CLIMATE JUSTICE WORKING GROUP RESPONSE TO THE MINNESOTA CLIMATE CHANGE ADVISORY GROUP (MCCAG) FINAL REPORT April 27, 2008

Submitted by Dr. Cecilia Martinez on behalf of the Climate Justice Working Group which is supported by the Environmental Justice Advocates of Minnesota (EJAM) and the Women's Environmental Institute (WEI).

On behalf of the Climate Justice Working Group, which is supported by Environmental Justice Advocates of Minnesota (EJAM) and the Women's Environmental Institute (WEI), we commend and support efforts to address the critical problem of climate change. While we have serious concerns on the process and type of policies being developed (as outlined below), we are in full support of the state moving forward aggressively in reducing its emissions and adhering to the goals set by Next Generation Energy Act 2007 legislation to reduce the state's emissions by 80% by 2050. Effecting climate change is an economic, social and moral responsibility that we must assume as citizens in a global economy. It is imperative that Minnesota policies and programs be designed in a manner that results in *verifiable* CO_2 reductions.

1. Inadequate Representation of Minnesota Demographics on the MCCAG panel. As we have made known in previous letters and through public comments at the final MCCAG meeting, there were serious issues regarding citizen representation and involvement in the MCCAG decision-making process. MCCAG was not representative of the diverse citizen base of Minnesota including low-income groups and communities of color.

In response to a letter sent with concerns regarding fair and inclusionary participation, Deputy Commissioner Ed Garvey responded, that MCCAG and its Technical Work Groups "represent a diverse and broad range of interests, perspectives and communities." In fact, the MCCAG and its Technical Work Groups was not representative of Minnesota communities as there were nominal groups/individuals present whose sole purpose was to represent the interests of low-income and communities of color. Given the substantial economic and social impacts that global warming emission reduction policies will have across the state, it is imperative that a more inclusive citizen participation forum for policy development be established.

2. The MCCAG process was inadequate in incorporating the criteria of equity into its analyses of policy options. Any policies implemented by the State of Minnesota must address environmental justice and rigorously effect reductions in the state's GHG emissions. We are going on the record to express our concern that explicit equity criteria or considerations were not a functional part of the MCCAG process.

Deputy Commissioner Garvey, in a response letter to Climate Justice Working Group stated:

> "After countless hours, the MCCAG is in the process of finalizing a set of options designed to reduce greenhouse gas emissions. Your interest in equity in MCCAG decision criteria is an important issue that has come up at meetings. *The MCCAG is*

looking at cost and effectiveness issues but, as a result of the tight timeframe under which it is operating, it is not be possible (sic) to conduct a detailed economic and social analysis of each option. However, we believe such analysis is important and should be done before irrevocably proceeding. In addition, you will have an opportunity to comment on the merits on the MCCAG's report as well as have a hand in implementing the approved options in fair and equitable ways" (italics added).

Given that the MCCAG report is forwarded without detailed economic and social analyses of each option, we are extremely concerned that any MCCAG policy recommendations will be considered seriously without such an analysis.

Therefore we request:
1. Formation of a Social Equity Task Force to review and comment on any proposal forwarded by MCCAG and being considered by the Governor;

2. Analysis and explanations of why polices will be forwarded without detailed economic and social analyses;

3. Detailed plans on how communities concerned with climate change and equity will "have a hand in implementing approved options in fair and equitable ways."

3. We propose that Minnesota mitigation policies moving forward explicitly include the following equity criteria.

Income Equity: Minnesota ranks third in the nation in number of households who have incomes at or below 50% of the poverty line. In addition, over 41,000 households have incomes between 50% and 74%, and nearly 50,000 more households have incomes between 75% and 99% of the poverty level (Fisher, Sheehan and Colton). Rising energy costs are a substantial burden for moderate and low-income houses. In the winter heating season of 2005-2006, natural gas prices rose 20.9%, fuel oil prices rose 26.1% and propane prices rose 16.9%, and electric prices rose 11.8%. *In the same period, the total energy bills of Minnesota low-income households exceeded the affordable level by $388 million (Fisher, Sheehan and Colton).* Moreover, the Brookings Institution estimated that at $3.00 per gallon, which doubled in price between 2004 and 2006, the average household increased its total transportation expenditures by 14 percent, or $1,200 per year. The substantial gasoline price hikes since 2006 significantly exacerbates this problem. Average expenditures on transportation range up to 25% of total household budgets. Rising energy costs are increasingly affecting low and moderate income households. Policy options must include equity analyses of the costs of implementation across income.

Distributive Justice and Hot Spots: The Climate Justice Working Group endorses and recommends the following principles and criteria for policy approval, as developed by Professor Alice Kaswan (University of San Francisco School of Law) in addressing California's cap and trade legislation:

Distributive Justice: Climate change policies shall not increase the existing disproportionate burden of environmental harms on poor and of-color communities. Policies should also improve air quality in communities already experiencing unacceptable levels of pollution.

Distributive Justice and Co-Pollutants. Climate change policies, including any carbon trading system also implicates the distribution of harmful co-pollutants, including toxics and criteria pollutants such as particulates, nitrogen oxides, sulfur oxides, and carbon monoxide. Policies to control greenhouse gases must not increase harmful co-pollutants or fail to achieve co-pollutant reductions. Regulators must address not only greenhouse gas reductions, but the regulations' impacts on co-pollutants.

Distributive Justice and Hot Spots: Climate change policies, including any market mechanisms, must prevent the creation of "hot spots". Policies must be designed to prevent increases in toxic air contaminants or criteria air pollutants, and consider the potential for direct, indirect, and cumulative emission impacts from these mechanisms, including localized impacts in communities that are already adversely impacted by air pollution.

Cultural Equity: State and federal policies must abide by the U.N. Declaration of Indigenous Rights and recommendations in the Permanent Forum of Indigenous Peoples report, *Impact of Climate Change Mitigation Measures on Indigenous Peoples and on their Territories and Lands (*Victoria Tauli-Corpuz and Appaluk Lynge) which offer the following:

Indigenous peoples are among the first to face the direct consequences of climate change, owing to their dependence upon, and close relationship with the environment and its resources. Climate change exacerbates the difficulties already faced by vulnerable indigenous communities, including political and economic marginalization, loss of land and resources, human rights violations, discrimination and unemployment. Climate change poses threats and dangers to the survival of indigenous communities worldwide, even though indigenous peoples contribute little to greenhouse emissions. In fact, indigenous peoples are vital to, and active in, the many ecosystems that inhabit their lands and territories, and may therefore help enhance the resilience of these ecosystems. In addition, indigenous peoples interpret and react to the impacts of climate change in creative ways, drawing on traditional knowledge and other technologies to find solutions which may help society at large to cope with impending changes. The perpetuation of highly centralized, fossil-fuel-based energy supplies should be challenged. Old centralized electricity grids, which are not suitable for the challenges of diverse and decentralized renewable energy sources, and which are the basis of the dominance of large energy companies, need to be challenged. The principles of common but differentiated responsibilities, equity, social justice and sustainable development should be key principles of any climate change policy. The human-rights based approach to development and the ecosystem approach should guide the design and implementation of national, regional and global climate policies and projects. The crucial role of indigenous women and indigenous youth in developing mitigation and adaptation measures should also be ensured.

The United Nations Declaration on the Rights of Indigenous Peoples should serve as a key framework in the formulation of plans for development and should be considered in all processes related to climate change at national, regional and global levels. This is of specific importance in Minnesota because of the eleven American Indian tribal sovereigns located in Minnesota.

Economic Equity: Minnesota Climate Change policy must integrate environmental policy with economic development initiatives. Narrowly focusing on technological options without analyses and goals on social and economic impacts is shortsighted. The Minnesota economy includes

workers, investors, businesses, land, natural resources, infrastructure, and energy. Climate change policies must address the future viability of all sectors, if they are to be effective and equitable. We recommend commitment of public sector investment in creating meaningful living wage jobs for all Minnesotans, specifically targeting those left out of the fossil-fuel economy and those affected by a transition to a sustainable economy. These include funding for green jobs training which targets green jobs training for low-income youth, adults, and low income communities; green planning and community development funds for low-income and transitional neighborhoods and communities.

4. Nuclear power cannot and must not be included as an option for climate change. Substituting CO2 for the political and environmental risks of nuclear is unacceptable and is not a prudent course of action for Minnesota. Preliminary analysis shows that *countries which have developed nuclear power as a significant part of their electrical generation are still increasing their CO2 emissions (Center for Energy and Environmental Policy, forthcoming)*. This evidence indicates *nuclear power is not a solution to the problem of CO2*, and any policy action toward that end commits future Minnesotans to significant technological, economic and environmental problems.

***5*. Shift the Ineffective Supply Side Oriented Policy Framework for Mitigating Climate Change to Reducing Demand.** Fundamentally, cap and trade and other supply oriented policies promote inequality and even greater transference of resources from the most needy to the most wealthy. Because the key factor in a cap and trade policy scheme is price, and (p*rice increases are essential to the success of a cap and trade program),* in an economy where the energy cost burden is already highly unequal, the very function of cap and trade adds to this inequality by increasing the price of carbon-based energy. If the household energy affordability gap of the most vulnerable Minnesotans was $388 million in 2006, the cap and trade solution only exacerbates this problem. We also function in a political setting where Low Income Energy Assistance Programs are consistently under-funded. Thus, we do not support cap and trade as the sole or primary policy mechanism for dealing with climate change. At minimum, if a cap and trade policy is implemented it must be 100% auction, and auction revenues must be directly targeted to the lowest incomes and for transforming energy infrastructure in an equitable way**.** Criteria of equity outlined in point (3) above must be adhered to.

As much analytical resources that are going to such Supply-Side solutions, should be re-oriented to Demand Side oriented policies to reduce our need for energy in the first place. Demand side reduction policies are more cost effective, direct solutions to the problem of high fossil-fuel consumption and preclude large public subsidy and windfall profits to energy suppliers. Sophisticated policies and programs promoting household and economy energy demand reduction, such as efficiency, strategic planning, and on-site energy production should be the core focus of mitigation policies being promoted.

Citations: Fisher, Sheehan and Colton. On the Brink: 2006. The Home energy Affordability Gap. Minnesota; Alice Kaswan. 2008. Draft Framework for Achieving Environmental Justice in a

California Market-based Mechanism for Reducing Greenhouse Gas Emissions. University of San Francisco School of Law; Congressional Budget Office. Trade-Offs in Allocating Allowances for CO2 Emissions. Economic and Budget Issue Brief, April 25, 2007; Victoria Tauli-Corpuz and Aqqaluk Lynge. Impact of Climate Change Mitigation Measures on Indigenous Peoples and on their Territories and Lands. Permanent Forum on Indigenous Issues, Seventh Session, April/May 2008; Climate Change and Indigenous Peoples: Backgrounder. Permanent Forum on Indigenous Issues, Seventh Session, April/May 2008.