

# **Appendix B**

## **Description of the Michigan Climate Action Council Process**

### **Memorandum**

To: Michigan Department of Environmental Quality

From: The Center for Climate Strategies

Re: Work Plan for Launch of the Michigan Climate Action Council

Date: December 12, 2007

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This memorandum outlines the proposed work plan for the Michigan Climate Action Council (MCAC). Initially the purpose and goals of the process are described, including the proposed general outline of the final report and the overall timing and milestones. Also described are the design of the process, including key principles and guidelines. A set of general MCAC meeting agendas follows, showing the progression of the process over time. Lastly, an outline of the budget and funding plan is presented, along with a description of the project team.

### **Purpose and Goals of the Michigan Climate Action Council**

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In an Executive Order dated November 14, 2007, Governor Jennifer M. Granholm directed the Department of Environmental Quality (DEQ) to establish the Michigan Climate Action Council (MCAC) to identify opportunities for Michigan to respond to the challenge of global climate change while becoming more energy efficient, more energy independent, and spurring economic growth. The Governor and the DEQ have requested that the Center for Climate Strategies (CCS) assist the MCAC in the development of a Michigan climate action plan. Through this memorandum, we are responding to the request, asking for review and approval of our proposed work plan, and providing a commitment to provide substantial cost share to ensure success of the project. Upon approval, we propose to move quickly to launch the first meeting of the process.

The MCAC will be a broad-based group of Michigan stakeholders charged with making a comprehensive set of state-level policy recommendations to the Governor in a climate action plan. CCS proposes to facilitate the MCAC in a consensus building process, in close coordination with the DEQ.

The goals of the MCAC process include:

1. Review and approval of a current and comprehensive inventory and forecast of greenhouse gas (GHG) emissions in Michigan from 1990 to 2020.
2. Development of a recommended set of individual policy recommendations to reduce GHG emissions in Michigan through 2020, in two phases:
  - (a) Phase one will produce a set of preliminary recommendations and an interim report with executive and legislative branch policy recommendations for consideration by the Governor and Legislature by April, 2008.
  - (b) Phase two will produce a more detailed set of policy recommendations and include significant analysis of the emissions reductions expected from those policy measures in a final report due to the Governor *by* December 31, 2008.
3. Development of recommended goals for statewide reductions in the amount of GHGs emitted by activities in Michigan.

### **Interim and Final Reports**

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The MCAC Interim Report to the Governor is expected by April 30, 2008. It will contain a preliminary inventory and forecast of Michigan GHG emissions, an initial set of policy option priorities identified by the MCAC for consideration in connection with the 2008 legislative session and preliminary recommendations regarding potential goals for reducing GHG emissions in Michigan.

The MCAC final report to the Governor is expected no later than December 31, 2008. It will compile and summarize the final recommendations of the MCAC and cover the following areas:

1. Executive Summary
2. History and Status of State Actions
3. Inventory and Forecast of Michigan GHG Emissions
4. Proposed Goals for Reducing Greenhouse Gas Emissions in Michigan
5. Recommended 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, and Education)

## 6. Technical Appendices

### **Timing and Milestones**

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The first in-person meeting of the MCAC will be held in December 2007. Preliminary recommendations will be included in an Interim Report that will be developed by CCS by April 30, 2008. Phase II of the process will begin with meeting four, to be held in June 2008. CCS will issue the Final Report of the MCAC following its final meeting. For each of the five Technical Work Groups (TWG), two or more teleconference calls or meetings will be held between each of the MCAC meetings.

The following draft schedule is suggested for planning purposes:

#### **Draft MCAC Calendar**

<b>Date</b>	<b>Meeting*</b>
<b>PHASE I</b>	
December 12, 2007	1 <sup>st</sup> MCAC meeting
February 2008	2 <sup>nd</sup> MCAC meeting
April 2008	3 <sup>rd</sup> MCAC meeting
April, 2008	Interim MCAC Report with Preliminary Recommendations
<b>PHASE II</b>	
June 2008	4 <sup>th</sup> MCAC meeting
September 2008	5 <sup>th</sup> MCAC meeting
November 2008	6 <sup>th</sup> MCAC meeting
December 31, 2008	Final MCAC Report
Between MCAC Meetings	TWG conference calls and meetings

## Design of the Process

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The MCAC process will follow the format of CCS policy development processes used successfully in a number current and completed state-level climate 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 MCAC will be transparent, inclusive, stepwise, fact-based, and consensus driven. The MCAC process will seek but not mandate consensus and will use formal voting to determine the level of support for individual options.

The MCAC 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 DEQ. CCS will provide central coordination of MCAC and TWG activities through a project director team and a group of CCS technical facilitators and consultants. The CCS team provides close coordination of MCAC, TWG, facilitation, and technical support activities.

To facilitate learning, collaboration, and task completion by the MCAC 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 each TWG, and a final report format. CCS will also provide meeting materials for each MCAC 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.miclimatechange.us](http://www.miclimatechange.us)) in close coordination with the DEQ. All website materials are reviewed by the DEQ prior to posting. Examples of CCS project websites can be found at [www.climatestrategies.us](http://www.climatestrategies.us).

The MCAC process includes the following key principles and guidelines:

- The process is fully transparent. All materials considered by the MCAC 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 goal levels, timing, coverage of

parties, and implementation mechanisms. The transparency of technical analysis, policy design, and participant viewpoints is critical to the identification and resolution of potential conflicts.

- The process is inclusive. A diverse group of MCAC members, in combination with additional TWG members chosen by the DEQ to represent a broad spectrum of interests and expertise in Michigan. A ground rule for participation is to be supportive of the process, but members are free to disagree on specific decisions within the process. The public also is invited to provide meaningful review of and input to decisions.
- 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.
- 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 MCAC with the assistance of CCS, as needed. Voting is conducted by simple request for objection at the point of decision (by hand), followed by resolution of conflicts with the development of alternatives, as needed, to proceed. Final votes by the MCAC 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. Almost all final recommendations in prior processes have enjoyed unanimous consent, with a few falling short. The final report by CCS will document MCAC recommendations and views on each policy option, including alternative views as needed.
- The process is comprehensive. The MCAC 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 MCAC 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>). Similarly, all forms of energy supply and use and all forms of economic development are open for consideration as they relate to GHG mitigation actions. Any significant actions taken by the executive or legislative branches during the process will be included in an updated reference case forecast of emissions.
- 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) co-benefits, including economic, environmental, and energy policy improvements; and (4) feasibility issues.

- The process is quantitative. Results of MCAC decisions will include explicit descriptions of policy design parameters and results of economic analysis. 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 MCAC 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 1990-2020. Recommendations for action typically include the present to year 2020, with estimated benefit and cost impacts being reported for intermediate years such as 2010 and 2020. These time frames can be adjusted to if needed to consider longer time horizons.
- This process is implementation oriented. The goal of the process is ultimate adoption of specific policies by the state of Michigan based on planning recommendations of the MCAC and subsequent, more detailed analyses as needed. Accordingly, to support group consideration, implementation, design, and feasibility issues are provided at a conceptual level appropriate to support further consideration by the Governor.

## **MCAC Meeting Objectives and Agendas**

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

### **PHASE I: MEETING ONE**

- Objectives:
  - Introduction to the process, presentation of preliminary fact finding (inventory and forecast of emissions, catalog of state actions), formation of TWGs and identification of preferences (no votes, however, MCAC members should be prepared to select one or more TWGs for their participation)
  - Introduction to the GHG goal setting process including examples from other states

- Agenda:
  - Introductions
  - Purpose and goals
  - Review of the MCAC process
  - Review of climate science and impacts (as needed)
  - Review of the status of and reasons for state climate change action, and related energy and commerce improvements
  - Review of the draft Michigan emissions inventory & forecast
  - Review of Michigan actions already underway and introduction to the draft catalog of existing state climate mitigation actions
  - Review GHG emission reduction goals and targets in other states
  - 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 policy options; (3) Review other state goals and targets

## **PHASE I: MEETING TWO**

- Objectives:
  - Addition of potential actions to the draft catalog of state actions (by vote)
  - Identification of potential revisions to the draft emissions inventory and forecast (by vote if/as needed)
  - Discuss options and determine viability of establishing preliminary GHG reduction goals /targets for Michigan.
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Review and approval of additional actions to the catalog of possible Michigan policy actions
  - Discussion of the process for identifying initial priorities for TWG analysis
  - Recommended updates to inventories and baseline forecasts

- Discuss options for establishing Michigan GHG reduction goals and targets
- 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 ranking of options in the catalog and straw voting for initial “priority for analysis” options, (3) options for state goals and targets, (4) identification of potential early action items for Interim Report

## **PHASE II: MEETING THREE**

- Objectives:
  - Review and approval of initial executive branch and legislative recommended policy actions for legislative recommendation and further development of TWG identified policy options (by vote)
  - Review and approval of revisions to the emissions inventory and forecast (by vote if/as needed)
  - Complete prioritization of policy options for inclusion in the interim report.
  - Identify any potential early action recommendations
  - Identify preliminary goals and targets for further consideration in the Michigan climate change process.
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Final agreement on inventories and baseline forecasts (preferable)
  - Review and approval of TWG suggested lists of initial policy priorities for analysis
  - Discussion of process for developing straw policy design proposals
  - Formulation of preliminary GHG reduction goals and targets for consideration in Michigan.
  - Update on Next Steps, Compilation of Interim Report
  - 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 options, (2) next steps for analysis of options, and (3) further development of preliminary options for Michigan GHG reduction goals.

## **PHASE II: MEETING FOUR**

- Objectives:
  - Approval of TWG suggested straw proposals for policy design (goals, timing, coverage of parties) (by vote)
  - Approval of any additions to the list of priority for analysis policy options if/as needed (by vote)
  - Preparation for quantification phase of the process (briefing and discussion)
- 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
  - Next meeting agenda, time, location, date
  - Public Input

Interim TWG calls will cover: (1) review of proposed quantification procedures for individual options, including proposed data sources, methods, assumptions; (2) review of first round of quantification results; and (3) identification of early consensus options for recommendation for MCAC approval.

## **MEETING FIVE**

- Objectives:
  - Review and approval of early consensus policy recommendations (by vote)
  - Identification of specific barriers to consensus, and potential alternatives for non-consensus policy options (discussion) to be considered further by TWGs
  - Review options for establishing GHG emission reduction goals and targets for Michigan.
- Agenda:

- Introductions
- Review and approval of previous draft meeting summary
- Begin review and approval of the list of draft policy options, with results of analysis for individual options
- Identification of barriers and alternatives for remaining options, with guidance for additional work on options to TWGs
- Review of final report progress and plans
- Discuss options for GHG emission reduction goals and targets for Michigan.
- 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, and (2) final analysis of options and alternative approaches.

## **PHASE II: MEETING SIX**

- Objectives:
  - Review and approval of draft pending policy recommendations not yet approved, including additional options if/as needed (by vote)
  - Review and approval of proposed GHG emission reduction goals and targets for Michigan.
- Agenda:
  - Introductions
  - Review and approval of previous draft meeting summary
  - Review and approval of the list of final draft pending policy options, with results of analysis for individual options and cumulative emissions reductions potential for all options combined
  - Identification of barriers and alternatives for remaining options, with guidance for additional work on options to TWGs (if needed)
  - Approve proposed GHG emission reduction goals for Michigan,
  - Review of final report progress and plans
  - Next meeting agenda, time, location, date
  - Public Input

Interim TWG calls (if needed) 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.

## **FINAL REPORT**

- Draft report language by CCS to the MCAC and public
- First round of review and inputs to CCS
- Updated draft report language to the MCAC and public
- Final MCAC call to discuss suggested changes to the final report
- Final report transmitted to the DEQ by CCS

## **Participant Roles and Responsibilities**

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

### **Governor**

The Governor convenes the climate action plan process and MCAC through executive order, appoints members of the MCAC in conferral with the DEQ, requests and receives final recommendations from the MCAC for a comprehensive state climate action plan, appoints a chair and agency oversight team from the DEQ, and acts on final recommendations as deemed appropriate.

### **DEQ**

The DEQ will announce and convene the process on behalf of the Governor, appoint additional members to the TWGs in conferral with the Governor, receive recommendations from the MCAC process through CCS for distribution to the Governor. The DEQ will work in partnership with CCS to support timely and orderly completion of tasks, good-faith participation, and resolution of issues by MCAC members. The DEQ will enforce ground rules, open and close MCAC meetings, coordinate agency activities related to support of the process, 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.

### **Center for Climate Strategies**

The Governor and the DEQ have asked CCS to partner in forming and conducting a participatory statewide climate action planning process to meet the goals of the MCAC. CCS will work in partnership with the DEQ to achieve the

overall goals of the process. In this role, CCS will design the MCAC process and provide facilitation and technical support to the MCAC and its TWGs through a team of project managers, facilitators, and technical analysts to support MCAC needs.

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 will manage and facilitate meetings and votes during meetings, schedule meetings in coordination with the Chair, develop meeting agendas, and produce documents for MCAC and TWG consideration, and perform and present technical analysis.

CCS abides by the Model Standards of Conduct for Mediators approved by the American Arbitration Association, the Litigation Section and the Dispute Resolution Section of the American Bar Association, and the Society of Professionals in Dispute Resolution. CCS also ensures that adequate funding exists to successfully complete the process through private sources, as needed.

## **MCAC**

The MCAC is appointed by the Governor in consultation with the DEQ. It makes final recommendations for specific climate policy actions and approves a final Michigan GHG emissions inventory and forecast. MCAC members are appointed to respond to the goals and timelines of the process. CCS will facilitate MCAC activities, provide supporting analysis of options under consideration, and deliberate and cast votes in an open-group format.

## **Technical Work Groups**

TWG members will be comprised primarily of MCAC members assigned to specific sector-based TWGs of interest by the DEQ, with guidance by CCS. They may include non-MCAC individuals with technical expertise and interest of importance to the process. The TWGs will provide guidance to MCAC members on decisions related to milestones in the stepwise process. 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, Industrial (energy efficiency and conservation, and industrial process);
- c. Transportation and Land Use;
- d. Agriculture, Forestry and Waste Management; and
- e. Cross Cutting Issues (reporting, registries, public education, goals, etc.).

## **Government Agencies**

Agency participants provide liaison to MCAC and TWG meetings and related activities in support of the DEQ and CCS team. This includes technical review

and input to TWG meetings. The DEQ may also appoint agency representatives as MCAC or TWG members.

### **The Public**

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

### **Participant Guidelines**

MCAC 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, in good faith directly collaborate toward the goals of the MCAC and TWGs.
- 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 MCAC reaches a milestone by vote, it moves to the next step.
- Participants represent only themselves when making MCAC 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 MCAC and TWG discussions.

### **Project Budget**

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CCS and MDEQ have agreed upon a projected budget for the project. The estimated CCS budget for completion of startup and completion of the MCAC process covers the core facilitation process and quantification of approximately 50 policy recommendations. Changes in the number of meetings, number of policy options, or type of analysis may require additional budget support.

### **Project Funding**

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CCS works with a group of private foundation donors to provide cost share to its state partners to ensure a timely and successful launch and completion of the planning processes and other phases of the project. Key donors have pledged support for the MCAC. Pending the DEQ approval of this process design memo,

CCS pledges adequate core commitments to launch the process and fully fund its completion.

## **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, Ken Colburn

### **Inventory and Forecast Team**

- Randy Strait, Maureen Mullen, Dan Wei, Bill Dougherty, Luanna Williams

### **Technical Work Group Facilitators and Consultants**

#### **Energy Supply**

- Jeff Wennberg (Lead Facilitator), Donna Boyson, Dan Wei, Michael Lazarus ( Sr. Technical Advisor)

#### **Residential, Commercial, and Industrial**

- Jeff Wennberg (Lead Facilitator), David Vonhippel, Donna Boyson, Michael Lazarus

#### **Agriculture, Forestry and Waste Management**

- Steve Roe (Lead Facilitator), Katie Bickell, Jen Jenkins, Gloria Flora, Brad Strode, Peter Kuch, Joe Pryor?

#### **Transportation and Land Use**

- Jim Wilson (Lead Facilitator), Lewison Lemm, Bill Cowart, Wick Havens, Sean Mulligan

#### **Cross Cutting Issues**

- Tom Looby (Lead Facilitator), Ken Colburn (Co-Facilitator), Randy Strait, Linda Schade