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DRAFT TELECONFERENCE MEETING SUMMARY
TLU Policy Working Group
Call #6: June 7, 2007

Members Attending:

Don Parsons

Mike Whitaker

Will Toor

Tim Gagen

Brian Woodruff

Governmental Agency Liaisons: None

Rocky Mountain Climate Organization: Tom Easley

Center for Climate Strategies: Jeff Ang-Olson, Tiffany Batac, Lewison Lem

Agenda Item#1: Introductions and Roll Call. CCS took roll call and reviewed the agenda for the meeting.

Agenda Item#2: Review and Approval of Draft Meeting Summary #5. Call Summary of Meeting #5 was reviewed and approved. There was one clarifying comment that bus idling is already included in TLU-4.

Agenda Item#3: Review of Process and Objectives for Today's Meeting.

The CAP met on May 22nd to review and approve PWG straw proposals. During that meeting, the cap reviewed about 60 individual policy options from the different PWGs including the 11 options from TLU. All 11 TLU policy options were approved without changes. The goal for this meeting is to discuss completion of the remaining pieces of the template (implementation mechanisms, description of related programs, feasibility issues) and the approach to quantification of GHG reductions and costs. These steps, to be accomplished over the next two months, will largely complete the policy options. Cumulative totals will be reviewed by the CAP, and a voting process to approve the options in final form will then culminate into a final report. Another PWG meeting will be held in July for review of quantifications and changes to options before the next CAP meeting scheduled for August 1, 2007.

Agenda Item#4: Discussion of Quantification Approach.

Jeff Ang-Olson reviewed the quantification approaches for the following TLU options with input and approval by the PWG:

TLU-6: Clean Car Program (Pavley GHG Standards for Autos)

This option was reviewed first as an example since the quantification has already been performed to support the Governor's Early Action Package. The quantification methodology uses a 15.5% GHG reduction factor for 2020, derived from modeling by PIRG and CARB. Modeling efforts that were incorporated in this methodology were fairly sophisticated involving fleet penetration rate and future mixes of VMT by passenger vehicle type. The reduction factor was then applied to the 2020 baseline forecast of LDV GHGs.

It was noted that year 2012 quantifications were not listed in this example because of the small GHG savings during the first year of implementation. Tom Easley suggested that a 2012 number would be useful and CCS agreed to develop those numbers.

A concern was expressed by a PWG member regarding the potential for synergistic benefits from multiple options. The PWG would like the group to look not just at the sum of emissions reductions from individual options, but also places where synergies can happen when certain options are quantified together.

TLU-1: Smart Growth and Related Planning

The goal of this option involves a 2% VMT reduction target, based on DRCOG modeling of a "compact" alternative land use scenarios (as part of the long range planning process). This VMT reduction would be applied to the baseline LDV VMT statewide.

TLU-2: Incentives for Purchase and Operation of Low-GHG Vehicles

CCS clarified that the implementation of a Feebate program would only apply to new vehicles. A PWG member involved in this policy option explained that the idea behind this was to make a feebate effective for both new and used vehicles. But it was agreed that it would be difficult to implement for used vehicles.

Since the percentage of the market has to be large enough to shift the offerings of the manufacturers, a PWG member asked if the analysis will assume other multi-state participation. Lewison Lem responded that it will be assumed that other states have included this in their climate plans, otherwise a smaller minimal impact may result. If Feebates are implemented along with the Clean Car Program (which has a regulatory impact), these two options combined will have a greater impact on what consumers purchase. In the cumulative total, Pavley will not be added with Feebates. In some other state climate plans, feebates have served as a "backstop" to Pavley, in case the Pavley standards cannot be implemented.

Mike Whitaker asked if you could make it zero point higher. Lem explained that it has to do with the elasticity of consumer demand. A high fee structure would be a political question.

TLU-3: Improve and Expand Transit Service

The quantification of this option will apply a 6% reduction to VMT in urbanized areas (areas with significant transit service). The percent reduction applies to both TLU-3 and TLU-7.

A PWG member asked if there were suggestions for quantifying benefits in suburban or rural contexts. Jeff Ang-Olson responded that the mechanisms are flexible depending on what the group wants. The group suggested a possible application for rural areas and small towns could be an I-70 corridor public transit system. Large numbers of people travel on the weekends to the resorts, causing significant GHG emissions due to vehicle travel and also the idling in congested conditions. Jeff suggested the possibility of getting a rough estimate of the portion of VMT that could be reduced with better inter-city transit. CCS will look into that and report back on the next call.

Tom Easley asked if any one has been following the CDOT activities. One PWG member mentioned the I-70 PEIS issued a couple years ago, which ruled out public transit because it was found to be too expensive. With new leadership, however, that issue is back on the table. Expected issuance of the next draft of the EIS has been delayed.

TLU-4: Heavy-Duty Vehicle Idle Reduction

To quantify this option, an estimate or inventory of the current level of idling and number of truck stops in the state will need to be determined. A possible source mentioned to find this information is trucking websites. The proposed quantification approach would take numbers of parking spaces for truckers and amount of truck parking/idling overnight, and reduce that by the target to get the benefit. Idling of delivery trucks, tour buses, or school buses because is more difficult to quantify. One option is a study performed in the 1990s by the California Air Resources Board on truck idling.

TLU-5: Low Carbon Fuel Standard

The proposed quantification approach would reduce the carbon intensity by 10% and would apply a ramp-up period for market penetration.

One of the PWG members had a concern regarding recent enthusiasm for liquefied coal as a substitute for oil, despite the fact that it results in higher GHG emissions. CCS responded that by definition, this option looks at the life cycle or “well to wheels” emissions. Therefore, liquefied coal processes could not be used for credits under this option. In the case of ethanol, it would consider the fuel feedstock, so cellulosic ethanol would produce more credits than corn-based ethanol.

TLU-7: Transit Marketing, Promotion, and Pricing Incentives

Quantification approach discussed in conjunction with TLU-3.

TLU-8: Fuel Tax and Variable-Priced Insurance

These options would be quantified separately as individual options.

For the Fuel Tax option, 15 cents per gallon is about the same as a 5% increase in retail prices. Price elasticity would be taken into consideration and applied to the fuel use in the state. There are many studies on fuel price elasticity, including a few that have examined the recent rise in

gasoline prices and how this affects travel. Jeff mentioned that it might be a 1-2% reduction in VMT at most under this option.

A member of the PWG suggested putting this into context with other taxes and specifying that the revenue go for climate change purposes. It was also mentioned that the State commission is looking at revenue sources and increasing fuel tax is one of the main options. The group agreed that they wouldn't grapple the question of what to do with the revenues. By putting forth the gas tax, the PWG would say that the State can increase the gas tax *and* reduce GHG emissions by this much.

A question about the level of gas tax proposed was asked and whether 15 cents is enough to make a difference. CCS responded that 15 cents would not have a large impact on VMT, but a tax higher than 15 cents might not be politically feasible. Other studies have showed little effects on VMT, but possibly some effects on the sales of vehicle types (i.e. SUVs, Priuses, etc.). A recent study by researchers at the University of California, Irvine has showed that an given increase in gasoline prices had larger effects than in the 1970s than it would today, because income levels relative to that change are higher today. In the North Carolina climate action plan process, two separate fuel tax options were developed – one for raising revenues and one for reducing GHG emissions (which would need a higher level to change people's behavior).

For the second option, Pay-As-You-Drive Insurance (PAYD), there are two variants. One is a state mandate, whereby PAYD is offered to all state residents by 2020. The second is a pilot program followed by voluntary involvement by insurance companies, for which CCS would assume a modest 5% market penetration rate.

A PWG member pointed that the group is talking about year 2020 — the current political will for this policy may change and a part of that change will be determined by the “attractiveness” of the strategy to reduce climate change. He comments that this option might change the price of gasoline substantially more than the fuel tax and can be effective in reducing VMT.

TLU-9: Parking Management

This option involves monetary incentives, parking cash-out, encouraging bicycle parking, rideshare, unbundling parking (separating parking from dwelling unit), reducing supply of parking, etc. There are studies of the impacts of parking cash-out on travel and VMT – in some cases, it has shown significant reductions in trips. To quantify this, assumptions would be made of how many more employers would offer parking cash out under the policy than they do now. Assumptions on trip making and extent of implementation and penetration for parking tax reform or increases in parking prices would also need to be made.

This option was noted to have possible synergistic effects if looked at in conjunction with smart growth.

TLU-10: Commuter Benefits Programs

This policy assumes that all large employers would offer some type of commuter benefits program by 2010. Based on the EPA's "Best Workplaces for Commuters" program, research suggests a reduction of 0.5 MMT CO₂e per covered employee. CCS may need PWG direction on the details of the mandatory "employee trip reduction act", which is part of this policy design.

TLU-11: Driver and Consumer Education Program

CCS will probably not quantify this policy option. The impacts on GHGs would be small, and CCS is unaware of any research that could isolate the effects of a state driver curriculum program.

Agenda Item#5: Implementation Mechanisms and Other Portions of the Policy Option Template.

The group reviewed the volunteers for each policy option and areas where more help is needed. Will Toor volunteered to assist with the transit options (TLU-3 and TLU-7), TLU-1 (Smart Growth), and TLU-9 (Parking Management). It was clarified that the level of detail needed for the implementation could be about a half-page to two pages. It may call out actions to state agencies where necessary, but is important not to speculate what the agency would or would not do. In some cases, legislative action will be needed, or a pilot program. If there are feasibility issues (e.g., TABOR vote needed), those should be addressed in the respective section. Jeff will send around the policy option template in word format via email so that PWG members can insert directly into the existing document. These documents should be completed about one week before the next call.

Agenda Item#6: Agenda, time and date for next call.

The date of the next PWG meeting will be determined at a later time but will probably occur the week after July 4. Goals for the next meeting are to review and approve quantifications. As an interim step, the PWG should get as much done as possible to complete the remaining parts of the policy templates. Jeff will send out information including the word version of the documents to the whole group, including those who couldn't make the call.

Agenda Item#7: Public Input and Announcements. None.