

Draft Meeting Notes  
**SCR 28 Workgroup Meeting**  
**December 7, 2007**

**Attendees:** David Bacher, David Bloom, Bruce Burcat, Dr. John Byrne, Philip Cherry, Senator Charles Copeland, Nick DiPasquale, Gary Helm, Cathe Kalisz, Patrick McCullar, Senator Harris McDowell, Ali Mirzakhali, Verne Shortell, David Small, Chad Tolman, Stuart Widom

**Others Present:** Sumner Crosby, Val Csizmadia, Yusha Hu, Roger Jones, Jeff Montgomery, Alan Muller, Lisa Pertzoff, Jim Werner

David Small opened the meeting and welcomed the group advising that today would be an attempt to reach a consensus. Introductions were made around the room.

In deference to his previous request for time on the agenda, Dr. Tolman distributed charts related to his presentation "The Climate Change Threat, Delaware's RGGI Response" and addressed the group. Dr. Tolman advised the references used were based upon IPCC (Intergovernmental Panel on Climate Change) consequences of temperature change.

Dr. Tolman's presentation brought forth the issue of funds Delaware would receive for allowances after administrative costs and how the percentages should be allocated. It was noted that Delaware Audubon supports Dr. Tolman's proposal and the comments from Michael Fiorentino of the Mid-Atlantic Environmental Law Center had been received.

Following Dr. Tolman's presentation, the group discussed where the slotting of funds would benefit most; whether with industry for carbon improvements and incentive to achieve reductions as subsidies or with the ratepayers using resources to reduce the demand through incentives. All agreed the most cost effective method is needed with a suggested 15% consideration dedicated to low income ratepayers.

The Municipal Utilities are meeting 5% of their load with renewal sources; with more support, more can be accomplished. Legislators are cognizant of voting on something that takes money out of constituent pockets is akin to a tax. There were differences of opinion on where the best opportunities lie for the most cost effective methods.

Delaware has had some successful experience with cap and trade programs with the Nox program. It was suggested some funds could be set aside for research but it should be well defined.

We have a platform for distribution in the SEU and with the current Green Energy Fund.

David summarized:

- General agreement about the SEU in terms of energy efficiency, as an instrument to plow money into. (With Nick's caveat – The Board of the SEU is too narrowly defined. Recommended reconsideration in January per Senator McDowell)
- Argument of using already existing authorities and in distributing to low income. Energy assistance program and Weatherization these programs exists. Consensus reached.
- Research – some may be needed.
- Areas for incentives for generator; unsure of what incentives, not data. We should think about this as legislation is constructed. More discussion is needed.

Generator eligibility and industry incentives were discussed. The Economic Development Office was suggested for Research and Development and the possibility of an allocation distribution through the Delaware Energy Office or the SEU.

The Generating community voiced opposition to 100% auction, citing competitive concerns and program ramp ups required. An initial auction of 50% with 10% increases each year was suggested to minimize the negative impacts on generators.

Recognition was given to RGGI timeframes and RGGI longevity considering possible future Federal programs.

Generators were concerned that market volatility and the wholesale power prices under PJM may be impacted by RGGI.

David asked the group to consider next steps; stating we are getting settled on where funds would reside but less settled on how much.

David asked the generators to supply the phase in proposal in writing to see what it looks like and what the benefits are. Additional information on volatility in the marketplace and costs would also be welcome.

Members of the public who attended the meeting questioned the requirement of legislation, the purpose of the Green Energy fund, other sources of renewable energy and RGGI's goal of carbon reduction.

DNREC can administer a cap and trade program, we don't have the authority to deal with currency; the legislature provides authorization to spend funds. Under the imposed time constraints, draft legislation was provided to give something to react to and build on.

Documentation from Roger Jones was distributed, encouraging 100% for energy efficiency, with the most cost effective method left for the group's consideration.

Suggestions:

David suggested staff craft language as to where the money will go. Start in the draft bill, pull out and build. Think of the generator issues and future incentives.

The draft legislation should define where the money will be deposited for further expenditures, but not assign percentages.

Looking for consensus, a request for the generators analysis and their issues with percentages and suggested ramp up be available at minimum one week in advance of the next meeting was made.

Next meeting date: Monday, Jan 7<sup>th</sup> in morning, location to be determined, 10:00 am  
Work through lunch. (Meeting was since postponed.)

Phil Cherry passed out New Jersey legislation and a draft budget of administrative costs for members to take and review.

Meeting adjourned.