

SCR 28 CARBON AUCTION WORKGROUP
Wednesday, February 6, 2008
Tatnall Building
9:30 am

RECOMMENDATION

1. 100% Auction of Carbon Allowances
 - a. 25% of the auction proceeds to the SEU
 - b. 75% of the auction proceeds to the newly created Citizens Energy Oversight Board

2. Citizens Energy Oversight Board
 - a. The Citizens Energy Oversight Board would be made up of eleven (11) members
 - i. The Board would be composed of representatives of the state's environmental and conservation community, civic organizations, good government groups, low-income/minority organizations and academia.
 - ii. The Board would review all projects and determine whether they qualify for reimbursement.
 - iii. The Board would exercise oversight review of the SEU.
 - b. Fund would be used to support carbon reduction projects.
 - c. Power generators, large industries, and institutions would be eligible for reimbursement for the actual cost of implementing carbon reduction projects.
 - i. Projects would be required to show real carbon reductions.
[Note: carbon reduction projects would not include plant shutdowns or carbon reduction that results from or is ancillary to compliance with other regulatory requirements or otherwise required by law.]
 - ii. Applicants would be required to provide detailed documentation of project expenses.
 - iii. Projects would be required to go through a pre-review process to be eligible.
 - d. The Oversight Board would also be free to "invest" in other energy conservation and efficiency measures, providing low-income energy assistance and in providing incentives for deployment of renewable energy projects.
 - e. 3% of the Fund would be available to the Oversight Board for technical and financial studies and audits.

3. DNREC would serve as financial administrator of the fund. Carbon auction funds would be placed in a dedicated, interest bearing account. Interest earnings and unused funds remaining at the end of each state fiscal year shall be retained in the fund and used for the express purposes for which the fund was established.