

Gray, Valerie A. (DNREC)

From: Bacher, David <David.Bacher@nrgenergy.com>
Sent: Tuesday, June 18, 2013 8:54 AM
To: Gray, Valerie A. (DNREC)
Subject: Recommendations

Valerie,

In preparation of the next Delaware Stakeholder Meeting on June 18, following are two recommendations as requested. In addition, we will follow up with a comment letter which helps define these recommendations.

Recommendations

- **Section 1.2.3 – Compliance Obligation**

This section applies to a source that is a petroleum refinery. In subsection 1.2.3.1, the compliance obligation is defined as the amount of allowances required to be held and deducted shall include only the number of tons of total CO2 emissions associated with net generation output to the electric grid. We request same obligation requirement be extended to all electric generation facilities in Delaware.

- **Section 5.3.9 – Limited Industrial Exemption Set Aside**

This section provides an Industrial Set Aside based on 15.97% of the current state budget. The Department has requested input from stakeholders regarding maintaining this set aside and management of the allowances. We recommend the Industrial Set Aside remain in the amended rule and offer guidance for program administration.

- The set aside would remain at 15.97% of the state budget (it is already reduced).
- The allowances would be available to only RGGI affected sources.
- Allowances can only be used for compliance, they cannot be sold or transferred unless used for compliance at another commonly-owned facility.
- The allowance price will be held at the current reserve price.
- The purchase option shall be prorated to all applicable generators based on their net 2012 net contribution. For example, if Facility A represented 25% of the Delaware emissions inventory, they would have access to 25% of the set aside reserve.

David



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