

DRAFT Meeting Notes
Delaware's Regulation 1147 – CO₂ Budget Trading Program
Rule Development
Workgroup Meeting
June 18, 2008

Attendees: Ron Amirikian, David Bacher, Heather Chelpaty, Bob Clausen, Sarah Cooksey, Daniel Corrigan, Paul Foster, Valerie Gray, Gary Helm via teleconference, Cathe Kalisz, Tom Lily, Justin Murphy, Ravi Rangan, Stuart Widom

Valerie Gray welcomed the group and thanked all for attending. It was noted that many members of the workgroup were unable to attend the meeting due to the conflict with the House committee for Energy & Natural Resources occurring at the same time. Following introductions, the group discussion covered the following items as outlined by the Agenda:

- Section 1.2 Applicability – Limited Industrial Exemption, Climate Action Plan
 - Draft language was presented on the potential required elements for a Climate Action Plan. These elements were identified by V. Gray following lengthy research of Climate Action Plans available on the Web. Ms. Gray noted that the plans were primarily for state or municipalities and not private industry. The majority of the plans researched included the following core elements: Baseline GHG inventory; Projected Emissions Forecast, GHG Reduction Targets, Adaptation and Mitigation Strategies, Implementation Schedule, Monitoring & Reporting and Education & Outreach Initiatives. In addition to the core elements for a Climate Action Plan, Ms. Gray proposed language for annual updates on reductions achieved by the plan and an option for the facility to meet those emission reduction targets by purchasing and retiring CO₂ allowances for any calendar year.
 - At the meeting Premcor was provided an opportunity to present their comments on the draft regulation and provide proposed draft regulatory language that would require an “Energy Efficiency Plan” for units that are exempted from the RGGI cap and trade program because of low (i.e., less than 10%) annual export to the PJM electric grid. Through workgroup discussion it was determined that while Premcor’s plan may result in CO₂ reductions at specific units at the refinery it would not necessarily result in a reduction in CO₂ emissions from the facility, and that the plan provisions would not be enforceable through the regulation or any corresponding air permit. These important points made the Premcor proposal inconsistent with most of the related discussion at prior workgroup meetings.
 - Delaware’s RGGI proposal is planned to include an exemption for units that export less than 10% of their annual generation to the PJM electric grid.

- Section 5.3 Allocations –
 - The Work Group reviewed the distribution of allowances as proposed by Senate Bill 263 establishing a 60% auction/40% allowances. The allowance distribution was presented based upon the percentage of the unit’s contribution (2000-2002 average emissions) against the Delaware budget of 5,559,787 tons decreasing by 8% over a five-year period (2009-2014). The distribution would be based upon language from the legislation which currently established 2000-2002 as the baseline.
 - The group discussed the merits of including the tables identifying the specific unit allocations for 2009-2014 and numerous formatting edits were suggested.
 - The group also discussed the merits of including provisions for allocations to shut down and/or retired units. Stu Widom pointed out that the Model Rule does not restrict transfer of allowances between units. The group decided not to include additional language for those units.
 - An email from Sarah Murdock, The Nature Conservancy dated 6/11/08 was distributed. Ms. Murdock submitted comments on the Voluntary Renewable Energy Set Aside Allocation and requested Delaware consider including an allocation set aside of approximately 1% to cover sales of voluntary renewable energy. The legislation (SB 263) as currently proposed by the General Assembly does not include a provision for the set aside and is not anticipated to be amended to provide one.

- Section 8 – Monitoring & Reporting
 - Section 8.8 Output Data was revised to apply only to those units that received Early Reduction Allowances.
- Section 11 Auction –
 - The workgroup reviewed the language proposed by the RGGI Auction subgroup. The language is modeled on the auction rules developed by Massachusetts and New York.
 - The first regional auction is anticipated to occur on September 10th from 8am – 12pm. The auction notice will be published on July 24th (45 days prior to the auction). The auction manager is World Energy, the Market Monitor is Potomac Energy and the emissions allowance trading system will be developed by PQA.
- **Documents Distributed**
 - May 21, 2008 RGGI Rule Development Workgroup Meeting Minutes
 - June 18, 2008 RGGI Rule Development Workgroup Agenda
 - June 18, 2008 Workgroup Meeting Presentation (PowerPoint slides)
 - SB 263 proposed legislation with Senate Amendments 1-4
 - Email from Sarah Murdock, Nature Conservancy dated 6/11/2008
 - Email from David Bacher, NRG dated 5/30/2008
 - Email with attachment from Cathe Kalisz, Valero Refinery date 6/18/2008
 - Regulation 1147 – CO2 Budget Trading Program, Rev. 3
- **Next Meeting Scheduled:**
 - Public Workshop tentatively scheduled July 30, 2008 (tbd)
 - Richards and Robbins Auditorium