

**Workshop to Support the Regional Greenhouse Gas Initiative on the Topic:
Implementing the Minimum 25% Public Benefit Allocation**

July 20, 2006

10:00 am to 4:30 pm

Offices of the Public Service Commission, Fourth Floor
90 Church Street, New York, NY 10007-2919

Sponsored by *Resources for the Future*
Please register in advance at: www.rff.org

Agenda

(Version: July 10, 2006)

Coffee 9:00 – 10:00

Introduction 10:00 – 10:15

Karen Palmer, Resources for the Future

***Franz Litz, Climate Change Policy Coordinator, New York State Department
of Environmental Conservation and Chair, RGGI Staff Working Group***

- Model Rule
- Responsibilities of the states
- Opportunity for cooperation among states
- Alternatives for the initial distribution of emission allowances include an auction with allowances submitted by the state or by the trustee of the allowances. Or states could do direct allocation to large energy users, consumers or renewable generators.
- Objectives in auction design: revenue maximization, price minimization, price stability?
- Measures of success
- How do the states proceed?

Background on Auctions 10:15 – 11:00

Charles Holt, University of Virginia

- When does an auction make sense?
- The growing role of auctions in the economy
- General types of auctions
- Classic issues in auction design
- Practical implications: transparency, transaction costs

Concerns of Stakeholders 11:00 – 12:15

Moderator:

- **Sandra Meier, Environmental Energy Alliance of New York**

Panel:

- **Jim Savitt, Consulting Economist**
 - **Dan Santelli, Energy Marketing Group, AES**
 - **Mark Reeder, Director of Regulatory Economics, NYS DPS**
- Role of offset trigger
 - Project financing and allowance availability
 - Long-term risk and hedging instruments: How will the auction affect the risk premium?
 - Where is the point of responsibility within the firm?
 - Do the states need to be consistent in their rules?

LUNCH 12:15 – 1:30 (on your own)

Motivating Factors and Design Principles in Existing Auctions 1:30 – 2:45

Moderator:

- **Chris Sherry, New Jersey and RGGI Staff Working Group Executive Committee**

Panel:

- **Robert Chilton, Gabel Associates.** Electricity auction.
 - **Evan Kwerel, US Federal Communications Comm.** Spectrum auction.
- Price discovery
 - Transparency of process
 - Price stability
 - Administrative cost
 - Openness of the auction to third parties

COFFEE BREAK 2:45 – 3:00

Experience in Allowance Auctions 3:00 – 4:15

Moderator:

- **Joe Kruger, National Commission on Energy Policy**

Panel:

- **Ken Macken, Ireland EPA.** The Irish experience with their EU ETS auction.
- **Brian McLean, US EPA.** The SO₂ auction experience.
- **Bill Shobe, University of Virginia.** The NO_x auction in Virginia.

- What was the origin of the auction?
- How was the auction initiated?
- Lessons learned
- What would you do differently?

Wrap-up, 4:15-4:30

Joe Kruger, National Commission on Energy Policy

- Summary of main points, observations, concerns.
- Likely decisions faced by the states going forward.
- Other announcements.