

Minutes of the EMC General Meeting April 9, 2008

Present: Carol Chock, Kenny Christianson, John Dennis, Neha Khanna, Dan Lamb, Kariann Mackie-Cunningham, Stan Marcus, Ashley Miller, Steve Nicholson, Amy Risen, Larry Sallinger, Roger Segelken, Hank Spencer, Jacie Spoon, Lucia Tyler, Marissa Weiss

Excused: Glynn Bebee, Lara Kimber, Michael Miles, Gary Stewart, Mark Whitmore, Roger Yonkin

Absent: Cliff Babson, Herb Engman, Martha Ferger, Larry Sharpsteen

Associates: Joyce Gerbasi, Peter Harriott

Guests: Spring Buck, Giovanni Freesia, Tom Shelley, Milt Taam

Staff: Joan Jurkowich, Kathy Wilsea

Call to Order – The meeting was called to order by Chair Steve Nicholson at 7:04 p.m.

Privilege of the Floor – Giovanni Freesia said he was visiting at the suggestion of Kenny Christianson. He has a background in solid waste and alternative power sources, especially wind. Jeann Fudala, a member of the Climate Change Action Group of Central New York, distributed copies of news articles on carbon trading fraud and spoke of the group's preference for a carbon tax.

Changes to the Agenda – A resolution on carbon tax will be on the May agenda. Kenny Christianson said the Energy Committee welcomes comments from all EMC members on what they want in the resolution.

An Economist's Perspective on the Carbon Tax versus Tradable Permit Debate – Neha Khanna gave a very condensed segment on basic economics and the relationship of price and quantity, using apples as an example. She then added tax to the example to show its impact on market equilibrium. Further adding pollution to the model leads to market failure and shows how external costs are part of the true cost to society. Neha said economists theorize that cost of reducing emissions increases with the level of pollution abatement and that the cost becomes prohibitive as we get closer to zero emissions because eventually producers might have to shut down altogether. Because reducing emissions is costly, no regulation of the free market would mean no reduction of emissions. The ways to obtain reduction of emissions include pollution taxes and a system of tradable pollution permits or quotas. Both a carbon tax and a tradable carbon permit system would provide incentive to reduce emissions, but polluters won't go to zero emissions under either plan, they will go to a level where their marginal abatement cost is equal to their marginal benefit from abatement. Under the tax the marginal benefit of abatement is the avoided tax whereas under the tradable permit system it is revenue earned by selling a permit or the additional abatement cost avoided by purchasing a permit. Using one of her graphs, Neha showed that initially it is cheaper for the producer to reduce emissions, then the producer reaches a level where it is cheaper to buy permits or pay the carbon tax.

So who is selling tradable permits? Polluters who can reduce carbon emissions at low cost have an incentive to do this and sell their permits. Permit money moves between polluters. A tax revenue would go to the government. The supply of permits is established by the government, but the price is determined by the market. If operated correctly, the carbon tax and permit systems yield exactly the same quantity of pollution abatement and the permit price would be exactly the same as the equivalent carbon tax. A tax is preferable when the damage function is relatively flat compared to the abatement cost function; a permit is preferable under the opposite situation. If both damage function and production level slopes are clearly defined, it is easy to choose between the systems. In order to spur emissions reduction, the number of permits on the market would need to be reduced periodically, or the tax would need to increase. Both systems have cost of administration.

One of the guests spoke of the initial levels being inflated in reports to the government, which leaves room for the producers to increase pollution before they really need to start reductions. Neha said either system can be established and fine-tuned using chemical equations. The government knows how much coal is produced and how much oil is available on the market. The guest said a stop loss is built into the schemes in Europe, and once the price caps are reached the situation is similar to a tax. Neha said that the same can be done under a carbon tax system by rolling back the tax. Neha said private industries are the biggest participants in climate change policy conferences, because they want to learn how these alternatives work.

Municipal Reports – Town of Newfield: Kiwi Mackie-Cunningham reported that the Town has received a plan for a new park from an engineering firm. They are considering including alternative energy sources and vernal pools in order to qualify for a variety of grants. The Town received 13 applications for their new Planning Board. Applicants have been interviewed and the five members will be selected soon. Kiwi attended a Town Board meeting recently, where there was discussion of the intentions of the City of Ithaca to use property they own in the Town of Ithaca near Robert Treman State Park for a clean fill dump, but access is via a Town of Newfield road. Newfield has concerns about use of the town road by heavy trucks. Village of Cayuga Heights: Roger Segelken reported that the Cornell University daycare center is finishing construction. Village election for mayor has not been determined yet, and the final absentee ballots are being reviewed in court. Town of Enfield: Mike Miles could not attend tonight, so copies of his written report were distributed.

Approval of Minutes from February 13 and March 12, 2008 – The draft minutes of February 13 were accepted with no changes. The draft minutes of March 12 were accepted with one change in Member Items. Final minutes are available on the EMC webpage: www.tompkins-co.org/emc.

Chair and Staff Reports – Steve Nicholson had dates for Earth Day (4/27) and the Ithaca Festival (6/27). It was decided not to participate in the Earth Day Celebration this year. Decision was not made about the Ithaca Festival, where we would be required to pay \$50 for a display space. As mentioned last month, Resource Conservation & Development still needs a liaison, and Madison Wright and Phil Metzger are willing to visit EMC to make a presentation. Dooley Kiefer couldn't attend tonight, but she pointed out to Steve that Cornell's radiation and chemical disposal sites by the airport have just applied for a five-year renewal permit from DEC. She suggests a presentation on the status of the sites. The proclamation by the Chair of the County Legislature for EarthHour 2008 was passed around. Kathy Wilsea announced that EMC will have a new member from the Town of Danby soon, Li-Annie Skoler. New member lists and committee lists were distributed.

Legislature Liaison's Report – Carol Chock reported that the County is waiting to see the NYS budget. The County's highway project on Coddington Road is on hold pending court decisions. The Women/Infants/ Children program is looking for a new administering agency. At the County Courthouse, the County Office for the Aging is working with other agencies toward moving out, and the court system wants use of the COFA space. A design contract has been approved for the new Health Department on Brown Road. Cooperative Extension has initiated a policy to include environmental consciousness in all their programs.

Member Items /Announcements – Kenny Christianson said the Energy Committee will meet April 24th instead of on the 17th. Joan Jurkowich reported the Water Resources Council has been working with Cornell on a draft proposal for monitoring of the southern end of Cayuga Lake. WRC would like to bring that proposal to EMC for comments. Neha Khanna gave members a homework assignment to use her handout and find out how much pollution each polluter would reduce if the pollution tax was 60 cents per pound of pollution, and how much each would reduce if each polluter got 50 permits and the permit price was 60 cents per permit (1 permit = 1 pound of pollution).

Adjournment – Steve Nicholson adjourned the meeting at 9:00 p.m.

Respectfully submitted,
Kathy Wilsea, Secretary
Tompkins County Planning Department
Approved by Council on May 14, 2008