



## **Memorandum**

To: Kentucky Energy and Environment Cabinet  
Kentucky Department for Energy Development  
and Independence

From: The Center for Climate Strategies

Re: Proposed Work Plan for Launch and Management of the Kentucky Climate  
Action Plan Process

Date: January 26, 2010

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The Commonwealth of Kentucky has established the Kentucky Climate Action Plan Council (KCAPC) process to identify opportunities for Kentucky to respond to the challenge of global climate change and any federal legislation or regulation to address greenhouse gas emissions while becoming more energy efficient, more energy independent, and spurring economic growth. The Commonwealth has requested that the Center for Climate Strategies (CCS) assist in the development of a Kentucky Climate Action Plan (KCAP).

Through this memorandum, we are responding to this request for assistance, asking for review and approval of a proposed work plan, and providing a commitment to seek cost share resources to help ensure success of the project. CCS proposes to facilitate the KCAPC process through its model consensus building process in partnership and close coordination with the Kentucky Energy and Environment Cabinet (KEEC). Upon approval, we will move quickly to launch the first meeting of the process.

This memorandum outlines the proposed work plan for the KCAPC, including:

- Purpose and goals of the process
- Outline of the final report
- Project timing and milestones
- Design of the process, including key principles, guidelines, parameters and ground rules
- KCAPC meeting agendas and objectives, including Technical Work Group (TWG) meeting topics
- Participant roles and responsibilities

- Project budget and funding plan
- Project team

### **Purpose and Goals, Kentucky Climate Action Plan Council Process**

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The KCAPC will be a broad-based group of Kentucky stakeholders charged with making a comprehensive set of state-level climate mitigation policy recommendations to the Governor in a climate action plan. The State will appoint members of the statewide advisory group. KEEC Secretary Leonard Peters will serve as its Chairperson.

The goals of the KCAPC process include:

1. Use Kentucky Seven- Point Energy Strategy as a foundation to develop a broad based climate strategy.
2. Review and approval of a current and comprehensive inventory and forecast of greenhouse gas (GHG) emissions in Kentucky from 1990 to 2030.
3. Development and recommendation of comprehensive climate mitigation policy recommendations in key economic sectors in Kentucky through 2030 to meet or exceed state emissions reduction goals.
4. Development of recommended short, medium and long-term goals for statewide reductions in the amount of GHGs emitted by activities in Kentucky.
5. An interim report of the KCAPC due by July 2010.
6. A final written report of the KCAPC due by December 2010.

### **Interim Report**

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The KCAPC interim report is expected by July 2010. It will compile and summarize the findings of Meetings 1-3. It will cover the following areas:

1. Process Summary,
2. Results of GHG Inventory- Forecast Projections,
3. Catalog of Policy Options and Descriptions,
4. Priority Options for Further Analysis,
5. Baseline and Target Years for short, mid and long-term goals)

### **Final Report**

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The KCAPC final report is expected by December 2010. It will compile and summarize the final recommendations of the KCAPC and cover the following areas:

1. Executive Summary
2. History and Status of State Energy and Climate Actions

3. Inventory and Forecast of Kentucky GHG Emissions and Energy Activities
4. Recommended Goals and Targets for Reducing GHG Emissions in Kentucky
5. Recommended Climate Mitigation Policy Actions by Sector:
  - a. Energy Supply
  - b. Residential, Commercial, and Industrial
  - c. Transportation and Land Use
  - d. Agriculture, Forestry, and Waste Management
  - e. Cross Cutting Issues (Emissions Reporting, Registries, Education and Goals)
6. Technical Appendices

### **Timing and Milestones**

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The first in-person meeting of the KCAPC will be held January 28, 2010 with five additional meetings or more being held in the ensuing months. CCS will work with KEEC to formulate an Interim Report by the fourth meeting and will issue the final report of the KCAPC following its final meeting. For each of the five TWGs, two or more teleconference calls or meetings will be held between each of the KCAPC meetings.

The following draft schedule is suggested for planning purposes:

#### **Draft KCAPC Calendar**

<b>Date</b>	<b>Meeting*</b>
January 2010	1 <sup>st</sup> KCAPC meeting
March 2010	2 <sup>nd</sup> KCAPC meeting
May 2010	3 <sup>rd</sup> KCAPC meeting
July 2010	4 <sup>th</sup> KCAPC meeting and Interim Report
September 2010	5 <sup>th</sup> KCAPC meeting
November 2010	6 <sup>th</sup> KCAPC meeting
December 2010	Final Report Due
Between KCAPC Meetings	2 TWG conference calls/ meetings

## **Design of the Process**

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The KCAPC process will follow the format of CCS consensus building and policy development processes used successfully in a number of state-level climate and energy action planning initiatives. The CCS planning process combines techniques of alternative dispute resolution, community collaborative decision-making, and corporate strategic planning in a combined form of facilitation and technical analysis known as “evaluative facilitation.” This consensus-building model supports informed and collaborative self-determination by a broadly representative group of designated stakeholders and technical experts. Activities of the KCAPC will be transparent, inclusive, stepwise, fact-based, and consensus driven. The KCAPC process will seek but not mandate consensus and will use formal voting to determine the level of support for individual options (described below).

The KCAPC process relies on intensive use of information and interaction, and requires substantial organization and communication among facilitators, participants, and technical analysts. CCS will oversee and manage this information exchange and decisional process in partnership with the state. CCS will provide central coordination of KCAPC and TWG activities through a facilitation team and provide close coordination of KCAPC, TWG, facilitation, and technical support activities.

To facilitate learning, collaboration, and task completion by the KCAPC members, CCS will provide a series of decision templates for each step in the process, including: a catalog of state actions with ranking criteria, a balloting form for identification of initial priorities for analysis, a draft policy option template for the drafting and analysis of individual recommendations, a quantification principles and guidelines document for the KCPAC and each TWG, and a final report format.

CCS will also provide meeting materials for each KCAPC meeting and TWG teleconference call, including: a PowerPoint presentation of the discussion items, an agenda and notice of the meeting, a draft summary of the previous meeting for review and approval, and additional handouts as needed. Materials will be provided by CCS in advance through website posting and email notice with a goal of seven days advance notice. CCS will provide and manage a project website ([www.kyclimatechange.us](http://www.kyclimatechange.us)) in close coordination with the state. All website materials will be reviewed by the Kentucky Department for Energy Development and Independence (KDEDI) prior to posting. Examples of CCS project websites can be found at [www.climatestrategies.us](http://www.climatestrategies.us).

The KCAPC process includes the following key principles and guidelines:

- The process is fully transparent. The transparency of technical analysis, policy design, and participant viewpoints is critical to the identification and resolution of potential conflicts. All materials considered by the KCAPC and TWGs are posted to the project website, and all meetings are open to the public. The quantification of all potential policy options is transparent with respect to the data sources, methods, key assumptions, and uncertainties used by CCS in its joint work with participants. In addition, policy design parameters and implementation methods for recommended actions are fully transparent, including emissions reduction goals, timing, participants, and implementation mechanisms.

- The process is inclusive. A diverse group of KCAPC members and additional TWG members are chosen by the KEEC Secretary to represent a broad spectrum of interests and expertise in Kentucky. In addition, public input opportunities are provided at each meeting of the KCAPC and TWGs, and in review of the final report.
- The process is stepwise. Each step of the process builds incrementally on the former toward a final solution. Sufficient time, information, and interaction are provided between steps to ensure comfort with decisions and quality of results. Once made, decisions are not reconsidered to avoid backsliding.
- The process will seek but not mandate consensus. Votes will be taken at key milestones in the process in order to advance to next steps. Alternatives that address barriers to consensus will be developed by the KCAPC with the assistance of TWGs and CCS. Voting is conducted by simple request for objection at the point of decision (by hand), followed by resolution of conflicts, as needed, through the development of alternatives. The absence of objection is regarded as support for the proposal. KCAPC Members should always feel free, and are encouraged, to voice any concerns, objections or questions during the process. Final votes by the KCAPC include support at three levels, including: unanimous consent (no objection), super majority (five objections or less), and majority (less than half object). Typically the early stages of the process proceed with unanimous consent, and supermajority if needed. Final recommendations may include recommendations at all three levels. The final report by CCS will document KCAPC recommendations and views on each policy option, including alternative views as needed.
- The process is comprehensive. The KCAPC will explore solutions in all sectors and across all potential implementation methods, including a variety of voluntary and mandatory implementation mechanisms. The total number of policies considered and recommended by the KCAPC is typically 50 or more. Recommendations may include state-level and multi-state actions (regional and national). Mitigation of all GHGs will be examined, including carbon dioxide, methane, nitrous oxide, and synthetic gases. Units will be expressed in million metric tons carbon dioxide equivalent (MMTCO<sub>2e</sub>). Significant actions taken by the executive or legislative branches during the process will be included in an updated reference case forecast of emissions as recent actions.
- The process is guided by clear decision criteria for the selection and design of recommended actions. These include consideration of: (1) GHG reduction potential; (2) cost or cost savings per ton GHG removed; (3) externalities, including economic, environmental, and energy policy co-benefits; and (4) feasibility issues, including physical, technical, institutional, economic and political.
- The process is quantitative. Results of KCAPC decisions will include explicit descriptions of policy design parameters and estimates of GHG reduction potential and cost effectiveness, except for policy options that the KCAPC does not believe are suited to quantification (for example, education programs). As

such, recommendations can include both quantified and non-quantified actions, with emphasis on quantification of GHG reduction potential and cost or cost savings for as many recommendations as possible. Additional quantification needs related to co-benefits or feasibility issues will be evaluated on a case-by-case basis pending KCAPC input and available resources.

- The process covers short, medium, and long-term periods of action. The time period of analysis for emissions inventories and reference case projections includes years 1990-2030 with 2005 as a base year. Recommendations for action will include the present to year 2030, with estimated benefit and cost impacts being reported for intermediate years of 2020 and 2030. A long-term goal for 2050 may be included but will not be quantified. These time frames can be adjusted if needed to consider other time horizons.
- This process is implementation oriented. The goal of the process is ultimate adoption of specific policies by the Commonwealth of Kentucky based on planning recommendations of the KCAPC and supplemental analyses, as needed. Accordingly, the level and detail of analysis conducted for policy options is geared toward planning recommendations to the Governor and the KEEC Secretary as opposed to final rulemaking or legislation.

## **KCAPC Meeting Objectives and Agendas**

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The objectives and agendas for each of the KCAPC and TWG meetings are listed below, with notes regarding each of the decisions of the KCAPC.

### **MEETING ONE**

- Objectives:
  - Introduction to the process, presentation of preliminary fact-finding (inventory and forecast of emissions, catalog of state actions).
  - Formation of TWGs. Proposed assignments of KCAPC members to individual TWGS will be discussed
- Agenda:
  - Introductions
  - Purpose and goals
  - Review of the KCAPC process
  - Review of the status of and reasons for state climate change action
  - Review of the draft Kentucky emissions inventory & forecast
  - Review of the initial draft Catalog of State Policy Actions (which CCS will provide), including Kentucky Climate Mitigation Actions to Date (which KEEC will provide).

- Formation of TWG's
- Next meeting agenda, time, location, date
- Public input

Interim TWG calls will cover: (1) review and suggested revisions to the draft inventory and reference case projections; (2) review and suggested additions to the catalog of state policy actions; (3) Review other state goals and targets

## **MEETING TWO**

- Objectives:
  - Addition of potential actions to the draft catalog of state actions and approval of the catalog (by vote)
  - Identification of potential revisions to the draft emissions inventory and forecast (by vote if/as needed)
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Review and approval of additional actions to the Catalog of possible Kentucky State Policy Actions
  - Discussion of the process for identifying initial priorities for TWG analysis
  - Recommended updates to inventories and baseline forecasts
  - Next meeting agenda, time, location, date
  - Public Input

Interim TWG calls will cover: (1) suggested revisions to the emissions inventory and reference case projections, (2) early notional ranking of options in the catalog and straw balloting for initial "priority for analysis" options, (3) options for state goals and targets.

## **MEETING THREE**

- Objectives:
  - Approval of TWG identified priority policy options for detailed analysis. (by vote)
  - Approval of revisions to the emissions inventory and forecast (by vote if/as needed)
- Agenda:
  - Introductions

- Review and approval of previous draft meeting summary
- Final agreement on Kentucky emissions inventories and baseline forecasts (preferable)
- Review and approval of TWG suggested lists of initial policy option priorities for analysis
- Discussion of process for developing straw policy design proposals
- Discussion of process for developing and elements of an Interim Report
- Update on Next Steps
- Briefing on quantification methods
- Next meeting agenda, time, location, date
- Public Input

Interim TWG calls will cover: (1) development of straw proposals for design parameters for individual policy options, (2) next steps for analysis of options, and (3) development of preliminary options for Kentucky GHG reduction goals. (4) Development of elements of Interim Report (elements likely to include Process Summary, Results of GHG Inventory- Forecast Projections, Catalog of Policy Options and Descriptions, Priority Options for Further Analysis, Baseline and Target Years for short, mid and long-term goals)

## MEETING FOUR

- Objectives:
  - Approval of TWG suggested straw proposals for policy design (goals, timing, parties involved) (by vote)
  - Preparation for quantification phase of the process (briefing and discussion)
  - Introduction to the GHG goal setting process including examples from other states and review options for establishing GHG emission reduction goals and targets for Kentucky.
  - Approve Interim Report
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Review and approval of straw proposals for policy design
  - Discussion of quantification principles and guidelines, and key assumptions for TWG analysis of policy options
  - Formulate options for establishing GHG emission reduction goals and targets for Kentucky.

- Review and Approve Interim Report
- Next meeting agenda, time, location, date
- Public Input

Interim TWG calls will cover: (1) review of proposed quantification procedures for individual options; (2) review of first round of quantification results; and (3) identification of early consensus options for recommendation for KCAPC approval, and (4) Development of preliminary proposed GHG emission reduction goals and targets for Kentucky

## **MEETING FIVE**

- Objectives:
  - Review and approval of initial consensus policy recommendations (by vote)
  - Identification of specific barriers to consensus, and potential alternatives for policy options lacking full consensus (discussion) to be considered further by TWGs
  - Proposed GHG emission reduction goals and targets for Kentucky identified.
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Begin review and approval of draft policy options
  - Identification of barriers and alternatives for remaining options, with guidance for additional work on options to TWGs
  - Review and consideration of proposed GHG emission reduction goals and targets for Kentucky.
  - Next meeting agenda, time, location, date
  - Public Input

Interim TWG calls will cover: (1) final revisions to alternative policy option design parameters, quantification approaches, and/or implementation mechanisms as needed,(2) final analysis of options and alternative approaches and (3) formulation of final proposed GHG reduction goals and targets for Kentucky.

## **MEETING SIX**

- Objectives:
  - Review and approval of draft pending policy recommendations not yet approved, including additional options if/as needed (by vote)

- Final approval of proposed GHG emission reduction goals and targets for Kentucky.
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Review and approval of final draft pending policy options, with results of analysis for individual options and cumulative emissions reductions potential for all options combined
  - Approve final GHG emission reduction goals and targets for Kentucky, (By vote)
  - Review of final report preparation process and plans
  - Next meeting (by conference call) agenda, time, date
  - Public Input

## **FINAL REPORT**

- Draft report language by CCS to the KCAPC
- First round of review and comment on draft report to CCS
- Updated draft report language to the KCAPC and public
- Final KCAPC call to discuss suggested changes to the final report
- Final report transmitted to the State by CCS

## **Participant Roles and Responsibilities**

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The KCAPC process involves a number of parties with specific roles and responsibilities, as follows:

### **Chairperson**

The Chairperson of the KCAPC is the Secretary of the Kentucky Energy and Environment Cabinet. The Secretary will appoint the KCAPC members by administrative order. He will also name the agency support team from the Kentucky Department for Energy Development and Independence (KDEDI) and other agencies as needed. The Chair will work in partnership with CCS and agencies to support timely and orderly completion of tasks, good-faith participation, and resolution of issues by KCAPC members, enforce ground rules, open and close KCAPC meetings.

### **Center for Climate Strategies**

The State has asked CCS to partner in forming and conducting a participatory, deliberative statewide climate action planning process to meet the goals of the KCAPC. CCS will work in partnership with the KEEC, state agencies, and the Chair to achieve

the overall goals of the process. In this role, CCS will design the KCAPC process (using its standard consensus building model specifically applied to Kentucky) and provide facilitation and technical and policy analysis and other support to the KCAPC and its TWGs through a team of project managers, facilitators, and technical analysts. CCS will facilitate meetings and votes during meetings, schedule meetings in coordination with the Chair and KDEDI and, implement meeting agendas from the work plan, produce documents for KCAPC and TWG consideration, and perform and present technical and policy analysis.

CCS serves as an impartial and expert party and does not take positions on issues or direct the parties toward particular solutions. As such, CCS serves as a group mediator, but not as an arbitrator. CCS abides by the Model Standards of Conduct for Mediators available on its website. CCS also seeks funding to help successfully complete the process through private sources, as needed.

### **KCAPC**

The Secretary appoints the KCAPC. It provides review and approval of final recommendations for specific climate mitigation policy actions, and approves a final Kentucky GHG emissions inventory and forecast. KCAPC members are appointed to respond to the purpose, goals and timelines of the process. CCS will facilitate KCAPC activities, provide supporting analysis of options under consideration, and deliberate and cast votes in an open-group format. The KCAPC will vote using procedures outlined under “Design of the Process,” above.

### **Technical Work Groups**

TWG members are appointed by the Secretary and will be comprised of KCAPC members assigned to specific sector-based TWGs of interest as well as non-KCAPC individuals with technical expertise and interest of importance to the process. The TWGs will provide nonbinding guidance to KCAPC members on decisions related to milestones in the stepwise process (any balloting or other determination of consensus conducted through the TWGs will be advisory only and nonbinding on the KCAPC). TWGs will also provide assistance to CCS in the identification, design, and quantification of policy recommendations. Sector based TWGs include:

- a. Energy Supply (heat and power);
- b. Residential, Commercial and Industrial (energy efficiency and conservation and industrial processes);
- c. Transportation and Land Use;
- d. Agriculture, Forestry and Waste Management;
- e. Cross Cutting Issues (reporting, registries, public education, goals, etc.).

### **Government Agencies**

The Commonwealth has identified the following agencies as participants in KCAPC process: The Kentucky Energy and Environment Cabinet, Department for Energy Development and Independence, and the KY Transportation Cabinet, Cabinet for Economic Development, Governors Office of Agricultural Policy, the Division of Air

Quality, and the Public Service Commission. Agency participants provide liaison to KCAPC and TWG meetings and related activities. This includes technical review and input to TWG meetings. In addition, agencies will assist CCS by providing support for successful completion of the process, and provide day-to-day assistance to CCS with coordination, communications, logistics, and technical assistance.

### **The Public**

The public is invited to attend KCAPC meetings and provide review and input to KCAPC and TWG members. Other public input mechanisms may be developed as needed based on guidance from the KEEC Secretary.

### **Participant Guidelines**

KCAPC and TWG members are expected to follow certain codes of conduct during the process, including:

- Participants are expected to support the process and its concept fully and, through the group process, collaborate in good faith toward the goals of the KCAPC process.
- Participants are expected to act as equals during the process to ensure that all members have equal footing during deliberations and decisions.
- Participants must attend meetings and stay current with information provided to the group and the decisions of the group.
- Participants are asked not to reconsider decisions already made in the stepwise process. Once the KCAPC reaches a milestone by vote, it moves to the next step.
- Participants represent only themselves when making KCAPC decisions and/or speaking about the process with the media or in other public settings.
- Participants should refrain from personal criticisms and provide objective, fact-based comments and alternatives during KCAPC and TWG discussions.

### **Project Budget**

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CCS and the Commonwealth of Kentucky (KY) have agreed upon a projected budget for the project which will cover the core facilitation process and quantification of approximately 50 policy recommendations. Currently there are ample resources to allow for start-up of the process, completion of the GHG Inventory- Forecast Report, establishment and conduct of the first three Council meetings, holding of approximately half of the total TWG meetings and preparation of a draft Interim Report by July 31, 2010. There are no guarantees that additional funding will be available from the Commonwealth, or from CCS. The balance of funds necessary to continue past Meeting #3 will need to be raised by the Commonwealth and CCS.

**Project Team**

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The CCS project team consists of the following members (CCS may alter the team configuration based on need during the process):

**Facilitation and Project Management**

- Tom Peterson, Tom Looby, Randy Strait

**Inventory and Forecast Team**

- Randy Strait, Maureen Mullen, Bill Dougherty, Steve Roe, TBD

**Technical Work Group Facilitators and Consultants**

**Energy Supply**

- Jeff Wennberg, Bill Dougherty, Hal Nelson, Adam Rose, Dan Wei, TBD

**Residential, Commercial, and Industrial**

- Ken Colburn, Matthew Brown, Hal Nelson, David VonHippel, TBD

**Agriculture, Forestry and Waste Management**

- Steve Roe, Jackson Schreiber, Brad Strode, Rachel Anderson, Katie Bickel, TBD

**Transportation and Land Use**

- Mike Lawrence, Lewison Lem, TBD

**Cross Cutting Issues**

- Tom Looby, Joan O'Callaghan

Approved, Commonwealth of Kentucky \_\_\_\_\_ Date: \_\_\_\_\_

Approved, CCS \_\_\_\_\_ Date: \_\_\_\_\_