

Maryland Commission on Climate Change

Mitigation Working Group

May 31, 2018 10:00AM - 12:00PM

Minutes

Attendance: Tad Aburn, Mike Powell, Stuart Clarke, Tom Ballentine, Elliott Campbell, Drew Cobbs, Colby Ferguson, Ben Hobbs, Les Knapp, Anne Lindner, Arjun Makhijani, Lisa McNeilly, Susan Payne, Chris Rice, Jim Strong, Tamara Toles O’Laughlin, Joe Uehlein, Tom Walz, Tom Weissinger, Brian Hug, Nancy Kopp, Larry Liebesman (Climate X-Change, panelist), Larry Richardson (Maryland Chamber of Commerce, panelist), Marc Breslow (Climate X-Change, panelist), Robertson Williams (UMD/RFF), Gerald Jackson (AFL/CIO), Tod Wickersham (Beneficial Results LLC/Biodiversity for a Livable Future), (Cheryl Arney (CCL and Climate X-Change), Jim Frazier (Michael Baker International), Kate Zyla (Georgetown Climate Center), John Mosheim (GHG Engineering, LLC), Mike Siers (Towson/RESI), Catherine Menking (Towson/RESI), Jessica Langerman (CCL), Jamie DeMarco (CCL), Joel Yesley (CXC), Donald Goldberg (CXC), Barbara Christensen (CCAN/Sierra Club), Ruth Alice White (Howard Co Climate Action/Sierra Club), Mark Kresowik (Sierra Club), Lindsey Mendelson (Sierra Club), Steve Foote (Sierra Club), Sara Via (UMD), Katherine Catalano (Union of Concerned Scientists), Phil Jakobsberg (no affiliation), Jeff Silva (no affiliation), Tina Slater (no affiliation), Pam Kasemeyer (Schwartz, Metz & Wise, P.A.), Ian Ullman (for Senator Pinsky), Margie Brassil (for Delegate Stein), John Kumm (ECO Liaison), David Costello (IEER), Ana Maria Rule (Johns Hopkins Bloomberg), Josh Cohen (Polity Partners Consulting), Heidi Hawkins (Exelon), Hans Schmidt (MDA), Gary Greening (Michael Baker International/MDOT), Susanne Brogan (State Treasury Office), Ryan Opsal (MEA), John Fiastro (MEA), Luke Wisniewski (MDE), Jess Herpel (MDE), Chris Beck (MDE), Hannah Brubach (MDE), Chris Hoagland (MDE), Scott Zacharko (MDE), Joe Lutz (MDE).

Phone: Larry Kasecamp, Dwight Alpern (attorney), Doreen Paster (Environmental/Community Consultant).

Item #1: Welcome and Introductions

- Brian Hug called the meeting to order, and introductions were made around the room and on the phone.
- Mike Powell pointed out that the new panel process was developed based on discussion at the Commission level, which called for less time to presentations and more to working group discussions.
- Stuart further emphasized the importance of a robust discussion within the working group, which should be prioritized.
- Brian noted that Secretary Grumbles participated in an event by WRI ([“1 Year Later: Has the World Moved On Since President Trump’s Announcement on the Paris Agreement”](#)) where he discussed Maryland’s priorities, the Commission, the GGRA, healthy soils, and the Climate Academy, among other things.

Item #2: Carbon Market Panel

- Brian introduced the panel procedures. Each panelist will provide a 1-2 minute introduction of themselves, and then they will each have 2.5 minutes to answer the four questions (below). These questions were provided to the panel in advance of the meeting.
 1. Please discuss concerns related to the economic and environmental impact of an isolated carbon tax in Maryland (or regionally), considering: whether it can be implemented in a way that Maryland residents and the business community receive immediate economic benefits; what role leakage might play; and who are the potential winners and losers in this scenario.
 2. What pace or timeline for implementing a carbon tax program do you anticipate would provide the most benefit (environmental, economic and jobs) to Maryland citizens? Consider State GHG reduction goals in responding to this question.
 3. What are the most important considerations for methods of pricing carbon and redistributing funds, including potential regressive impacts? Consider social equity in responding to this question.
 4. Please speak to the policies and programs that implementing a carbon tax might impact/alter. For example, what would happen to the RPS and RGGI?

Item #3: MWG Discussion

- There is a need for a systemic incentive; however it is problematic for Maryland to implement a carbon pricing program on its own. While possible for Maryland to incur the costs of such a program in order to lead by example, this is not ideal. It may be better to build on the success of RGGI instead, and identify how other sectors can be pulled in, expanding the scope and the participating states.
 - Robert agreed that broader coverage would be more effective, but suggested that a carbon tax would be better than RGGI, and that pricing out-of-state carbon could solve the leakage problem.
- As proposed, HB0939 [Regional Carbon Cost Collection Initiative] was written to so that the Secretary must establish a carbon tax if similar programs were established by either two congruous states or two RGGI states. Incongruous RGGI states with similar programs, however, are not helpful to us.
- A carbon tax is not preferred for the purpose of reducing emissions. Would low-income households face Federal taxes on their rebates, and would the additional income disqualify households from income-based assistance?
 - Marc stated that they have began looking into low-income impacts, but not sufficiently. The average \$320/year rebate was not usually enough to affect eligibility, and most households of concern are not actually taxed at the federal level due their total income level.
- Appliance standards are extremely effective at reducing electricity consumption; what is the economic effectiveness of these types of measures compared to a tax?
 - Marc stated that the standards could operate concurrently with a carbon tax, and it was not necessary to choose one over the other.
- Regarding the cost per gallon, it would be about \$0.13 or \$0.14 per gallon on gasoline, motor oil and diesel at \$15/ton, and up to \$0.45 eventually. With numerous options to achieve the state's reduction goal we should continue to favor the most efficient cost/ton. The carbon tax is relatively inefficient, especially for consumers.
- Companies are far more likely to take whatever path is easiest - such as shifting production to other states rather than taking extra steps of applying for rebates or compensation from a program. Also, compensation may not be able to actually cover the cost of union wages and benefits.
 - Marc suggested that it would be possible to exempt manufacturing from the bill. Larry also noted that how displacement is addressed would need to be worked out.
- A possible alternative may be stacking carbon onto the nutrient trading program as a free market approach to achieve some of our goals.
 - Marc stated that both could exist without conflict.
- Since everyone would come out ahead except for the top 10% of households, where is the disincentive [incentive to decrease usage]?
 - Marc stated that the incentive to reduce is use less, pay less - but the rebate portion isn't intended to decrease when you buy less. This is expected to cut back in ways that are easy, with small incentives on the margin.

How does this compare to other emission reduction strategies? Will it deliver the needed reductions in the most efficient way possible?

→ Marc responded that it will incentivize a faster switch to more efficient fuels and/or renewables. This will mostly occur in the electricity sector, with natural gas generation replacing coal-fired power plants.

- What is this compared to and will it deliver the needed reductions in the most efficient way possible?
- Carbon Tax is a more radical solution; it may be something to keep on the radar for 2050, which is a more ambitious goal.
- We may include in the 2018 plan that this is still under discussion.
- We should make sure we are looking at all programs and options together.

Items #4 and #5: Update on the Healthy Soils Initiative and Forest Carbon Sequestration

- At 11:30, the MWG members agreed to continue discussion (Item #3) and these presentations will be held at a later date to be determined by the MWG Steering Committee on their monthly call.

Item #6: New Business

- Brian reminded everyone that the July meeting would be taking place on Wednesday, June 27 (not July 5th), and that calendars should be updated accordingly.

Item #7: Public Comment

- Jeff Silva: Industry is ruling the decision-making and holding our future hostage.
- David Costello: We are only 50% towards our target for 2020. Don't worry about Commission consensus; there is consensus in Maryland. Keep moving forward and be assertive.
- Lindsey Mendelson: Carbon pricing is important to the transportation sector. The Commission should look into a program similar to RGGI for transportation.
- Donald Goldberg: Climate Law & Policy Project supports the bill [HB0939] and would be happy to make a memo available.
- Mark Kresowik: Thanks for supporting RGGI; we agree with the comments that it may be better to build on the success of RGGI and expand its scope into the transportation sector, or apply the lessons learned to other sectors such as heating and transportation. RGGI funds are not enough to address all issues around carbon emissions; a more progressive rebate is needed.
- Cheryl Arney: Respects how MWG has been addressing these issues and that there are uncertainties in the reductions achieved and needed. However, Cheryl supports [Commission member] Senator Pinsky's assertion that we need to take bolder action. Carbon pricing is such an action.
- Jamie DeMarco: Economists agree that carbon pricing is the most cost effective. Jamie is excited to see the conversation move forward.