

June 14, 2006

## **RGGI Imports and Emissions Leakage Working Group Work Plan**

### **Background**

With the signing of the RGGI Memorandum of Understanding (MOU) in December, 2005, the signatory states agreed to form a "Multi-State Working Group" ("I&L" Group) tasked with the following duties:

1. Consider potential options to address potential emissions leakage, and the:
  - A. Effectiveness of each option; and
  - B. Potential impacts of each option on:
    - (i) energy prices;
    - (ii) allowance prices;
    - (iii) electric system reliability; and
    - (iv) economies of signatory states [MOU, 6A(1)(a)]; and
2. Consult with a panel of experts, stakeholders, and representatives of regional transmission organizations to complete the tasks noted above [MOU 6A (1)(a)]; and
3. Issue findings and conclusions by December 2007 [MOU 6A(1)(b)].

In addition, the MOU calls for the monitoring of electricity imports into the Signatory States on an ongoing basis commencing from the start of the program, and reporting the results of the monitoring on an annual basis beginning in 2010. [MOU 6A(3)]. The I&L Group proposes to recommend an approach, for consideration by the Agency Heads, to carry out that function.

### **Introduction**

Pursuant to the commitments set out in the MOU, the I&L Group proposes the following Work Plan. The plan is designed to ensure an open and transparent working group process that will enable the I&L Group to achieve the tasks assigned under the MOU in addition to developing a protocol for monitoring energy imports into the RGGI region.

## **General Framework**

### *Subject Matter*

The I&L Working Group proposes that the analyses of imports and leakage be divided into two areas of focus. The first would be on the technical issues associated with electrical imports into the RGGI region and associated emissions leakage. This would include: defining "leakage" as applied to RGGI; reviewing current methods for tracking and monitoring imports into the region; and establishing a baseline for future monitoring. The second would focus on the policy options, and where appropriate, their effectiveness and potential impacts. With the two-prong structure of the subject matter, the analysis of imports and emissions leakage will proceed on separate but parallel tracks. The I&L Group proposes to start with a review of available information on the subject matter, and then proceed with acquiring a better understanding of the technical and legal issues required for the review and analyses of policy options and their effectiveness.

### *Stakeholder Process*

The I&L Group proposes to identify stakeholders and expert resource panel members to assist the I&L Group in addressing both the technical and policy issues. The I&L Group will reach out to the existing formal RGGI Stakeholder Group and other stakeholders that have been actively participating in the RGGI process. In addition, the I&L Group will invite other stakeholders to participate in the effort to ensure appropriate representation on all issues. The expert resource panel will consist initially of representatives from the three regional ISOs and academia with market and legal expertise. Additional experts will be added as specific needs are identified. The I&L Group proposes to engage both stakeholders and expert resource panel members in discussions to address specific technical and policy issues. As set out in the proposed schedule below, the I&L Group will conduct several educational workshops with stakeholders and expert resource panelists during the development of the report for Agency Heads. Interim work products, meeting notices, and other information will be posted on the RGGI website.

## **Proposed Schedule**

The MOU requires that a report be developed for the Agency Heads no later than December 2007. With this in mind, the following scheduled is proposed.

April 2006	Establish a Multi-State Working Group (I&L Group) <sup>1</sup> and identify initial members of an expert resource panel.
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1. As agreed upon on the February 7, 2006, conference call, Agency Heads, or their designee, appointed a representative to serve on the Imports and Leakage Multi-State Working Group (see attached list).

	Convene regular I&L Group conference calls.
May 2006	I&L Group to finalize Work Plan.
June - September 2006	Convene Workshops re: Technical and Policy Issues.
October 2006	Prepare draft preliminary report including qualitative analyses of policy options.
November 2006	Issue draft report for comment.
December 2006	Submit preliminary report for review by Agency Heads.
February 2007	Begin revising report based on comments and feedback from Agency Heads – perform quantitative analyses, where appropriate.
June 2007	Convene stakeholder meeting on revised report.
July 2007	Begin preparing final report for submittal to Agency Heads no later than December 2007.

**Attachment:  
RGGI Imports and Emissions Leakage Working Group Members**

Connecticut

Chris James                      CT DEP

Cindy Jacobs                    CT PUC

Delaware

Phil Cherry                      DE DNR

Bob Howatt                      DE PUC

Maine

James Brooks                  ME DEP

Faith Huntington              ME PUC

New Hampshire

Joe Fontaine                    NH DES

Maureen Sirois                NH PUC

New Jersey

Christopher Sherry            NJ DEP

Michael Winka                 NJ BPU

New York

Franz Litz                        NY DEC

Patti Mastrianni               NY DEC

Tina Palmero  
(co-chair)                        NY PSC

Steve Keller                     NY PSC

Vermont

Dick Valentinetti              VT DEC

David Farnsworth  
(co-chair)                        VT PSB

Maryland

Gene Higa                        MD MDE

Massachusetts (observer)

Sonia Hamel                     MA OCD

Bill Lamkin                      MA DEP