

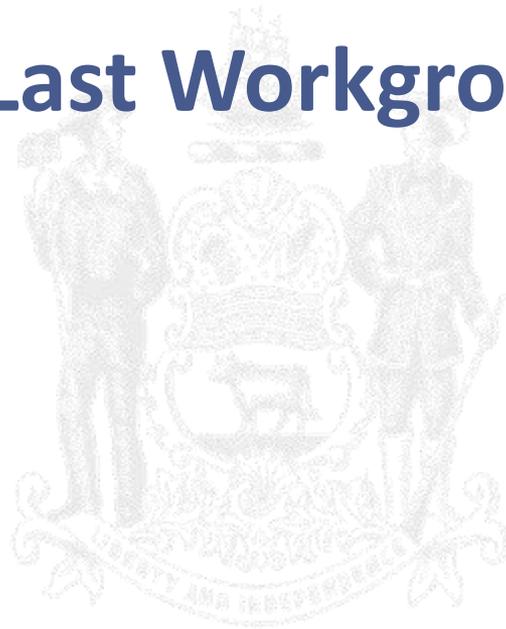
# *The Regional Greenhouse Gas Initiative*

2012 Program Review Amendments  
06/18/2013 Workgroup Meeting



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# Overview of Last Workgroup Meeting



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# Overview of Last Workgroup Meeting

- During the 2012 Program Review the participating states:
  - Conducted electricity sector, CO<sub>2</sub> emissions, and macro economic analyses;
  - Consulted extensively with stakeholders and market experts.



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# Findings of the RGGI Program Review

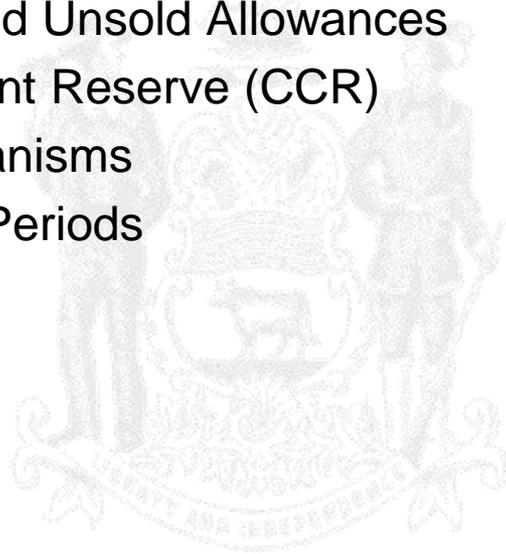
- Current emissions are approximately 40% below 2005 levels.
- Regional investment of auction proceeds from the first three years of the program is generating \$1.6 billion in net economic benefit region-wide through the end of the decade.
- To maintain a working market the cap needs to be adjusted.



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# Update RGGI Program Design Elements

- Size and Structure of the Cap
- Interim Adjustments for Banked Allowances
- Undistributed and Unsold Allowances
- Cost Containment Reserve (CCR)
- Flexibility Mechanisms
- Interim Control Periods
- Reserve Price
- Forestry Offset



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## Summary of IPM Analysis

Scenario Name	Allowance Price (2010\$) Projection (2014-2020)	Cumulative CCR Allowances Released	Offsets	Cumulative Emissions Reduction
91_Cap_Bank_MR	\$6.00 - \$8.40	17.6 M	0 M	86 M
91_Cap_AltBank_MR	\$3.60 - \$10.20	10 M	2.7 M	91 M



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# Summary of REMI Economic Impacts Analysis (3% Discount Rate)

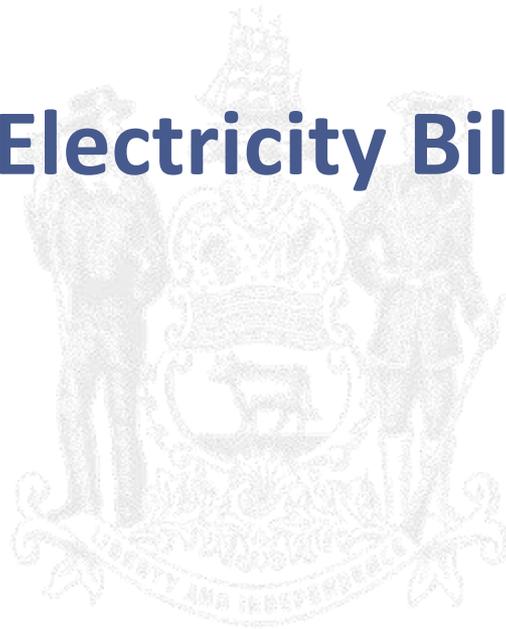
## Summary of Regional Economic Impacts, 2012-2040

Scenario	91 Cap Bank
<b>Cumulative Change in Gross State Product (\$2010)</b>	\$8.2 Billion
Percent Change from Business-As-Usual	0.0%
Business-As-Usual Regional GSP:	\$48,000 Billion
<b>Cumulative Change in Employment (Job-Years)</b>	124,800
Percent Change from Business-As-Usual	0.0%
Business-As-Usual Regional Employment:	941,000,000
<b>Cumulative Change in Real Personal Income (\$2010)</b>	\$6.8 Billion
Percent Change from Business-As-Usual	0.0%
Business-As-Usual Regional Real Personal Income:	\$43,000 Billion



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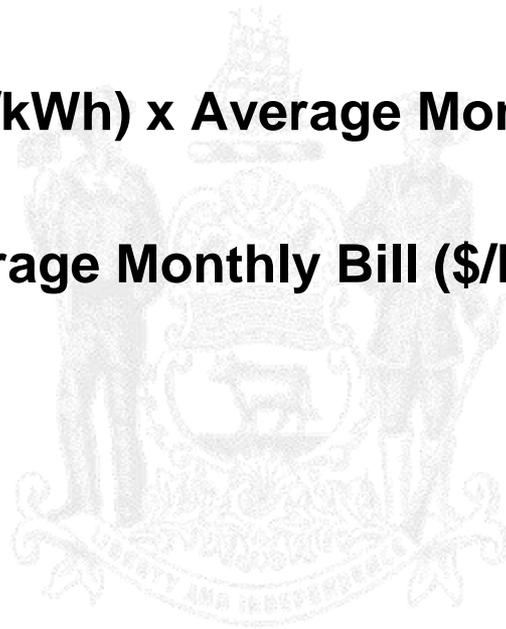
# Customer Electricity Bill Analysis



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# Methodology – Average Monthly Bill Impact Calculation

$$\text{Energy Rate (\$/kWh)} \times \text{Average Monthly use (kWh)} \\ = \text{Average Monthly Bill (\$/Month)}$$



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# Model Assumptions – Electricity Rates & Average Monthly Usage

- **Electricity Rate Assumptions (\$/kWh)**
  - **Energy Rates:** IPM model output; prices reflect impact of lower load(GWh) due to investments in energy efficiency
  - **Delivery (T/D) Rate:** 5-year average rates from U.S. Energy Information Association (EIA)
  
- **Average Monthly Usage Assumptions (monthly kWh)**
  - **Historical Usage Data:** 5-year averaged data from EIA Adjustment made to customer average usage (GWh) due to investments in energy efficiency



# State Assumptions-Projected Proceed Investments

- Cumulative projected proceeds for DE in the **IPM Reference case** are **\$70.33 Million** (2010\$).
- Cumulative projected proceeds for DE in the **91 Cap Bank MR Case** is **\$179.26 Million** (2010\$), representing an additional **\$108.93 Million** (2010\$) in proceeds compared to the Reference Case.
- Delaware's proceed Investments: 65% on SEU, 15% on low income weatherization 10% on GHG reduction, 10% on administrative cost



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# DE Average Bill Impacts - IPM 91 Cap Bank Model Rule Scenario Summary Results

DE Monthly Bill Impact for 2012-2020			
	<u>Reference Case</u>	<u>91 Cap Bank MR</u>	
Customer Class	Average Monthly Bill (\$2010)	Average Monthly Difference	Percent Difference
Residential	\$ 66.26	\$ (0.92)	-1.4%
Commercial	\$ 393.25	\$ (1.37)	-0.3%
Industrial	\$13,028.58	\$ 17.63	0.1%



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# Proposed Delaware Specific Amendments

## Questions:

1. Should Delaware eliminate the Industrial Set Aside?
2. If the limited industrial set aside is retained, should it be reduced to 5 or 10% of the budget (currently the set aside represents 15.97% of the State's Budget)?
3. Should Delaware consider other alternatives? And if so, what might they be?



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# Open Discussion



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## Next Steps

- Public Workshop – July/August
- Draft Proposal –September 1<sup>st</sup> published DE Register
- Public Hearing –September 23<sup>rd</sup>
- Secretary's Order – November/December 1<sup>st</sup> published DE Register
- Final Regulation published DE Register – November/December 1<sup>st</sup>



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# ***DNREC Website:***

<http://www.dnrec.delaware.gov/Air/Pages/RegionalGreenhouseGasInitiative.aspx>



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