groups and haven't had the benefit of all the hours of time that we've spent in these figures, you're now just as confused as we are and I asked the very same question Representative Harrison asked. It appears that if you look at these tables and maybe it's because I am just not capable of understanding it. But you have to ask yourself what in the world have we been doing? We could be saving millions of dollars if we had been doing all of these things. So there clearly is some cost here that does not get very well captured and I don't know how best to capture it. But we somehow have to say to the people that look at these tables, for example, maybe we should just look at the expanded energy efficiency fund, that the funds have to come from somewhere and that is the piece that seems to get lost over. It appears that we should just go out tomorrow and save all this money and that's the translation that is very difficult for me to make. And I think for the people who were in the working groups we continued at each of these meetings to get these same packets that we had a difficult time digesting and understanding. So I would just say there is a translation problem for me and maybe it's just me but otherwise we have lots of opportunities here and it's free.

Representative Hackney: What is the amount of the public benefits charged currently?

Mr. Nicholson: I understand but I certainly could stand corrected, I believe it is five percent of a dollar or 1/20th of what is being proposed here.

Mr. VonHeckle: That sounds correct to me approximately.

Representative Hackney: Further discussion?

Ms. Choi: I also like George have been participating in the CAPAG process and Tom I don't know if you recall the conversation that we had on the 24th. But this particular RC12 was also a recommendation that was in another working group and we sent that one back for further study and when we discussed this. Then we thought that this also would be going back because it was the same recommendation coming out of two working groups equivalent to the energy supply, seven which we sent back for further study and particularly to address some of the questions that came up around what is the cost to the customer in that impact and the confusion over some of the figures.

Mr. VonHeckle: I think I heard much of that. Let me just step back a second and explain where this negative net present value number comes from. Both Mr. Everett and the person who just spoke are perfectly correct that there are costs to saving this energy. So you're seeing a negative 1.3 billion dollars in net present value, well that is a net figure – so there are costs to purchase more efficient equipment than would have been purchased otherwise. For example, a higher efficiency refrigerator or a more efficient motor than a customer would have purchased otherwise. There are also costs for administration of management program for example which might be done by a utility, might be done by another party, those costs are all in there, but they are more than offset by the savings in what we call avoided costs. Avoided costs of electricity, avoided costs of natural gas and in preparing this estimate what we have used on the electricity savings side have been avoided costs that have been derived from documents submitted to the North Carolina Utilities Commission by the major utilities. So it ends up at about 5.6 cents per kilowatt hour and that includes some credit for both energy that is the fuels that goes into electricity generation as well as capacity, so that's on the savings side. That is the negative part of it then there is a positive part of it which is the costs of saving energy. The cost of applying energy efficiency measures again and that is both including the administrative cost in the program and the net cost to everybody who contributes to that cost which is going to be both the utility or the program sponsor and the customer. The combination of those costs we've used a value that is about 3.3 cents per kilowatt hour saved lifetime by the options that are included in these energy efficiency funds. And that number came from a study done and completed at the end of 2006 by a firm called GDS done for the North Carolina Utilities Commission and we just updated our analyses to include that particular number – that is an average of all of the options that were included as cost effective options by GDS. And their cost effectiveness standard was actually five cents per kilowatt hour.

Representative Hackney: Thank you David.

Mr. Peterson. Thank you David I think we are going to summarize and move on. Just for clarification I think I would like for folks to know that in your decision memo on page 3 we have a listing of links for ...

Representative Hackney: Mr. Peterson we don't need to do that let's continue discussing on this item. Mr. Smith.

Dr. Smith: Thank you Mr. Chair. I guess in response to George's sort of broad comment, my understanding of this is that while there are cost, this program has comprehensive savings and benefits that go across the board to consumers and I think what is important about a number of these programs is for the first time we are beginning to get a level of clarity about if we were to implement energy efficient programs in the State of North Carolina on a comprehensive way that consumers across the board are going to save money in a big way because of these aborted costs. So there might be cost to some of the utilities because of loss revenue on sales and other things like that. But the reality is that overall for economy of North Carolina this is a very positive thing and I think finally we are beginning to get some of that resolution, some of that clarity that we haven't had before. And having some independent looks at this, I think, begin to make this transparent for the first time.

Dr. Eggers: I just like to respond to the comment or maybe the implication that if it were such a good idea why were we not already doing it. Maybe that was not the implication but sometimes that is the criticisms of programs like this. I think the numbers are consistent with numbers I've seen elsewhere and not surprising and I've got a house that is almost 100 years old and a couple of years ago I had installation blown into the walls and it paid back in less than two years. And anybody could have done that in the last nearly half century and had that pay back. So we don't always do things right away that are going to directly benefit us. Another thing is these numbers I think are artificially conservative in the sense that there is a proposed peaking facility Congress is proposing in Buncombe County, 120 megawatt plant. And if that plant runs ten percent of the time, based on the emissions numbers they have presented, we gave those numbers to US EPA and EPA cranked them through the models they have and then we looked into health effects, at ten percent that plant will increase the amount of money our county health department will have to spend on respiratory illness by 1.9 million dollars per year according to all the federal models. So those types of (inaudible) benefits aren't from these numbers. So I would take that into account as well.

Mr. Slocumb: There is a cost here and I guess that is what I'm trying to get a handle on that. You know maybe a few dollars on a residential customers bill is not a big deal but I'm a little concerned about major manufacturers which many of them are members of my organization and what if their power bill is a million dollars a month. What kind of costs are they going to incur and does that actually deter them from taking money that might be available to make energy improvements. Was there any discussion of how this would affect or the cost would affect significant or large manufacturers?

Mr. VonHeckle: I think the best way to say it is when it comes down to a time to actually design the programs and one percent of revenues and efficiency fund, that's a pretty significant program. You would want to make sure that all the customer groups are in the position to benefit substantially from the program. That doesn't mean that every individual customer will necessarily take up the opportunity to reduce their energy use but the idea is that most customers, the bulk of customers, and certainly every customer class will have the opportunity to reduce their energy use. Now those that participate in the program should see their bill decline from what they would have been otherwise. Those who do not participate there will see some rate impact and their bills will increase. So it really depends, like I said it is a question of fairness, you want to design the programs such that each customer class has the opportunity to participate. And if for some reason

Representative Hackney: Thank you David.

Dr. Everett: And I guess really what I was just trying to get to is I certainly understand that in the net if we were to take a lot of energy efficiency measures and put them in place that people's bills would reflect the improved use of electricity and therefore some savings. The thing that I just think we miss when we see it presented like this and it would be good for Bob and other individual home owners just to understand, what does this mean if in fact we wanted a program designed just like RC12 is contemplated? How do we get that money to put those programs in place and what it would look like to the bill payer so that we would know if we were voting on a recommendation exactly what was going to happen. We know in the net somewhere out there in some period of time there is a benefit, a net savings to the customer, but in order to get there something has got to happen and that's the piece that I'm just looking to make clear to everybody then we can decide whether to do it or not.

Representative Hackney: Is there anybody that is not clear about that?

Mr. Urlaub: I think we are not clear in our discussion here because when you implement RC12 and you successfully implement it, we are taking demands, we're reducing demand for electricity. And over a long period of time, consistently every year reducing demand for electricity starts to add up to the point that the discussion about having to build power plants ten years down the road, 15 years down the road. If we're implementing efficiency measures through this program now and next year and the year after, those add up to the point where we don't have to build as much in the future if we're permanently taking that demand off the grid. This is similar concept that applies when we require the use of renewables. One you implement a certain amount of them, we're basically shifting how we meet some of that demand from coal, nuclear, natural gas and oil over to something else. Efficiency in this case or renewables in other cases, so that's the cost savings benefit to all rate pairs ten years from now because everybody gets to avoid having to pay that additional cost for that

additional 500 megawatt power plant that we might build ten years from now if we implement all of this energy efficiency now. Then we see that lower bills for everybody down the road because we are putting less into the rate base in the future.

Senator Cowell: Just want to speak to the financing mechanism because I've been working on it for the government building piece, RCI3 which I've got a bill coming out probably in the next week or so. I think there are very low cost which can be funded through operating expense, I realize that's the exception not the rule that some of these are going to have to get into major capital equipment energy performance contracting is I think the next tool that can be used for commercial, industrial, and institutional. Those are in place already in North Carolina, we have a number of firms providing those contracts where they basically get their money back and their fees through the energy savings of that contract whatever the terms are. That is already in place in this state and for the government we've just increased that cap to one hundred million. Then I think for residential is the hardest, how do you get residential consumers to blow the insulation into their attic. I know one possibility is having a very low interest loan that could be paid through the utility bills or something like that that makes it easier. That's sort of what I'm envisioning on this measure and tell me if I'm wrong in those visions.

Mr. Von Hemple: I'm sorry the question is.

Mr. Nicholson: If you didn't hear the details ok. It was the details in terms of actual implementation, what particularly would happen. I would just

Mr. VonHeckle: And I think what was suggested were certainly very interesting and useful options for implementation of not just some of the options in RCI2 but several others as well.

Representative Hackney: I note that our guest have come in and let's take a pause in our discussion right now and come back in just a moment. I want to take some time and introduce our friends who are visiting with us today and I will ask you to stand and then I'll call on a couple of the leaders for remarks. We have a Member of Parliament, Michael Aneram. Welcome sir we are happy to have you with us. Another MP, Charles Hendry. Peter Kilfoyle another Member of Parliament. Bill Olnier another Member of Parliament, welcome sir. And Martin Rickerd, Counsel General. Who have I missed? Alright I'll call on the Right Honorable Michael Aneram at this time, sir if you will come to well of the committee room and address us we would be honored.

Mr. Aneram: Representative Hackney, ladies and gentlemen can I say what an honor it is for myself and my colleagues to be here today. I am very impressed to see this fate of rail experience and political will gathered together in this room because this is I think is an indication of the importance of the subject of which

you are dealing with. Our visit in a sense also recognizes the importance of the challenge of global warming and climate change. I was pleased to see that in the title of your group, you call yourselves the Legislative Commission on Global Climate Change and that word global is to me a very important one because although each in our own areas are having to deal with the challenges which are going to effect us geographically. We equally have to understand that the only way of resolving the challenges overall is by dealing with it on a global basis. It is that degree of global coordination that is going to be at the basis of finding a successful answer to what is probably the most important challenge facing our generation. It strikes me that at the moment we are seeing a change in the political climate which is vitally important towards moving forward what you are trying to do here. I'm obviously not going to comment on the politics of the United States, so I am beginning to see a emerging here a consensus about the nature of the problem which I think is welcomed to us all. I can only speak for my own country where the group here today represents the two major parties, the Labor Party which is the government party at the moment and the Conservative Party which is the main opposition. Where there is a consensus of approach which is almost unique in our political history and I may say that the third major party, the Liberal Democrats are also in the same frame of mind and we are seeing what is probably the most encouraging thing in our area and that is almost a competition to be further ahead of the others in terms of how we feel with this particular challenge. And that sense of competition may be but is almost more important than anything else because the science of climate change and global warming can be done, has been done in the words of one academic I saw today, may well have been almost completed. What has not been completed is the political will across the international community as a whole. It is going to make what the science tells us needs to be done happen. And I am delighted and honored to be here today to see the work that you are doing because you are addressing the problems not just of North Carolina but you are addressing also the problems that are going to have to be taken off and effectively put into practice by the rest of the world as well. So thank you for inviting us today, thank you for allowing us to listen to your deliberations. As I say, probably in our political lifetimes this is the most important task that any of us are ever going to be asked to do because we are not just dealing with the problems of the moment we are dealing with the problems of the future, the whole question of the future of our planet. That is work worthy of the effort that you are putting in. I wish you all luck with that and I look forward to seeing the results of your deliberations in due course. Thank you very much indeed.

Representative Hackney: We will next hear from her Majesty Counsel General from Atlanta, Martin Rickerd.

Counsel General Martin Rickerd: Thank you very much Representative Hackney, ladies and gentlemen. I think Mr. Ancram has really said it all. The difference between him and his delegation and me and mine (**inaudible**) as well is that they represent the British Parliament and I represent the British

Government. The difference is not one that you would hear as we go about because we all agree as Mike Ancram just said about the importance of hackling this issue. I'm based in Atlanta, I come up to North Carolina whenever I can. I think this is my fourth visit. We in the Consulate General have close relations with the Commission since it was set up. We are delighted to continue that relationship. I am personally very pleased to see the Commission in action this afternoon. This is the first time I've had the opportunity to be present for one of your meetings and like Mr. Ancram, delighted to be here. I congratulate you on your work and I'll let you get on with it. Thank you very much indeed.

Representative Hackney: We are delighted to have our visitors with us today. I have some fairly substantial biographical information up here which I wish I had more time to share with you. These are very distinguished members of Parliament and distinguished leaders in their country. I do want to note for you that there is a burrow in London known of course as Hackney and I do hope you will look after it well. Thank you for being with us. Mr. Peterson if you will come back to the front we will resume our meeting.

Mr. Givens: While he coming up I would like to recognize Cindy Groff-Venman who is with the Consulate General's office and helped us coordinate this visit. Also there was an additional hand out from Jim Hagan Exhibit I), captioned Global Warming Initiatives Incorporated that will be included in the record. Thank you.

Representative Hackney: Now we are back on RCI2, does anyone have a motion to put this one on the table? Representative Harrison so moves. Is there further discussion?

Mr. Urlaub: Mr. Chairman I wanted to clarify to what extent we know what we're voting on here. Are we voting on the recommendation of the concept that is described in the first description, are we voting on some of the details that are inherent in the page description. I would like to know what the report will reflect so that I'll know what my vote is supporting or not.

Representative Hackney: Alright, let me try to answer that and others can join in. You are voting to include in the report a recommendation along the lines of RCI2 which may or may not contain all the details of it but is substantially that. Is that clear or murky enough? Further discussion, Mr. Howard.

Mr. Howard: I just want to maybe ask a question, let me first make a statement. In the manufacturing community, in particular, large manufacturers most of those folks have their own energy managers. They look at on a regular basis how they can save money which is the bottom line in their overall cost structure. How can we produce our product at the lowest possible cost? They do that every day, what we're asking them to do as I understand it, maybe I miss understand, but as I understand RCI2 we are talking about a one percent public benefits fund that

they would all have to pay. Some of our members have power bills that are in the 20 million dollar a year ball park and higher. So we are asking them to not only support their own energy managers and that investment that they make to lower the cost of their productions, we are asking them to also pay a significant amount of money annually into the public benefits fund. The other point I wanted to make has to do with this cost question. To me I try to put it in some term other than an electrical term. I can go out and I can buy a Range Rover that will take me four hundred thousand miles before I have to buy another vehicle and I'm going to spend a certain amount of money to do that or I can go out and buy a Ford that's going to take me one hundred thousand miles and I can spend a whole lot less amount of money to do that. The average might be in favor of the Range Rover but I can't afford a Range Rover. I think there is a lot of concern within the manufacturing community about the initial, what I call the start up cost of all of this.

Mr. Shore: To add a few things to what Preston just said, first of all I think there is a common agreement that there are great opportunities for us to use energy more efficiently in North Carolina and that can certainly make our economy more efficient, create jobs and have other benefits. I just want to make a comment on the scale of the numbers that we are talking about. Right in the middle of the page under goals and timing #3, the rough recommendation is that we're talking about one percent of utility revenues being invested in energy efficiency and that number I believe is quite consistent with what Duke Energy their CEO Jim Rogers has expressed a willingness for Duke Energy to put 50 million dollars a year into energy efficiency which is about one percent of their revenues. George, correct me if I have that number incorrect. So I think these are numbers that are acceptable and there are benefits to them and then finally, I'm sympathetic with Preston's point about the impact for large industrial rate pairs and there is nothing to say that we couldn't have this type of policy and also have some type of cost cap for industrial customers.

Representative Wilkins: Thank you Mr. Speaker. I'm going to be willing to move this out of here because I know it's going to get more intense debate at another couple of levels and I think we will have an opportunity to hear from these efficiency managers, my lack of a better term. On that basis I know there is going to be much more debate on a couple of levels and therefore I am ready to hear those debates.

Representative Hackney: Further discussion? Dr. Everett.

Dr. Everett: I want to confirm that number that our CEO has committed to spend on efficiency what he hasn't committed to and therefore it's hard for me to commit to come from a public benefit fund.

Representative Hackney: Fair enough. Alright all in favor of this inclusion of this one in our interim report please say aye, opposed no. The ayes appear to have

it, the eyes do have it. RCI3 – this one says that government should lead by example and improve energy efficiency in all government buildings. Senator Cowell moves adoption. Discussion? Mr. Slocumb.

Mr. Slocumb: Mr. Chairman I have one concern about a recommendation that would mandate or tie some of this program to the lead standard. There is a somewhat perverse twist in leads in that in the scoring of energy efficiency or environmental benefit, more credit is actually given to steel and concrete than wood. And in fact the only wood that can get credited under the lead standard, it must be certified under a program called Forest Stewardship Council. And there is none of that in North Carolina, so tying this to a lead standard would actually be contrary to RCI7 which calls for use of local materials. It would force really using potentially materials from a long way outside the state and on a life cycling analysis wood is far superior to steel and concrete in its environmental footprint. So I see tying this to specifically in terms of construction to a lead standard as contrary to what we are trying to accomplish with reducing emissions and environmental footprint.

Representative Hackney: Mr. Peterson you want to respond to that?

Mr. Peterson: Just to confirm a technical point that has been raised here there is substantial modeling the consortium known (*inaudible*) has been looking for some time through field studies at the effect of substituting wood products for conventional building materials, steel and concrete. They fair about 28 percent better in terms of embedded energy use so at a technical level your point is correct. Anything that would expand this to incorporate that form of wood products would certainly potentially enhance greenhouse gas savings of this measure.

Representative Hackney: Mr. Slocumb do you want to propose some clarifying language to go along with this as we move it along if we do?

Mr. Slocumb: I would be happy to, there are some very positive elements of lead that's only in these construction guidelines that I think we have a problem and there are certainly other green building initiatives that are far more I think I say liberal but in that they do recognize wood on a much broader scale. One that comes to mind is called Green Globes. But I would be happy to get staff more information on all of this.

Representative Hackney: Senator Cowell would you be willing to amend your motion to provide for the reasonable inclusion of this concept as expressed by Mr. Slocumb? Alright, that's what's before us. Dr. Crawford-Brown.

Dr. Crawford-Brown: One of the issues with this particular one, I'm sort of going to pitch the idea of a rider here, something like this to it. At the universities, I'm only going to speak for the universities, other organizations have the same

issues I am sure. We find it very difficult given the way in which pricing goes on for the buildings that are on our campus where the lowest bidder wins out and you don't really have a very long time horizon for calculating the savings from energy. We have a hard time getting those buildings approved through the current process and in particular getting the monies that are needed for the certification under lead and so forth. So I hope that part of this RCI1-3 there could at least be a sentence that might say something in the effect that state purchasing policies, construction policies with respect to the universities might need to be simply reviewed or something to be consistent with this one because there are a number of hurdles at the moment to getting to here at the university level.

Senator Cowell: I just want to reassure you that we have talked to President Bowles and his office and we are looking at capital planning process. I understand that that is part of the problem.

Representative Hackney: Further discussion? Alright it's been moved that we include RCI3 – Energy efficiency requirements for government buildings, all in favor please say aye, oppose no, that one will be included. RCI4 – Market transformation and technology development programs. This as I understand it is an encouragement from the private market to incorporate energy savings technologies and I would direct your attention to potential implementing mechanisms at the bottom, this is a necessity I guess at this point, a very generic recommendation. Someone want to move its adoption? Representative Harrison does along with Dr. Smith. Discussion?

Dr. Smith: I just want to make a quick comment that there is a group doing market transformation work throughout the southeast, the Southeast Energy Efficiency Alliance and I think this was a program that has done quite well in other parts of the country and so I would just encourage people that anything we can do to get more efficient products and transform the market that way through initiatives like this have proven to be very valuable.

Representative Hackney: Further discussion? If not so many has favored the adoption of RCI4 for inclusion in the report, please say aye, oppose no, the ayes have it. RCI5 – Improve appliance and equipment efficiency standards the replication of standards adopted in other states for appliances and other equipment. Is there a motion? Representative Harrison moves. This is a policy, further discussion? Mr. Howard.

Mr. Howard: Mr. Chairman could I ask are there any other states in the southeast our region that currently or have already done this? The text talks about developing regional type approaches, I'm just curious because I don't know.

Mr. Peterson: David do you know the answer to that?

Mr. VonHeckle: Not to my knowledge is the answer – I know that there was a recent report out of Florida on energy efficiency potential so there is some consideration of it going on down there but not to my knowledge. There is a lot of it going on around in other parts of the country however.

Dr. Crawford-Brown: There is part of this I just need some clarification on. Is the proposal here that the state will in its own activities adopt energy efficient appliances or is it literally something like if you want to sell your appliance here in the State of North Carolina it has to meet the following energy efficiency requirements? I am not clear on that.

Representative Hackney: The latter.

Mr. Howard: Is it contemplated that some of the funds that will generate in the public benefits fund program would go to offset costs for low income users to purchase these more expensive appliances?

Mr. VonHeckle: I think that certainly is a possibility. I think again that's a design issue for how the funds that we collect in RCI2 might be spent but it certainly is an opportunity there.

Dr. Smith: I would also, Preston for your benefit, I know that some of the discussions with the market transformation mechanisms there is one of the ways to lead to that is to provide incentives that could help buy down the cost delta between a more efficient product and one that may be standard. So I think there are actually two programs that could benefit from. I think the benefits fund and the market transformation mechanism could potentially do that.

Representative Hackney: Further discussion? Dr. Chukwu.

Dr. Chukwu: Trying to wonder if there are examples of their plan?

Representative Hackney: Examples of the kind of appliances we are talking about, refrigerators, washer, heavy equipment?

Mr. VonHeckle: Yes it does include appliances that are now under federal standards. But for which some states are considering higher federal standards which might include washing machines, dish washers, refrigerators. But it also includes equipment and appliances that are not now included in federal standards but for which some other states have considered some types of efficiency standards and these might include for example commercial refrigeration.

Representative Hackney: Can our fans from the UK, can you tell us if you have the high efficiency standards that are mandatory for appliances? Do you have that?

Mr. Ancram: Mr. Chairman we do have mandatory requirements on certain levels such as the minimum standards that you require but of course there is a difficulty because we are in the single market in Europe and it is possible to bring things in even across the English Channel that don't necessarily match up to those standards.

Representative Hackney: Thank you.

Mr. Ancram: Mr. Chairman could I just add briefly to that as well, across Europe there are standards of energy efficiency which are white goods, so fridges and items like that have to show and so there is a star rating for that. And the discussion of the moment of whether that should be applied to brown goods as well so other electrical goods so the debate which is taking place now at this time.

Representative Hackney: Thank you for that contribution. Further discussion? If not so many as in favor of the inclusion of RCI5 – Improved appliance and equipment efficiency standards please say aye, oppose no, and it will be included. RCI6 – Building energy codes. The international energy conversation code 2000 is the model, is that the current model or the desired model?

Mr. VonHeckle: I believe that is the current model.

Representative Hackney: Alright so we would be proposing code amendments to adopt more stringent codes to improve energy use in buildings, adopt innovative features, statewide enforcement of existing and new codes at all levels, regular updates, modify codes to remove obstacles to renewable energy use, and education for building inspectors and professionals. Is there a motion? Senator Cowell. Discussion? Representative Wilkins.

Representative Wilkins: Thank you Mr. Chair. Mr. Peterson I'm for the moment going to assume that this will cause probably the number of inspections and inspection fees to rise, would this be correct?

Mr. Peterson: The question is whether the number of inspections and inspection fees would increase under this option versus the base line?

Mr. VonHeckle: I'm not sure whether the number of inspections would increase but I think it's probably a fair bet that the stringency of inspections would increase and that inspectors would need more specialized training in energy efficiency.

Dr. Eggers: Did ASTM not announce that they were going to go to 30 percent more efficient for base building by 2010, maybe we could amend this to have the numbers reflect that if that has been made public by ASTM.

Representative Hackney: Did you hear that David?

Mr. VonHeckle: I am sorry I did not hear.

Dr. Eggers: Do you know about ASTM basic numbers going to about 30 percent more effective by 2010?

Mr. VonHeckle: I guess I still am not picking up the exact question. I'm sorry.

Mr. Peterson: ASTM numbers, David.

Mr. VonHeckle: I'm sorry could someone repeat the question please?

Representative Hackney: ASTM energy use standards are to be raised by 2010 true or not? And relevant or not to this discussion?

Mr. VonHeckle: I guess I'm not sure about the answer to that.

Representative Hackney: OK. Of course in some cases the increase in national or international standards can render superfluous whatever this sort of thing does.

Mr. VonHeckle: Yes that is true the idea here is that these would be more stringent than national/international standards. That they would sort of push the envelope to be more efficient than the average and certainly what is being implemented today in North Carolina.

Dr. Crawford-Brown: I like this particular one right here, hope you can adopt this one because what we've learned in England for example is that until a municipality can point to the federal government, the national government on building standards they were very loathed to stand up to developers because they would just lose the battle. Our municipalities in North Carolina tell us the same thing, the municipality needs this leverage to be able to tell new developers that energy efficiency criteria is going to be considered. So this is an important one I think.

Representative Hackney: Further discussion? I forgot what we have a motion on Mrs. Utley do we have a motion? Senator Cowell moves the adoption of RC16 – Building energy codes. Further discussion? If not, so many as in favor of that motion please say aye, oppose no, and it will be included. And like all of the others Representative Wilkins, subject to a lot of future debate. RC17 – Beyond code building design incentives and targets. It is not very specific I would note,

to provide incentives, doesn't say who will pay for that either, presumably state tax credits or something like that. Mr. Peterson can you

Mr. Peterson: Mr. Chairman I would just add that this goes for all of these litigation options, there is a far more detailed description in the appendices that we provided as a part of the discussion today and this particular case it's a couple of pages worth of specifics of that that have been out there for discussion within the CAPAG and work group at some point for some time. David certainly could elaborate on some of the specifics but I do want to note that we have a tremendous amount of detail behind this one page summary.

Representative Hackney: Well I guess it's of note that this is a goal, it's voluntary, its part of the cost is borne by the incentives and so it's an attempt to use the private market plus a little bit of government incentives to achieve the goal. Is that a fair description of it Mr. Peterson?

Mr. Peterson: David did you hear that?

Mr. VonHeckle: Not entirely I'm afraid. Did

Representative Hackney: Representative Wilkins.

Representative Wilkins: For a motion Mr. Chair whenever you're ready that it be included.

Representative Hackney: Representative Wilkins moves the inclusion of RCI7 – Beyond code building design incentives and targets. Further discussion? If not so many as in favor of inclusion of the motion, please say aye, oppose no. The motion carries. RCI8 – Education at all levels for builders and contractors, for building design related professionals, at community colleges and trade schools, consumer education, state energy office, school curriculum. This one will get a fiscal note when it gets introduced as well. Representative Harrison.

Representative Harrison: Motion for inclusion.

Representative Hackney: Representative Harrison moves for inclusion. Further discussion? If not so many as in favor of the motion, please say aye, oppose no, that one will be included. RCI11 – Energy and emissions technical assistance and recommended measure of implementation for the residential energy audit program, commercial energy audit program, industrial energy audit program, follow-up mechanisms and incentives and financial assistance. Parties involved: utilities, state agencies, efficiency providers, regulators and others. David are you there? Can you give us a little more specifics on is this intended to be a State Energy Office run program or

Mr. VonHeckle: The idea was that it would expand the number of audits done every year. Quite a lot and would offer, once the audits are complete, would offer some incentives to the consumers whose premises have been looked at to implement some of the suggested options. These could be done through the Energy Office, could be done through an expanded set of different agencies. Does that answer your question?

Representative Hackney: I think so. Is there a motion?

Mr. Urlaub: Our organization and our work with the Utilities Commission employee of the Industrial Extension Service who provides such services in the industrial sector told us that his funding only enabled him to do about 40 such audits for say medium and small size industrial entities, manufacturing facilities, others who are often small enough that they can't afford an energy manager and so they were filling their annual quota, so to speak, within about a month and a half or two months. So he was finding a lot more demand for such services than they were able or funded to supply.

Representative Hackney: Further discussion? Is there a motion?

Representative Wilkins moves adoption. Further discussion?

Representative Wilkins: A comment with that please. While I don't agree with everything that I see under RCI11 I certainly agree with the attempt and I think it needs to move on.

Representative Hackney: So many as favor of inclusion of #11 please say aye, oppose no, the ayes have it. I believe we have concluded that category, is that right Mr. Peterson. David thank you very much for your assistance.

Mr. Peterson: Before we excuse David I would actually like to have him pinch hit for the next one if he might.

Representative Hackney: Ok David it is ES3 and ES9. Are you with us?

David: I'm sorry is the question directed at me.

Mr. Peterson: David, I'm wondering if you could, in Bill's absence, if you could do a quick walk through on the combined heat and power options. They are combined into a single option, these were originally separate and then following discussion in the work groups and the recommendations to the CAPAG, these were lumped together.

David: On ES3 and 9. Let me just get there please. Right, so removing barriers to CHP which is combined heat and power and queen TG that's distributed generation, here the idea is to, and this echoed in one of the options currently

under discussion still pending in the RCI group. The idea is to work with utilities and regulators to make sure that some of the technical and also regulatory barriers to implementing combined heat and power that is sited on the premises of consumers and (inaudible) generation will be removed. And this means a combination of (inaudible) for interconnection of these facilities and also rule for how much of that power that flows back into the grid how much will be paid for that power.

Representative Hackney: Further discussion?

Representative Harrison: I'll move for inclusion.

Representative Hackney: Move for inclusion. Ms. Choi.

Ms. Choi: I just wanted to point out that the idea of a 20 megawatt or smaller having a standard agreement is somewhat troubling to us because currently the small interconnection agreement is at 100 kilowatts. So as you move up in size having a standard agreement, it is difficult because there is more complexity in connecting these larger systems. And I would ask that perhaps instead of doing it command to control policy here we request that the Utilities Commission study the idea and make the recommendations on the best way to move forward to promote interconnection.

Representative Hackney: Alright, Representative Harrison do you want to accept that as a friendly amendment or fight about it?

Representative Harrison: I'll accept it as a friendly amendment because I think the Utilities Commission is going to have to implement this anyway.

Representative Hackney: The motion before us is that the Utilities Commission be requested to study cogeneration to encourage cogeneration systems and to find ways to put them into service. Is that reasonably clear enough to the drafters?

Dr. Smith: I don't necessarily disagree with that I just do believe that it would be important that we send a signal to the Utility Commission that allowing larger megawatt interconnection is going to make this a more effective strategy for dealing with greenhouse gas emission and global warming. (Inaudible) back to our speaker that we had on combined heat and power a few times ago and I think he was sending a very strong signal that it is important that we get the rules correct on this and I would recommend we accept the friendly amendment with the caveat that we would like for the Utility Commission to go higher than the current standard because it is a constraining standard. I understand there will be some additional complexity but I think it is important that we get a higher megawatt figure in order for us to get more cost effective combined heat and power onto the North Carolina systems.

Representative Hackney: Further discussion?

Mr. Urlaub: Thank you Mr. Chairman. To get just a little more specific it may be helpful in this instance because we have a specific number of 20 megawatts here. Federal Energy Regulatory Commission has interconnection standards in place, language in place, directors in place for states at the two megawatt level. And so our state is currently up to 100 kilowatts and we currently have a gap there where we don't have an interconnection standard in place between what we have and what the federal government has between that 100 kilowatt and two megawatt level. So perhaps if we wanted to get specific, we could talk about exploring that increase to the two megawatt as opposed to the 20 megawatt or looking into it.

Mr. Howard: Mr. Chairman, my understanding the motion to be that we are giving the Utilities Commission an enabling power to actually do this, they are not just going to study it. I am in the camp that says we need to do this.

Representative Hackney: I think the motion is we are requesting them to study it.

Ms. Choi: I believe they have the power to do that already so I don't want people to think that we don't already connect larger than 100 kilowatts to our facilities we have and will continue to do that when those providers come to us to (inaudible) order here is for those connecting for wholesale sales and this idea would be to connect if they are going (inaudible) for retail sales. The other concern is the sales to third parties that is under state law, that is equal would mean they are a utility and treated as a utility and I want to make sure that we would want that to be done here. I'm not sure that was the intent of this recommendation. But I think the Commission already has the authority to do that.

Mr. Howard: I think we handcuff ourselves by requiring those parties to be a licensed utility if they want to sell to a neighbor.

Mr. Shore: Co-generation is where we're going to burn fossil fuels and it's one of the best ways to improve efficiency. We can double the efficiency from say 35 percent to nearly twice that. This is a great economic opportunity to use energy more efficiently and if the motion that goes to the Utility Commission, not just to study it but to really pursue ways to remove barriers and promote combined heat and power, I think we should do that.

Representative Hackney: Ms. Choi if I was reading you correctly, you mainly wanted to get the numbers out right? The specific numbers?

Ms. Choi: Right.

Representative Hackney: So if it encouraged the Utilities Commission to study ways to move toward co-generation, you would be ok with that?

Ms. Choi: That is fine.

Representative Hackney: Alright. Dr. Smith.

Dr. Smith: I think I understand. I just want to make sure that we are sending an unambiguous, because I agree with Preston Howard that the Commission needs a clear signal from us not just to study this more but to actually get on with getting more combined heat and power into our grid because there are tremendous opportunities for customers and for the environment.

Representative Harrison: Thanks Mr. Chair. I'm with you on that Dr. Smith and Preston. I think that from my perspective I would hope the Legislature could remove any constraints that are currently existing for co-generation.

Representative Hackney: Alright with the understanding that the motion is as stated by Ms. Choi, as amended by Dr. Smith and Mr. Shore.

Mr. Givens: Let me tell you what I think that means and you then you tell me if I'm right or wrong. I need to be clear about this one because this one is actually easy to implement, I could do this by writing a letter. Basically I think that I agree with Ms. Choi that the Utility Commission currently has the authority to devise an interconnect standard and if there is a gap, it's my understanding between 100 kilowatts and 20 megawatts. We can certainly request them to open a docket on an interconnect standard to fill that range. I assume that there may be other barriers to provide heat and power and we would ask them to study what other barriers there may be and report.

Representative Hackney: Alright so we have a most specific iteration you just heard from Mr. Givens, anybody have a problem with studying it that way?

Mr. Shore: Just to add to the last sentence that Mr. Givens just stated to study those additional barriers and seek to remove them.

Representative Hackney: Alright let's try that one out.

Mr. Shore: Is it to report back to this Commission or who will the Utilities Commission be reporting to?

Mr. Givens: Why don't you leave that part to me and I'll talk to the Utilities Commission and see what their time frame is and they can report to this Commission or they can report to the ERC depending on how long it's going to take.

Representative Hackney: Or they might just do it.

Mr. Givens: I think we might want to know, I think they are happy to report there is another oversight commission for the utilities that hasn't met in a while but may be meeting – so we can work that out. I understand if you wanted to say not just report but to do what they can on their own. I can sort of word it that way.

Senator Cowell: I just wanted to echo that if those barriers are easily identifiable and we can take action on them now, I would like to do this now and not have this delayed until after the long session. This is one of the most compelling pieces that I've heard in this whole Commission and I just think it's a no brainer to do and if there are technical questions that need to be asked about size I certainly think that is relevant but I don't want to wait nine months to hear.

Mr. Givens: The Utilities Commission functions year round – they go at their pace. I think that the question of the interconnect standards itself is quite complex and technical and I've got an idea it will take them until next interim to, I think if we set them on this task now that we will not have lost some time.

Representative Hackney: So many as in favor of the motion please say aye, oppose no, the ayes have it. Whatever it was we adopted it.

Mr. Givens: Mr. Chairman I regard that as the one that is the clearest because I know how to write a letter – I am not sure I know how to write these bills.

Mr. Toben: Before we leave the energy supply and technical working group I served on that group with a number of the folks in here and there is one item which if the folks want to reference it on the web site it's the energy supply item #2 which is a renewable and energy portfolio standard. This is an item that did not receive unanimous consent it was an item that I think it can be fairly said had general support among the CAPAG where there was still discussion in the decision to return it to committee was around the actual value of that proposed renewable and energy portfolio standard. The proposal that was under consideration was a twenty percent RPS ramping up from current time to the year 2020 and what I would like to propose for the record is that an acknowledgement be given that that item represents one of the top three potential items in terms of both reducing greenhouse gas emissions and providing significant economic benefit to the state. And while I understand that we are not at a point in the CAPAG or with the energy supply twig to recommend a specific level, I do think that it's worth giving. This Utilities Commission has conducted a study on this item and CCS and DENER have committed significant time and analyses to this item that we acknowledge that it is one that warrants very serious consideration and further study and that it could potentially be one of the top, if not the top yielding item among the recommendations that come from the CAPAG.

Representative Hackney: Mr. Toben I will note for you that on page 23 it's on the agenda coming up. CC1 – page 17 Greenhouse gas inventories and forecasts.

Randy Strait: The purpose of this recommendation is to establish an inventory and forecasting function with the state in order to track greenhouse gas emissions and emission reduction. They were pulled from various data sources, they would integrate it with their existing programs for developing inventories and forecast for other pollutants.

Representative Hackney: It's not clear to me who would do it.

Randy Strait: Ok and this function Mr. Chairman would reside with the Department of Air Quality (inaudible).

Representative Hackney: Ok you're going to have to speak up and speak into the microphone as you address us all.

Randy Strait: Ok thank you.

Representative Hackney: Discussion on this?

Representative Harrison: Thank you Mr. Chair. Is this voluntary registry?

Randy Strait: No this is an inventory and forecast – this function would reside with the state and they would implement it.

Representative Hackney: Information would be gathered from whatever sources were available? Is that correct?

Randy Strait: That is correct.

Representative Hackney: It may or may not be. Speak in the microphone please.

Mr. Peterson: This is not the same as a registry system, we'll take up in just a minute which is more detailed – so this is more generalized in terms of state wide activity based emissions in tracking program level reductions, etc.

Representative Hackney: Before we vote let's run on through the rest of the CC's. State greenhouse gas reporting is the next one on page 18.

Randy Strait: Ok this particular recommendation would apply to the sources or the generators of the greenhouse gas emissions folks that own the emissions and what this does is set a framework for them to quantify on the (inaudible) established to quantify their emissions and that would set the standard for entering or participating in a registry.

Representative Hackney: Alright and CC3.

Randy Strait: CC3 is the registry recommendation that the state would engage with other states and look to joining or setting up. Let me back up, there is a regional and even a national effort to establish standards for a regional or national registry and its participation in that registry would be by (inaudible) in many states. So this recommendation is to encourage the state to participate or look to joining a national or a multistate registry at the regional level. What the registry does is allow entities that prepare their emissions code in the reporting protocols to record their emissions with the registry as well as the (inaudible) reductions. And it includes the transaction ledger capability in order to one establish base line and quantify emission reductions.

Representative Hackney: Alright we have CC1 which provides for inventories and forecast, CC2 for the voluntary reporting so that you can get credit for it if you want to register it and then the registry itself which will provide a central place to record the reductions so that if you want to sell them or get credit for them or get money for them or whatever you can use the registry for that purpose. Everybody understand that question?

Dr. Riggs: I think it's great that we analyze for CO₂ and greenhouse gases but it doesn't do a darn bit of good if we don't look at the consequences of that. It's all these greenhouse gases that are going to cause these problems and I don't see that in here anywhere. You've got inventory of the greenhouse gases, you do not have inventory of the consequences, even in your #5. We know what the impacts are going to be but you don't have anything in there for monitoring these or developing a basis for knowing what those impacts are here in North Carolina.

Representative Hackney: Alright give some thought Dr. Riggs as to how you would amend one or more of these policies as we get ready to vote on them.

Dr. Crawford-Brown: Two quick comments. One is that for these things to be really helpful particularly for people who work at the municipal levels who it would be useful if this were not just a state inventory but if it were possible to break it down to the municipal level. And we've found that to be possible because the help that Duke and so forth have given us in getting information about energy use in particular municipalities. The second thing I would say is, I know Brock wants a lot more work here and to be able to do this, I do want to make a pitch for the fact that around the country the state seems to be having the most success in moving forward on carbon dioxide reduction. Our states that have a pretty powerful energy office and I don't see the State Energy Office in here in the listing here. I know Larry is in the back there, but it seems to me that a state energy office is an important player in this and I'm a little disturbed that they don't appear in the language here.

Representative Hackney: Alright and you might be looking for a good place to put that one too.

Mr. Profeta: I just like to give a statement in support for 1, 2, and 3 here. As I've been observing the debate and also some of my fellow commissioners on the utilities we've been talking about how (inaudible) moving forward right now and there's a question of how this state positions itself in preparation for a possible federal program that's being debated in Washington as we speak. If we're going to have a market base system in greenhouse gases in this country, the first movers should have a place to register their emissions so that the value of their early movement can be reflected in the eventual program. So I think this is a way, not only for North Carolina as a plan person in CC1, it can plan its path forward to adjust to the future that's coming in terms of greenhouse gas restrictions. It can do an inventory in reporting of itself so it knows where its emissions are and the first movers within its state can be encouraged to take those actions and get that positive progress greenhouse gas in state. And also get the investments of investors who are strictly in the carbon market because they know they can register those reductions that might be coming to this state. So this infrastructure really does position NC in terms of the eventual federal program and therefore I wholeheartedly support it.

Dr. Riggs: I would recommend that someplace in here and I'm not sure where in these three. I think what is there is good but I think there is a big gap in it and I would recommend that maybe you take a look at Recommendations 3 and 4 from the Riggs/Stevenson/Clark proposal and some how or other develop a monitoring inventorying system of the consequences. That's the other side of the couplet here we need to know what the greenhouse gases are but we also need to know if there is a consequence developing.

Representative Hackney: It seems to me as simple as adding possible consequences to #1, does that do it?

Dr. Boyles: A part of the follow up to that is there currently a greenhouse gas monitoring system for the state like you monitor other pollutants out there or should that be established as part of the greenhouse gas inventory?

Representative Hackney: Brock Nicholson is shaking his head no.

Mr. Nicholson: No there is not present a monitoring system. I think responding to Dr. Riggs suggestion whether it's in #1 or in the adaptation, I think monitoring-chronicling the consequences I think would make a lot of sense.

Mr. Profeta: May I ask Dr. Riggs if we adopted his recommendation later in the agenda on an application strategy, would that successfully account for your concerns about these as well or is it in addition to that?

Dr. Riggs: No it would as long as it's an integral part of it but if they become separated at some point in time and the greenhouse gas thing goes off in one direction and the monitoring goes off in another direction. I think that what is important is the relationship between these two and one's a driver, the consequence is that we need to be on top of it and know how fast those are happening.

Mr. Profeta: Would the Chair entertain a motion to bring Dr. Riggs proposal forward and marry it with this in terms of how it is written up in the report?

Representative Hackney: Alright are you moving 1, 2, and 3 with such a merger?

Mr. Profeta: Yes I think that's a good way for it.

Representative Hackney: The motion before the committee is to include CC1, CC2, CC3 with the Riggs' inclusion of possible consequences as an amendment to #1. Further discussion? So many as in favor of the motion please say aye, oppose no, that motion is adopted. CC4.

Randy Strait: CC4 – Education – public education outreach. The recommendation is stated by example but that was in a proactive public education and outreach capability. That would be coordinated through the NC Department of Environment and Natural Resources and being coordinated with several state agencies and the outreach activities would be pointed for five target audiences which are listed here in the proposal or the recommendation.

Dr. Riggs: I so move.

Representative Hackney: Dr. Riggs moves adoption of CC4, discussion?

Representative Harrison: Thank you Mr. Chair. I just wondered how that differs from RCI8 – it sort of compliments it since it's more focus on climate than efficiency?

Brock: It's not RCI's program as focused on the activities within that particular sector. This is broader it covers all sectors and all activities, so it's just much broader in scope.

Representative Wilkins: Thank you Mr. Chair. I would be just a bit more comfortable if we would name these other players. We're talking about DPI, community college system and that kind of thing. I would just be a little more comfortable if we stated that.

Representative Hackney: Well you're talking about where it says parties involved NC DENER and many other key parties and it doesn't say who they are?

Representative Wilkins: Yes sir.

Representative Hackney: Alright can somebody tell us who they possibly might be?

Dr. Boyles: I think some of these are included in the appendix. There is a long list of possible people that are included I think, either Brad can give us who is included. There is quite a list – I wonder if we can look some of those up real quick, find someone who can go down the appendix on line and look at the long list?

Representative Hackney: Anybody just remember Brock?

Brock: I don't recall all of them but certainly we could and Tom do you have it on your computer there?

Representative Hackney: Alright let's displace that one and go to CC5 – Adaptation strategy. State must develop a plan to manage the projected impacts of ongoing climate change including a state sanction, blue ribbon commission on adaptation to climate change to develop a plan. Includes the following A-G, state legislature should provide funding, I guess that line could be in all of these couldn't it? Alright proposal for a blue ribbon commission standing alone from state agents.

Dr. Riggs: What's on that paper I think is very good with respect to sea level rise. One of the things that is really critical to the State of North Carolina and I don't think the state is really ready for this yet. But if a Katrina or an Ivan or Rita came ashore, yes we know that we need to get the National Guard out there, we need to get the evacuation we need to get the Red Cross. But there is nothing in place in the State of North Carolina to deal with a ten year catastrophe that's going to blow the economy. I just finished a long lecture tour out at the coast and worked a series of workshops and nobody out there is thinking about what happens if one of these storms comes across the islands this summer and we blow out four inlets for example. If that happens we're looking at ten years minimum impact on the economy. And I think what we need in here is a statement some place in this dealing with the potential of a catastrophic event which could severely impact the economy of North Carolina. We need to start thinking about that right now and start to put together a framework in which to move forward with that. So I'm just recommending an additional sentence in there to acknowledge the criticalness of these figures if and when they happen.

Representative Hackney: We have a motion.

Dr. Boyles: I would like to offer the motion and under that there is a state hazardous mitigation plan and one more FEMA is starting to look at these climate changes used as being a part of that. So I would like to add language to this to

suggest that if the Commission set aside to have it as an independent group that it includes the leadership for the State Hazardous Mitigation Plan as well.

Representative Hackney: Let me pause the meeting to recognize that our visitors are going to have leave and.

Mr. Ancram: Mr. Chairman, can I say that it's been a privilege. As my colleague said earlier, it is a global matter and I should think the conversations that we've listened to today could be very much equal and probably merit the United Kingdom and hopefully around the rest of Europe and the rest of the world. Thank you very much for giving us the opportunity to come and be with you today.

Representative Hackney: Thank you for being here with us. Back to you Dr. Boyles, you made a motion?

Dr. Boyles: Correct and that we also add language to include the involvement of the State Hazardous Mitigation Planning Group that's organized through Public Safety and Crime Control.

Representative Hackney: You've heard the motion.

Dr. Smith: Again, I was just lending support having recently been down in New Orleans and seeing how they're still struggling down there I really do believe that being more thoughtful and proactive would have made a huge difference in many ways. They are sort of kicking themselves for not having listened to some of the potential forecast and I think we know that story and we would just hate to see it repeated in this state.

Mr. Clark: This is both a comment and a question. At some point during our former meetings we had discussed the whole issue of hazard notice for buyers of property in the ocean front area and I was wondering is there anything that's been done about that in the Legislature and if not is that some sort of recommendation we might want to make as part of this package.

Representative Hackney: I believe I will refer that question to Representative Harrison who has some history with that matter.

Representative Harrison: I've actually been at that request when we submitted our recommendations. I guess it didn't make it into the summary but I plan on introducing the legislation again so I look forward to working with you on it.

Mr. Clark: Would it be helpful for this particular Commission to support that type of recommendation?

Representative Harrison: I think so.

Representative Hackney: Alright further discussion? Ok we have some lack of clarity on the part of our esteemed queen's counsel here. What's the question?

George: I want to make sure I got all of it, we're going to include a reference to major storm events per Dr. Riggs and the State Hazardous Mitigation Planning Group according to Dr. Boyles and (inaudible) had his disclosure and add all three of those in, is that what we're doing?

Representative Hackney: That's the motion.

Dr. Riggs: Mr. Chair, in the Riggs/Stevenson/Clark set of recommendations #7 has some wording that deals with what Walter Clark just talked about.

Representative Hackney: Further discussion, if not so many as favor of the recommendation being included please say aye, oppose no, so it shall be included. CC6 – Options for state greenhouse gas goals or targets. Voluntary goals to limit greenhouse gas emissions to prepare the state's economy for the likely caps at the national level. Discussion?

Dr. Smith: I think this is an important part of the whole purpose of this Commission and I would like to move that we adopt moving forward on it.

Dr. Crawford-Brown: I'm not sure what an implementing agency means in this case? Is this the agency that's charged with developing the actual target or is it the agency that's charged with implementing whatever the actual target is once it's been set? My understanding it would be the latter.

Randy Strait: The target would be set by the powers to be and then these would be the agencies that would implement.

Dr. Crawford-Brown: Would the powers to be be the General Assembly or something?

Randy Strait: Yes.

Representative Hackney: Mr. Givens points out that one of the charges of the Commission is to do exactly what we're asking someone else to do in this CC6, do we actually want to do that?

Representative Harrison: I was just going to comment on the fact that I would prefer that we set a cap and that I'm happy to see that we setting a goal.

Dr. Smith: My sense is that yes this was what we were established to do and there was sort of a threshold issue about once we had heard enough science, enough background, some of the preliminary analyses was done, should we

move from the word may set a goal to shall set a goal and I think it's an appropriate thing for this entity to do in the second half of this work to deliberate on establishing what that goal should be or cap and I think what I would propose is that we formally vote on the fact that we are moving in the second half of this Commission to come up with a (inaudible) reduction goal for the State of North Carolina or cap.

Representative Hackney: As opposed to asking someone else to prepare it or recommend it. Alright, Dr. Smith has so moved. Does everybody have clarity on this one, instead of asking someone else to do it we are going say that we are moving toward during it in the next year of this Commission to try to set a voluntary goal. So many as favor of the motion by Dr. Smith please say aye, oppose no, the ayes have it. We skipped CC4 – Public education and outreach. Who are the other key parties you were going to look them up on the computer. Tell us who the other key parties are.

Mr. Peterson: Yes, just to confirm what Dr. Boyles had said and we have an annex posted to the cost cutting issues appendix. It's lengthy, the agreement on the CAPAG meeting was to separate out that very lengthy set of suggested design elements of an education and outreach program into a separate document as suggested examples of what could be involved in the program. This is a list is six pages long in terms of essential parties that can be covered. But just to summarize the general approached target key audiences as an effort below, quote walking the talk in terms of the state's own efforts. In outreach activities the policy makers, i.e. legislators, executive agencies, regulators, etc., future generations, community leaders and organizations, business and industry and half the general public in terms of audiences. Then there is some detail in terms of potential ways in which that might be done follows in some length. So there is substantial detail in terms of potential approaches that could be used there that covers a variety of potential implementing parties.

Representative Hackney: Alright, is there a motion for #4? Dr. Riggs so moves. Discussion?

Ms. Thomkins: Is there an example of how this would be done or is there a state public relations department, what will be the state's word on guiding citizens to do any of this?

Representative Hackney: Anybody have an answer to Ms. Thomkins' question?

Brock: One of the options that we think would fit pretty naturally is our on-going air awareness program would be one but certainly not limited to that. And that takes various forms in terms of input at the public school level and interacting with the Dept. of Public Instruction and just the general public too. So I would think it would include those kinds of things but I believe also somewhere in the list we are talking about the need to develop programs at the community college

level to train the technicians as well as college level for the science and technical type programs too. So it is fairly broad in the sense and with many small individual pieces to it.

Dr. Riggs: The State of North Carolina is building a brand new museum right across the street from us here in the next year. It's going to be a hands on science oriented thing (inaudible) is running on it's a beautiful format for laying this whole program out there to the public.

Representative Hackney: Further discussion, if not so many as favor of the motion please say aye, oppose no, the ayes have it. Unless I've missed something that completes the CAPAG win-win proposal, and I think what we have left to do is to consider whether to include or consider the individual suggested items which begin on page 23. I would note for you that we are moving towards the five o'clock hour and would hope that you would pick and choose carefully those things that are pretty far along and fit our general criteria.

Mr. Urlaub: Thank you Mr. Chairman, if I remember correctly that the votes that occurred at the last Climate Action Plan Advisory Group meeting that we missed an item which was the ES2 - The environmental portfolio standard. While we did not agree there was one vote against actually recommending ES2. If my memory serves me correctly, we did have a vote that generally the concept would go forward in the recommendations, the concept of an EPS environmental portfolio standard, without a target applied to it. And that it was sent back to the working group because the 20 percent was large enough that it would actually meet all of the expected electricity demands and go beyond that. So the work group wanted to look at the target level mark. If that is correct, could Mr. Peterson speak to how that is addressed and or how we are following up with that?

Representative Hackney: Mr. Peterson do you want to address the question from Mr. Urlaub?

Mr. Peterson: Thank you. Our understanding was that there was one vote against the specific proposal at the time and it was as consequence not a unanimous consent and would be considered further by the CAPAG and the work groups. As a consequence we did not include this as a recommendation of general principle, but you are correct that there was a full agreement on the general principle there was not a full agreement on the specific recommendation that's why it doesn't appear here today.

Mr. Urlaub: I so move on the basis of Mr. Peterson's reply that the Commission now consider putting forth a recommendation or voting on a recommendation that the concept of an environmental portfolio standard under ES2 without a specific target, is a policy that we want to put forth or we want to recommend.

Representative Hackney: Alright, we want to recommend an environmental portfolio standard, is this different from the renewable standard?

Mr. Urlaub: No Mr. Chairman it is what was considered under ES2 as a 20 percent by 2020 target, met by one third renewable energy and two thirds energy efficiency.

Representative Hackney: But I thought you said we took the percentages out.

Mr. Urlaub: Yes but now my motion wouldn't have a specific percentage because what we agreed on in the Advisory Group was that the concept was agreeable to all but the target needed further scrutiny.

Representative Hackney: Alright, does everyone understand the motion?

Mr. Howard: I'm not sure I do. Are we voting on a 20 percent energy portfolio standard?

Representative Hackney: No, just having one or some percentage.

Mr. Howard: And who will decide that?

Representative Hackney: Legislature. Discussion?

Representative Wilkins: Thank you Mr. Chair. I believe we already have a bill in to this effect, do we not? I'm not really comfortable with having this jump at us at a late moment in committee, although I'm going to go along with it because again I know there's going to be plenty of debate down the road. The other thing in respect to Representative Harrison is that I want to point out that this is sort of a moving target but still I'm ready to go along with the concept.

Representative Hackney: Alright, so many as favor of the motion please say aye, oppose no, the ayes appear to have, the ayes do have it. Alright, from among the list on pages 23, 24, 25, 26 are there additional motions having to do with inclusions in the interim report? My sense is that many of these are appropriate for later inclusion if at all, but I don't want to discourage anybody from a motion if they want to make such a motion.

Mr. Profeta: I would like to move my proposal #8 that has been distributed to all the commissioners, it's a proposal to create an incentive fund to (inaudible) the conversion of hog lagoon spray field technology to other technologies on the basis of the green house gas savings that result and the methane emission reductions when you do convert the technologies. When Mr. Chairman you proposed we search that win-win proposals I couldn't find one that I thought qualified more than this in this state that knowing when you put discussion of the hog lagoon issue, but we have testimony from (inaudible) climate change about

their great interest investing in conversion of hog lagoons to digesters and other technology that would destroy the methane and their willingness to pay some price to do so we have the press conference on Monday with the Pork Council, Progress Energy and Smithfield announcing the desire to explore the conversion to digestive technologies. I have had conversations with Climate Change Capital which is a London investment group, sorry our friends have left us from London, who invest in such projects in the state. I think if there could be a sort of (inaudible) fund that would demonstrate the concept on the basis of greenhouse gas savings you could finance the conversion of these lagoons that you might be able to make a lot more investments in it and so I would move that recommendation be adopted.

Representative Hackney: Let me see if I can restate it. You're specifically moving that we recommend incentives to encourage the management of hog manure to make electricity? Is that what you're doing?

Mr. Profeta: The proposal that's structured is not only for the generation of electricity but there is a number of technologies, super soil technology has also established that it will destroy methane and reduce greenhouse gas emissions, it's a composting technology, not a digester and electricity generation technology. My proposal is that we create a fund that you competitively bid to for incentives based on greenhouse gas savings and that projects bid to that fund whichever technology they want and receive funding on the basis of the greenhouse gas reductions they can achieve by converting the hog lagoon technology.

Representative Hackney: Alright, Ms. Iddings you got that down?

Mr. Profeta: I believe Mr. Givens received the recommendation, the summary and some draft language is that correct?

Mr. Givens: This is one where we actually have subsequently received some draft language.

Representative Hackney: Alright, let me try it again. It's an incentive fund where those who are in the business could ask for funds to convert to cleaner technologies for the management of hog manure? Is that right?

Mr. Profeta: Correct.

Representative Harrison: Thank you Mr. Chair. This is a question for counsel. How does this relate to Representative Justice's bill in her early action plan is it in sink with that?

Mr. Givens: I think this is very similar to that, I think in both cases it requires state appropriations.

Mr. Profeta: If I could also respond. The Justice bill does have a provision to allow for carbon based payments (inaudible) adoption program, this is just a more concrete implementation of that concept.

Representative Hackney: Further discussion?

Representative Harrison: Are we talking about sludge out of lagoons?

Representative Hackney: No, that's not what this is. Further discussion, is there enough clarity to vote?

Dr. Boyles: On that note, I think it will be useful for the commission members to be able to see some of the details of these things in writing. With all due respect, if we can put this off until the next meeting. I think it is probably very valuable, I'm not quite sure I understand what is going on and it would be easier if I could read through it.

Representative Hackney: Alright, request to defer this one.

Mr. Shore: I'll try my hand at making this clear. That there is an acceptance by many that there will be some government subsidy of the conversion of hog farms to cleaner waste and waste technology and so the concept here is that some of that subsidy be tagged to how well new technologies reduce carbon emissions. So methane essentially, so new technologies that do very well reducing carbon emissions could get higher subsidies and new technologies that don't reduce carbon emissions would get lower subsidies and this is a precursor of what will happen with the carbon market place as the carbon market place becomes more robust, hog farmers will have the ability to sell their credits to the carbon market place. And I think this fund could help prime that carbon market place fund.

Mr. Profeta: Mr. Chairman I fully appreciate the need to see things in writing but I do have Commission (inaudible) that was submitted on January 31 and I've submitted actual language which I still (inaudible) on his computer. I can provide you with that right now. I voted on the (inaudible) CAPAG processes I don't have in writing but in faith and Representative Wilkins mandates that there will be a lot of debate going forward. But we have distributed and I can hand it to you right now for your consideration.

Dr. Riggs: Mr. Chairman I so move.

Representative Hackney: What is it you so move? I've heard about three different versions here. Alright, the version I think we are about to vote on is that there be a common agreement that some subsidy is necessary or desirable for conversion of hog farms with the lagoon technology to some other technology that consideration be given to carbon reduction as a reason for a higher priority in the subsidy process. Discussion, so many as favor of that motion please say

aye, oppose no. Alright, I believe the group is sinking lower by the passing five minutes.

Dr. Eggers: (Inaudible) and advocate for my own proposal with #17 – Net metering in North Carolina looks very different from other states and you did receive draft language on this from me as well. Just to kind of refresh you, you know North Carolina is one of the 39 states with net metering programs, 27 of the other states don't have any limits on cumulative capacity and are limited perhaps low or unnecessary. As well as it's very difficult for people to sign up for net metering, it requires not only quite a bit of time but potentially consultants and legal counsel is (inaudible) and far more (inaudible) than in other places. And we could (inaudible) is vague I would propose something rather specific but I think at the very least it would be good to request that the Utilities Commission quite sufficiently simplify the burden for signing up for net metering.

Representative Hackney: Alright the motion is that the Utilities Commission be requested to simplify net metering in North Carolina in order to encourage it's further and additional use or some such. Is that right? Discussion?

Mr. Urlaub: Thank you Mr. Chairman. Specifically the Utilities Commission, we have a net metering rule and we have an uncharacteristically strong limitation on the geographic presence of net metered systems or interconnected systems. It's 0.2 percent and I don't remember for the specific geographic area. But many states will go as high as one percent of let's say the electricity demands in an area. And if we wanted to make some kind of maybe helpful recommendation or direct it to the Utilities Commission it would be to allow a greater number of systems, a greater amount of renewable energy within a geographic area than they currently do under this tool, net metering.

Representative Hackney: Further discussion, if not so many as in favor of the motion please say aye, oppose no. The ayes appear to have it, the ayes do have it.

Dr. Smith: Chairman, I'm open to your recommendation on this. There are a suite of options within transportation that the transportation CAPAG was not able to get through or deal with fully. Not necessarily reflective of the fact that they aren't of value and I am curious whether we could make some sort of generic statement about recognizing that there are opportunities yet to be determined within the transportation sector that we want to continue to contemplate to be mindful of because there is sort of a void there. A couple of us have a couple of things on there, I'm not sure that it is appropriate at this point to do that, but I also think it maybe a noticeable gap if we don't at least acknowledge that in some way in the interim report and I'm open to suggestions on this.

Representative Hackney: Alright the motion is that the report includes a statement and a recognition that there are substantial reductions to be realized in

the transportation sector and that we do not yet have specific recommendations but that the Commission should continue to work on that. Words to that affect? Alright, that's the motion.

Representative Underhill: Thank you Mr. Chair. Are we discussing #16? Or is this just a general motion?

Representative Hackney: I don't know. No, #16 is much more specific than what we're doing, just a generic statement that we're going to work on that some more.

Representative Wilkins: Inquiry of the Chair. I got the inquire of my Chair and my Speaker at the same moment. It seems a little different but I am seeing that we've been extended to 2008. We've already turned out a good number of horses from the barn today, I'm wondering if we might not be wise to hold some of these for another day?

Representative Hackney: Well I think the motion is essentially to hold the transportation stuff for another day but to recognize that we ought to look at that more closely. That's basically the motion. So many as in favor of the motion please say aye, you're getting pretty weak, oppose no, the ayes have it. Pursuit to your statement Representative Wilkins do you have a motion?

Representative Wilkins: I would make a motion that we adjourn until that other day.

Representative Hackney: The motion is not debatable. I want to thank everybody for their work throughout this process. I've learned a tremendous amount from all of you, everyone has contributed, it's been a collaborative process, it has been an education process. Many of you I am sure have noticed that South Carolina is about to create a working committee on global climate change so our work is getting noticed I think and these recommendations to this General Assembly I think will receive some serious consideration as well. It's not debatable but you can get a question.

Dr. Riggs: When can we expect to meet again? Are we recessed until the end of the legislative session?

Representative Hackney: Everybody is going to want to see this report before it actually goes out under our name I assume Mr. Givens is that correct?

Mr. Givens: That's the pledge of the Commission. When the actual final interim product meet yourself coming back saying that, is together it will be distributed and we will either get everyone's approval or we will have a meeting to approve it and then we will be recessed until the session is over.

Representative Hackney: We're just authorized for this meeting so far but as Mr. Givens says that can change. Ok so many as in favor of the motion to adjourn please say aye, oppose no. Thank you very much.

Respectfully submitted,

Joe Hackney, Co-chair

Thelma T. Utley
Committee Clerk