

**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*

Special thanks to: *The Energy Foundation, Kendall Foundation and Hewlett Foundation*

Slides and notes from the conference will be available at: [www.rff.org](http://www.rff.org) and [www.rggi.org](http://www.rggi.org)

**Agenda**

(Version: July 17, 2006)

**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***

- Status of Model Rule
- Responsibilities of the states
- Opportunity for cooperation among states
- Options for the initial distribution of emission allowances
- Possible objectives in auction design
- 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:***

- ***Steve Gabel, 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 action.
- ***Brian McLean, US EPA.*** The SO<sub>2</sub> auction experience.
- ***Bill Shobe, University of Virginia.*** The NO<sub>x</sub> 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.