



MEETING SUMMARY
NORTH CAROLINA CLIMATE ACTION PLAN (CAPAG) TECHNICAL WORK
GROUP (TWG)
Residential, Commercial and Industrial (RCI) TWG Call #9,
January 9, 2007, 1:00PM - 3:00PM

Attendance:

1. Technical Working Group members:

Steve Halsted	North Carolina Council of Churches
Len Hoey	NC State Energy Office
Gary Hunt	NC DENR Div of Pollution Prevention and Sustainability
Ed Kreul	International Paper
Ward Lenz	Advanced Energy
James McLawhorn	NC Utilities Commission
Libby Smith	North Carolina Department of Commerce
Dona Stankus	NC Solar Center
Ralph Taylor	State Construction Office
Mitch Williams	Progress Energy
2. Center for Climate Strategies (CCS) staff:

Alison Bailie	TWG Facilitator
David Von Hippel	TWG Facilitator
3. North Carolina Department of Environment and Natural Resources Division of Air Quality (DENR DAQ) Liaison and Attendees:

Charles Davis	–	DAQ RCI TWG Liaison
Brock Nicholson		DAQ Coordinator
James Southland		DAQ Coordinator
Kathy Kaufman		DAQ
Gary Saunders		DAQ
4. Public Attendees: none
5. Observers: none

Background documents:

(posted at [http://www.ncclimatechange.us/Residential Commercial Industrial.cfm](http://www.ncclimatechange.us/Residential_Commercial_Industrial.cfm))

1. Meeting Notice and Agenda,
2. Summary for Call #8
3. PowerPoint presentation for meeting,
4. Revised Draft Mitigation Option Descriptions for RCI-1 through RCI-11 (including initial results of analysis)

Agenda

1. Call to Order
2. Roll Call of TWG Members
3. Review and approval of call summary #8 (Sept 26, 2006)
4. Review of TWG Option Descriptions, including current status of text, comments, and suggestions offered by CAPAG members during the October 12, 2006 meeting, and initial results of analysis of GHG benefits and costs of Options.
5. Review of next steps for development of text and analysis of Mitigation Options, including preparation for the upcoming (1/24/07) CAPAG meeting.
6. Update on Inventory and forecast issues
7. Comments from Public
8. Proposed agenda items for next meeting
9. Announcements

Discussion Items and Key Issues:

1. David Von Hippel started the meeting at 1:00 pm on January 9, 2007 with attendee roll call. Ms. Libby Smith of the North Carolina Department of Commerce joined the workgroup for today's meeting, representing Secretary Jim Fain. David reviewed the agenda for the meeting and asked for comments on the Meeting Summary for the September 26, 2006 RCI Technical Working Group Meeting. No comments were offered and the Meeting Summary was accepted as drafted.
2. David briefly reviewed the Summary of the Mitigation Options and the prepared Initial Draft Analysis of the GHG reductions, Net Cost and Cost Effectiveness of each option. The exception is Option RCI-8, Education, which was not quantified due to the difficulty in attributing specific emission reductions to education programs. An error in the table was noted by TWG members; the Net Present Value for RCI-11 should include a negative sign.

3. David explained that the Cost and the Benefits of each of the options will in many cases overlap, sometimes substantially. This note was designed to address the need to exercise caution in interpreting the summary table in the Mitigation Options document. For example, computing a direct sum of the benefits and costs of options RCI-1 through RCI-11 will substantially overstate the total impacts of the options as a group, due to the degree to which the options overlap.
4. David then led the group through discussion of options RCI-1 through RCI-5, plus RCI-7, with emphasis on the highlighted text in the document that indicated areas that needed additional TWG input.
5. For RCI-1, David explained that the initial assumption for the Levelized Cost of Electricity savings is based upon the 5th NW Electric Power & Conservation Plan. The numbers generated in this initial analysis will be revisited as current NC-specific data becomes available from sources such as the recently released study “Analysis of a Renewable Portfolio Standard for the State of North Carolina”, prepared by La Capra Associates for the North Carolina Utilities Commission, and dated December 2006. While some results will change as better information sources are worked into the analysis, the CCS facilitators suggested that it was likely that neither the overall magnitude of emissions reductions nor the sign of net option costs (positive, denoting net costs, or negative, denoting net cost savings) was likely to change substantially. It was agreed that the most appropriate and recent data would be employed in the Analysis as agreed upon by the workgroup.
6. A possible approach for including and quantifying the co-benefits associated with reduced SO_x, NO_x, and particulate air pollutant emissions was discussed. A software tool is available from the EPA that quantifies the health benefits that would be associated with the ancillary benefits of reducing the emissions of other combustion emissions. The State Energy Office representatives mentioned that they might be able to assist in training for using these programs. David pointed out that the ability of CCS to incorporate this type of analysis into the CAPAG process will depend on resources available, and needs to be discussed with CCS and NC DAQ.
7. TWG members asked about the reduction in on-peak power demand resulting from the Demand Side Management programs that were included in RCI-1. David noted that this has not been covered in the analysis due to limited resources. The TWG members pointed out that the degree of reduction on peak compared to baseload generation could affect the avoided cost and emission reductions. David asked for further information (for example, what has been historical or projected peak savings from current DSM programs as compared to electrical energy savings from the programs?), which TWG members and others working in the field may be able to provide.
8. A TWG member asked whether funding for RCI-1 is intended to be provided exclusively by utilities, and encouraged the group to consider other sources of funding as well. TWG members pointed out that other options covered funding from non-utility sources. The TWG decided to keep the text as it stands in RCI-1 for now, but may review the topic again in the context of any changes to other options.

9. On RCI-7, “Beyond Code” Building design Incentives, the discussion centered on adding more information on the timing for the goal of upgrading 20% of buildings by a projected date. A target date of 2015 was decided upon. It was agreed that the critical factor in successfully implementing the option is funding to effectively reach the goal. The lack of data on commercial building space as a key uncertainty was discussed. Dona Stankus agreed to research other initiatives on goals for improving energy efficiency in buildings, such as the American Association of Architects goal, and provide this information to the TWG. Libby Smith agreed to research what information is available from Department of Commerce on commercial building space, and Len Hoey of the State Energy Office indicated that he may have relevant information for this topic as well.
10. Discussions moved to RCI-2, the expansion of Public Benefit Funds (PBF). It was pointed out that projected benefits between RCI-1 DSM and RCI-2 PBF have a substantial amount of overlap. The present Public Benefits Charge to utility customers in NC is roughly 3 cents per month. A target level of for an expanded PBF was discussed, and an initial figure of 1 percent of annual utility revenues was accepted by the TWG. North Carolina currently has one of the lowest PBF charges in the nation, and an increase to 1 percent of revenues would raise North Carolina’s PBF funding to a level on a par with states with substantial PBF programs. TWG members recalled a recent presentation/discussion by Robert Gruber on Public Benefits Funds for North Carolina, but they could not recall if a particular level of funding had been discussed.
11. The identified uncertainties in data sources used to estimate costs and benefits of RCI-3 were discussed. The square footage of State Owned buildings is thought to be over 110 million square feet, including the facilities of the UNC system. The inclusion of County and municipal government buildings was also discussed. The TWG decided to set as a goal for RCI-3 the improvement of the energy efficiency of all existing government buildings by 20% by the year 2027.
12. RCI-4 Market Transformation was discussed, and the TWG agreed that the option should stipulate having an organization created and/or expand NC’s activities in the existing South East Energy Efficiency Alliance by 2010, with the organization operating and providing energy savings by 2012.
13. RCI-5 – Improved Appliance and Improved Equipment Efficiency Standards. It was agreed to recommend that the program be set up by 2010, and that the program should be operational by 2012.
14. Call to the Public for Comments and Announcements. There was no public input to this meeting.
15. The next meeting of the Working Group was not scheduled during the call. Potential dates for the next TWG meeting will be sent to the group following the CAPAG meeting on January 24, 2007.