MEMORANDUM TO: Office of the Governor
Members of the Senate Natural Resources and Environmental Control Committee
Members of the House Environment and Natural Resources Committee

FROM: John Hughes, Secretary

SUBJECT: START ACTION NOTICE

DATE: May 1, 2007

Enclosed for your information is APPROVED Start Action Notice:

#2007-04 Develop a new air regulation, Regulation 1147 – Regional Greenhouse Gas Initiative

CC: Division Directors
Public Affairs
Those on Start Action Approval List
Responsible Staff Member

Delaware’s Good Nature depends on you!
START ACTION NOTICE

1. **Type of Action:** Develop a new air regulation, Regulation No. 1147 – Regional Greenhouse Gas Initiative, to address Carbon Dioxide (CO₂) emissions from Electric Generating Units (EGUs).

2. **Purpose of Action:** This new regulation will create Delaware’s portion of a multi-state CO₂ cap-and-trade program. The cap-and-trade program was developed by the Regional Greenhouse Gas Initiative, or RGGI, which is a cooperative effort among a number of Northeastern and Mid-Atlantic States. The RGGI Memorandum of Understanding was originally signed by Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York and Vermont and subsequently by Maryland, Massachusetts, and Rhode Island. The purpose of RGGI is to reduce the emissions of CO₂ from EGUs. CO₂ is a greenhouse gas that contributes to global warming.

   Between 2009 and 2015 the emissions of CO₂ from any EGU with a maximum rated heat input capacity of equal to or greater than 25 megawatts that is located in a RGGI state would be capped at current levels (approximately 7.5 million tons). After 2015 the cap would be reduced incrementally to achieve a 10 percent reduction by 2019. Under the cap-and-trade program one allowance will be issued for each ton of CO₂ emissions allowed by the cap. Each subject EGU will be required to have enough allowances to cover its reported emissions each year. The EGUs may buy or sell allowances, but individual EGU emissions shall not exceed the amount of allowances it possesses. The total amount of the allowances will be equal to the emissions cap for the RGGI states.

3. **Statutory Basis:** 7 Del. C., Chapter 60, Environmental Control.

4. **Likely Affected Public:** Any EGU with a maximum heat input capacity of 25 megawatts or more. Any person who may be impacted by changes in weather, sea levels, or land use patterns.

5. **Proposed Schedule of Activities:**
   - Review Committee Meetings (06/2007)
   - Public Workshops (12/2007)
   - Public Hearing (02/2008)
   - Public Notification (05/2008)
   - Adoption (05/2008)
   - Effective Date (06/2008)

6. **Review Committee:** Representatives of the Department, environmental organizations, the Delaware Public Utilities Commission, the regulated community, and others will be invited to participate in a review committee to aid in formulating the Department's proposed regulation.

7. **ResponsibleStaff Member:**
   - Valerie Gray
   - Delaware DNREC- Air Quality Management
   - 156 S. State St., Dover, DE 19901
   - Phone: (302) 739-9402
   - Fax: (302) 739-3106
   - Email: valerie.gray@state.de.us

8. **Approvals:**
   - **ValerieGray:** 3/16/07
   - **Division Director:** 4/4/2007

   Responsible Staff Member | Date | Division Director | Date