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## GREENHOUSE GAS MODELS TO POLICY™ SERVICE

Resero Consulting is now offering its Greenhouse Gas Models to Policy™ (MTP™) service to clients that are committed to informed decision-making on climate change issues in California and the western USA. The MTP™ service is designed with two primary goals in mind:

- (1) **To save time** that you and your organization would otherwise spend to “get up the learning curve” on the modeling work currently being done that will shape climate change policy in California and the west. This on-going modeling has the purpose of examining issues and policy design tradeoffs that include cap-and-trade versus direct regulation, the level of the cap for the cap and trade system, the schedule for reduction of the cap, how the GHG reduction burden will be distributed among individual sectors within the cap, the allowable levels of offsets, allowance allocation, and how much of the ultimate costs will be borne by individual sectors, participants and consumers. We will help you understand how climate change models influence the policy process – which assumptions affect policy choices and which modeling issues you need to weigh in on to ensure that important aspects of GHG policy are not overlooked or misplaced .
- (2) **To make you more effective** at assessing the implications of various policy options and advocating for the ones that are least disruptive and most cost-effective by helping you leverage the information that comes out of modeling activities at California Air Resources Board (CARB), Western Climate Initiative (WCI), and the California Public Utilities Commission (CPUC).

Resero’s MTP™ service provides a cost-effective way for you and your organization to become engaged in and influence the modeling process at a fraction of the cost of performing the activities in house or of hiring dedicated consultants. You can take advantage of Resero’s recognized excellence at assessing model structure, inputs and outputs as well as our participation in the modeling meetings and stakeholder review processes. Becoming engaged in the process now will give you the best opportunity to influence critical CARB, CPUC, and WCI policy decisions before they are set in stone.

Here are three examples of key modeling events that will affect climate regulation going forward:

- The CPUC will be holding a workshop on its E3 State 2 modeling<sup>1</sup> in Mid April
- CARB’s Energy2020 policy scenario runs are being finalized for release in early May
- WCI is planning to discuss their assumptions in April. Once assumptions have been set it will be harder to influence the modeling processes.

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<sup>1</sup> The CPUC E3 Stage 2 modeling includes more specific analysis in several key areas: market clearing prices for emissions under a cap and trade approach, impacts of allocations and auctioning of allowances, costs of CO2 reductions by emission reduction measure, costs to Load-Serving entities from emission reduction and allocation/auction policies, and inclusion of offsets.

**CARB, WCI, AND CPUC POLICY-MAKING PROCESSES ARE TAKING PLACE NOW!**

The calendar below summarizes key milestones and activities, including some that have already taken place and others that are upcoming in the CARB, WCI and CPUC processes.

	CARB	WCI	CPUC
January	28 – Provided high level overview of modeling tools Energy 2020, EDRAM, E3		
February	6 – Discussed scenarios CARB will model 29 – Discussed Energy2020 inputs and outputs		29 – Release of Stage 1 modeling changes
March	17 – Discussed inputs for fundamental (“core”) measures	28 – Presented overview of modeling activities and description of the Energy2020 model	
April	4 – Discussed whether and how offsets will be modeled  25 – Discuss how non-economic factors will be represented in the model 30 –Release of “Reference Case” (expected April or May)	14 - Present Assumptions Book that lists all model inputs.	1 – Released Proposed Stage 2 E3 GHG Calculator Modeling Approach  21-22 – Hold Workshop on Stage 2 Modeling
May	5 – Present scenario results 19 (expected) – Discuss cost effectiveness analysis	12 - Preview of initial model results, including reference scenarios. 21 - Stakeholder Workshop, Salt Lake City, to present model results, including reference scenarios.	Post-workshop Comments due, modeling results made available (expected May or June)
June	16 – (unspecific agenda, but likely revisiting scenarios and revisions to scenario representations)	9- Present revised Assumptions Book with updated model inputs for Phase 2 analysis that reflects stakeholder comments.	
July	ARB to hold public workshop on DRAFT Scoping Plan.	21 - Present initial Phase 2 results using updated model inputs that reflect stakeholder comments  29 - Stakeholder Workshop: - Present Phase 2 model results	
August	TBD	TBD	TBD
September	TBD	TBD	TBD
October	TBD	TBD	TBD
November	ARB to consider Scoping Plan	TBD	TBD
December	TBD	TBD	TBD

## RESERO'S MTP™ SERVICE INCLUDES REPORTS THAT COINCIDE WITH CPUC, CARB AND WCI PROCESSES

Our service includes providing written summaries and reports that will help you quickly and efficiently grasp the key issues and understand the analytical tools.<sup>2</sup>

- In April:
  - o A guide to the CPUC's Stage 2 modeling changes using the E3 model
  - o Summary of discussions at the CPUC workshop on Stage 2 E3 modeling
  - o A concise user-friendly primer on the Energy2020 model and how your business is represented in it, including which data and input assumptions are most critical for model results in business sector
  - o A summary of CARB's policy scenarios
  - o Advance notice about modeling representations and inputs in which you may be particularly interested
  - o A summary of the results from CARB's first model base case ("Reference") simulation, and a primer on navigating the data files (if Reference Case results are publicly available)
  - o Prompt notice of relevant issues that arise from any CARB modeling meetings or other information provided by its modeling processes
  - o An analysis of WCI's modeling assumptions, a description of the differences with CARB processes and scenarios, and a customized notice of any areas of concern for your organization
  - o Linkages between the CPUC and CARB modeling processes
  - o Results of the CPUC E3 Stage 2 modeling as available
  
- In May and June:
  - o Insights about impacts and limitations of the CPUC Stage 2 E3 model to support stakeholders' post-workshop comments
  - o Analysis of the structure and results of the CPUC E3 model (and the associated Plexos model)
  - o An analysis of results<sup>3</sup> from the CARB and WCI scenarios (as available), that is more detailed than the summary data CARB and WCI will likely provide
  - o Aids to help you navigate and interpret the detailed data sets
  - o Identification of topics you may want to consider in your written comments to CARB and WCI based on our insights from modeling results
  - o Summaries of matters arising at CARB and WCI scenario review meetings
  - o Reports on adjustments CARB or WCI agrees to make to its modeling representations or scenarios

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<sup>2</sup> Assumes that CPUC, CARB and WCI process occur as currently scheduled. MTP deliverables will adjust to reflect changes in CARB and WCI schedules and deliverables.

<sup>3</sup> This will be a sector-level analysis rather than a company-specific analysis. Resero will be pleased to discuss company-specific analyses as a supplemental service.

- In July:
  - o Description of the inputs from the CARB modeling process that appear in CARB's draft scoping plan describing its policy proposals
  - o Analysis of WCI results, consistent with processes and deliverables described under May and June
  - o Continued analysis of CPUC modeling processes and results
- August Through Final ARB Scoping Plan and WCI Report(s):
  - o Continued monitoring of the CPUC, CARB and WCI processes and preparation of written summaries

As part of its MTP™ service, Resero includes an hour's consultation each month for one-on-one discussions of the modeling or to address any specific concerns you have.<sup>4</sup>

The service will continue into the fall to the extent there is sufficient value in continued focused work.

### **RESERO IS QUALIFIED TO PROVIDE THIS VALUABLE MTP™ SERVICE**

- We excel at distilling and framing complex issues in the context of broader policy and of your organization's strategic interests
- We have a proven track record of efficiently and economically carrying out complex assignments on behalf of large, often diverse stakeholder groups
- We have specific expertise with the modeling methods and algorithms that underlie the Energy 2020 model, which is the basis for CARB's and WCI's analyses as well as experience with the model itself.<sup>5</sup> Resero also has experience with E3's modeling for the CPUC, having supported clients in the Stage 1 modeling
- We are totally committed to excellence in our work and integrity in our relationships

We encourage you to visit our Web site at [www.resero.com](http://www.resero.com) for more information about why Resero is the right firm to provide this service.

### **PRICING ASSURES VALUE FOR ALL STAKEHOLDERS**

Resero has designed the MTP™ service and its pricing to provide very high value to GHG stakeholders. The MTP™ service is based on a tiered pricing structure for consortia, large clients, and small clients. Please contact us to discuss the pricing structure that fits your organization.

MTP™ is a subscription service that requires a four-month commitment. Following the four-month term, Resero will offer this service on a month-by-month basis reflecting the uncertainty in the intensity and pace of CARB and WCI modeling activities into the late summer and fall.

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<sup>4</sup> Clients are welcome to arrange for further services to address specific needs in more detail.

<sup>5</sup> Energy2020 is built using Systems Dynamics techniques, such as modeling the capital stocks and including behavioral influences on those stocks. Resero Consultants have training and advanced education in System Dynamics methods and have had exposure to Energy2020 since 1998.

## GET INVOLVED NOW WHILE THE PROCESS IS IN ITS EARLY STAGES

This is the time to act. CARB and WCI are moving forward rapidly with their modeling and analysis efforts. We are starting this service in April to prepare clients for the CARB scenarios due out in May. You must subscribe for April and May to get the primer on Energy 2020 and the summaries and reports we will provide in those periods.

### CONTACT INFORMATION

Ellen Wolfe  
Resero Consulting  
9289 Shadow Brook Place, Granite Bay, CA 95746  
(916) 791-4533  
[ewolfe@resero.com](mailto:ewolfe@resero.com)  
<http://www.resero.com/>