DNREC Virtual Public Hearing

Proposed Amendments to:
7 DE Admin. Code 1147 “CO_2 Budget Trading Program”
(Docket #2026-R-A-0003)

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Meeting ID: 883 5048 7609
Passcode: 004071
Comments will be accepted using the DNREC Comment form, via email, or by USPS mail as noted on the hearing event page (https://de.gov/dnrechearings)

Delaware's Regulatory Timeline to adopt the amended Model Rule

10 Mar. 2026
Start Action Notice approved – March 10, 2026

26 Mar. 2026
Key Stakeholder virtual meeting – March 26, 2026

30 Apr. 2026
In-Person Public Workshop – April 30, 2026

28 July 2026
July 1 Published proposed amendments. Virtual Public Hearing –July28 , 2026

1 Dec. 2026
Tentative Final Adoption of the amendments

1 Jan. 2027
Program commences

Figure 1. The RGGI Participating States. (Source: www.rggi.org)

What is RGGI?

- The Regional Greenhouse Gas Initiative (RGGI) is a cooperative state effort designed to cap and reduce carbon dioxide emissions from the electricity generating sector.

- RGGI is composed of individual CO_2 Budget Trading Programs in each participating state. Through independent regulations, based on the RGGI Model Rule, each state's CO_2 Budget Trading Program limits emissions of CO_2 from electric power plants, issues CO_2 allowances and establishes participation in regional CO_2 allowance auctions.

- RGGI is the first market-based, cap-and-invest regional initiative in the United States. Within the RGGI states, fossil-fuel-fired electric power generators with a capacity of 25 megawatts or greater ("regulated sources") are required to hold allowances equal to their CO_2 emissions over a three-year control period.

- A CO_2 allowance represents a limited authorization to emit one short ton of CO_2 from a regulated source, as issued by a participating state. Regulated sources can use a CO_2 allowance issued by any participating state to demonstrate compliance in any state. They may acquire allowances by purchasing them at regional auctions, or through secondary markets.

RGGI Program Goals

- Stabilize, then reduce, greenhouse gas emissions.
- Invest in energy efficiency, renewables and climate policies and programs.
- Create a market for carbon.
- Demonstrate that a state-led regional program can work.
- Implement a professional auction model.

RGGI works

RGGI states experienced a 46% reduction in carbon dioxide pollution since 2009, even as the regional economy grow.

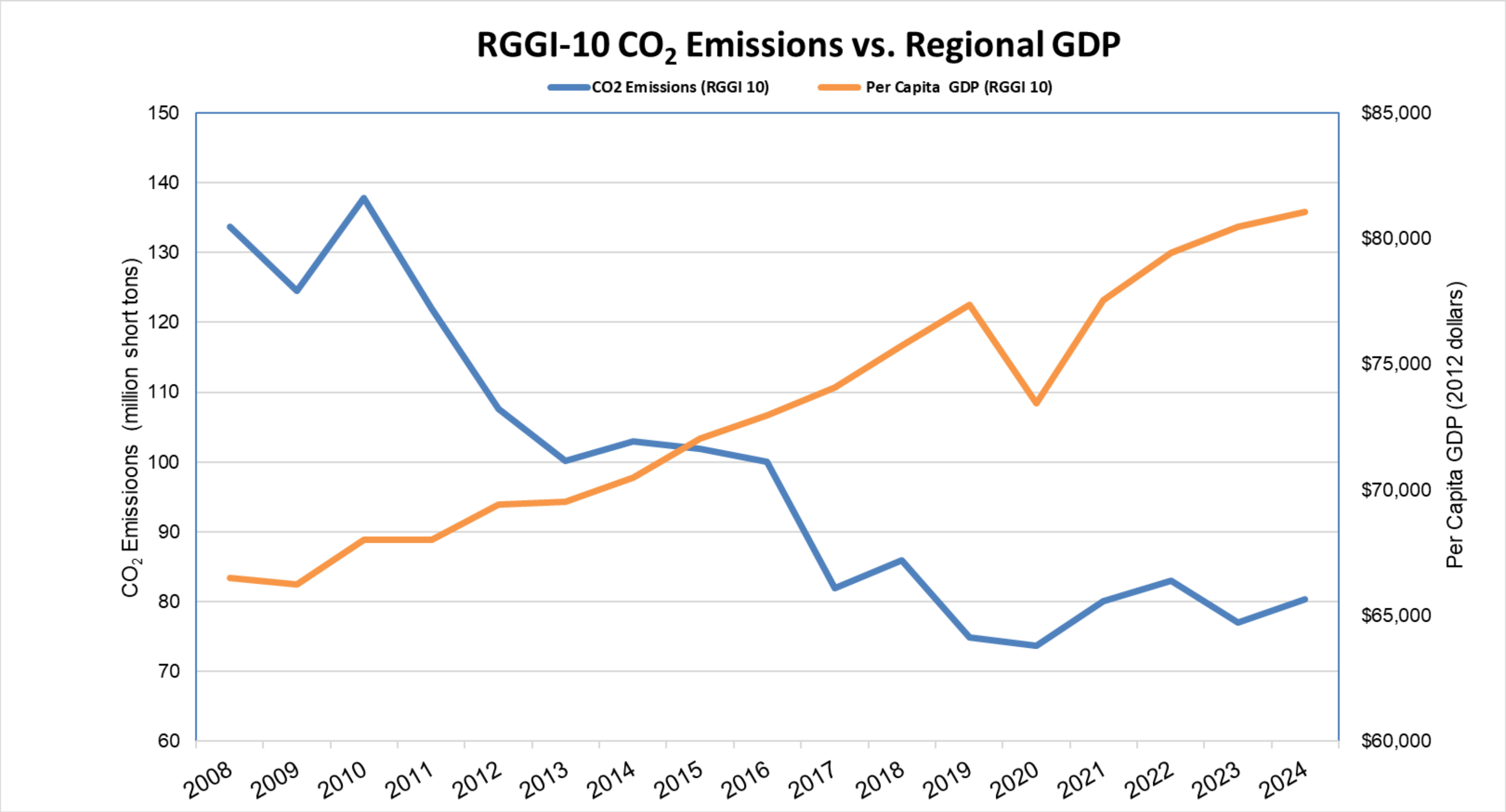
RGGI allowance auctions have yielded more than $9 billion to power investment in the clean energy future of the participating states.

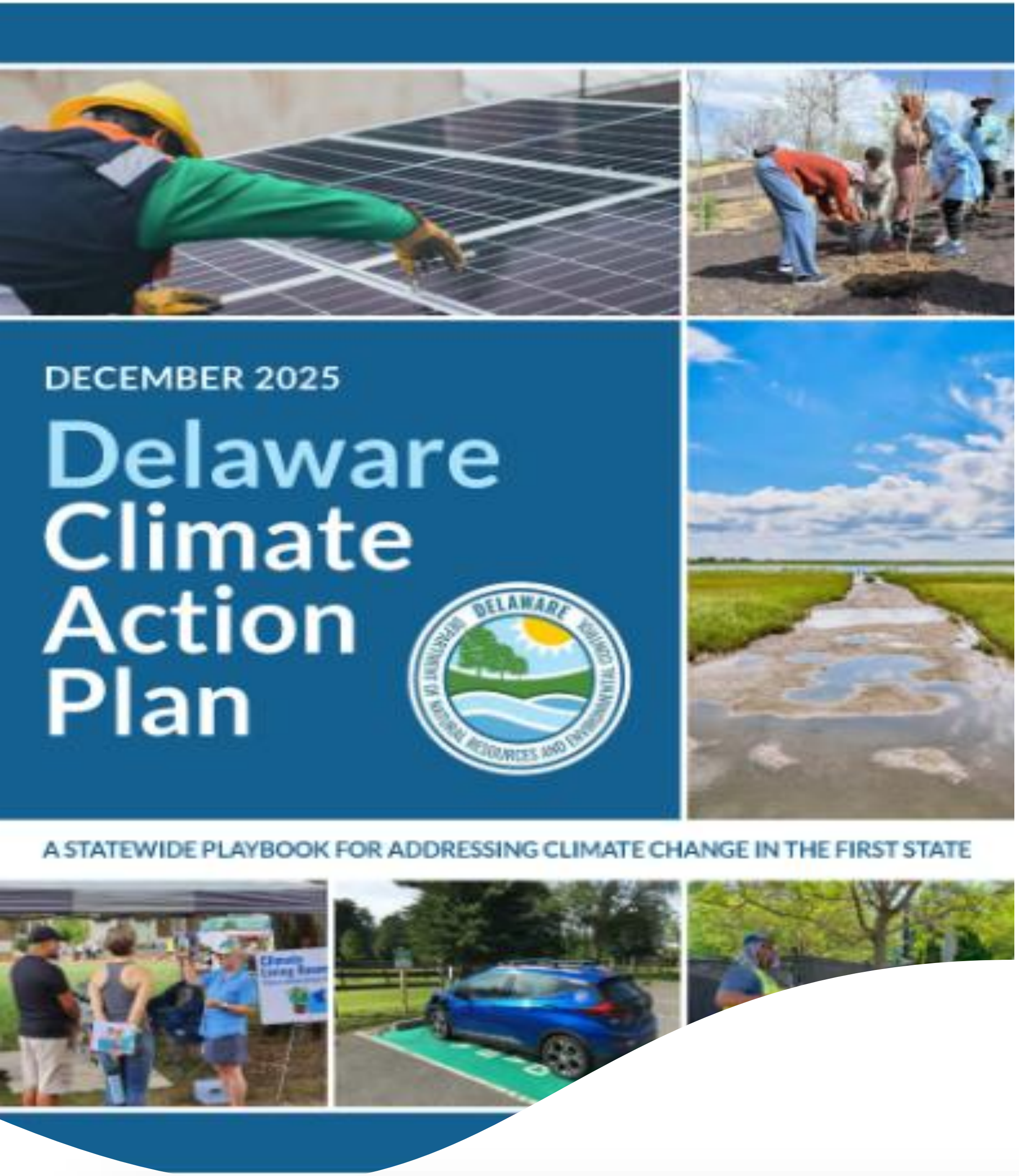
RGGI states' investments of auction proceeds to date, have directly benefited over 8 million households and 400,000 businesses in the region, and will save ratepayers over $20 billion on their energy bills through energy efficiency programs and other consumer support.

Independent research by the Analysis Group found that RGGI produced $5.7 billion in net economic benefits and added 48,000 job-years to RGGI states' economies between 2009 and 2020

RGGI participation has coincided with reduced costs for consumers, with average residential and commercial bills in RGGI states declining faster than the rest of the US.

RGGI Power Plant Emissions v. Regional Economic Growth





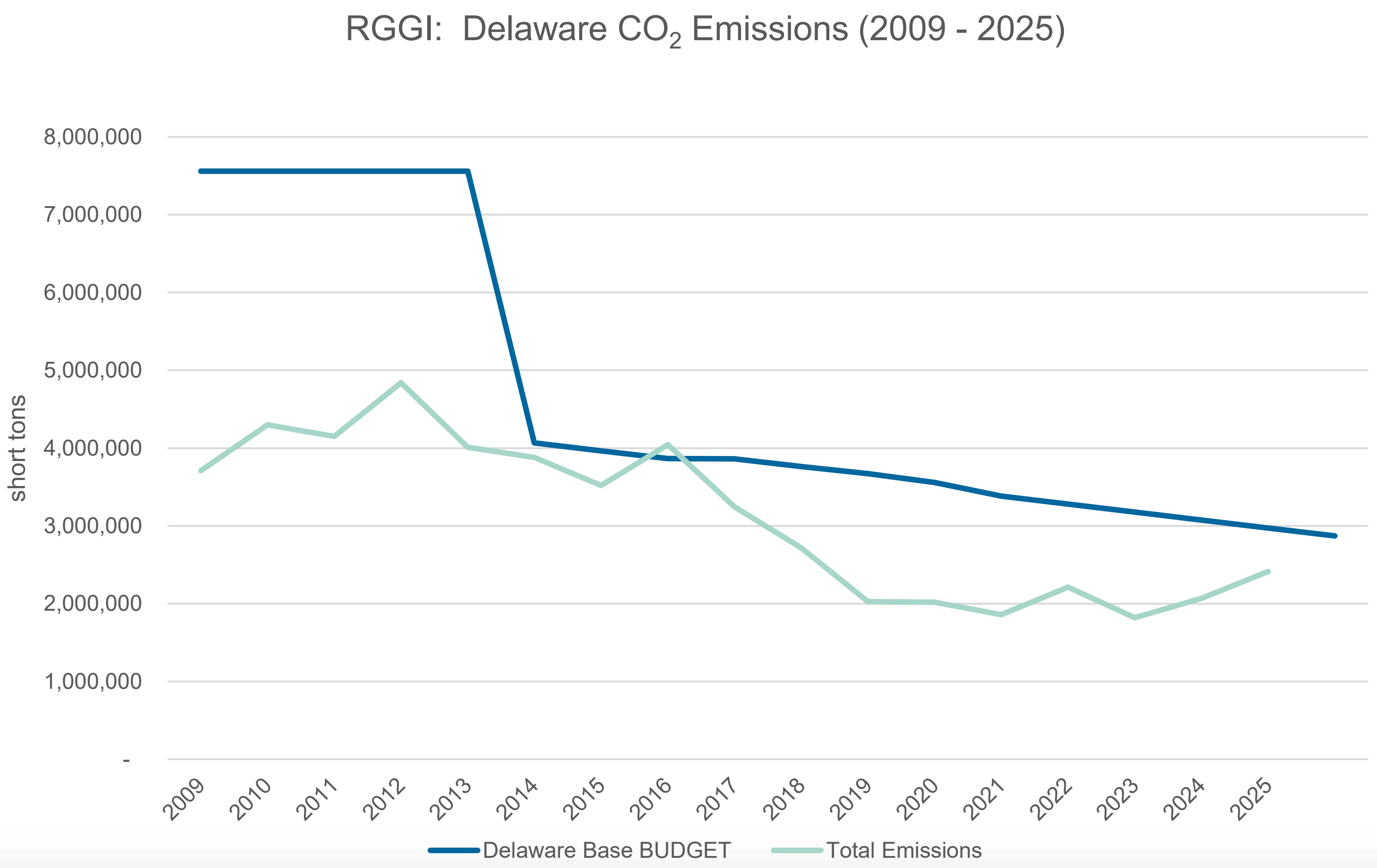
DE Climate Solutions Act (2023)

- Reducing Delaware's greenhouse gas emissions to nearly zero by 2050 helps avoid the worst impacts of climate change. Delaware's Climate Change Solutions Act sets statewide targets for greenhouse gas emission reductions.
- The targets are 50% reduction in greenhouse gas emissions by 2030 and net-zero emissions by 2050. Both targets are measured from a 2005 baseline.
- RGGI is the foundational mitigation policy for achieving Delaware's GHG goals.
- Delaware has already made significant progress in reducing its greenhouse gas emissions and has a path toward net-zero emissions by 2050.

Delaware's 2026 "Compliance Entities" (>25 megawatts of power)

Compliance Facility	Number of Units	Nameplate Capacity (MW)
Constellation Christiana Substation	2	29, 29
Constellation Edge Moor	3	75, 177, 446
Constellation Hay Road	6	115, 115, 115, 122, 122, 122,
DCO Energy Garrison Energy Center	1	309
City of Dover- Van Sant	1	45
DEMEC- Warren F. Sam Beasley	2	45, 50
Delaware City Refinery	6	28, 28, 63, 63, 90, 90
Dover Energy Center	2	50, 50

2009-2025 DE RGGI Power Plant Emissions



DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

Program Reviews

As called for in the RGGI Memorandum of Understanding and subsequent documents, the Participating States conduct routine program reviews of the CO_2 Budget Trading Programs.

The RGGI program reviews are rigorous and comprehensive evaluations, supported by an extensive regional stakeholder process that engaged the regulated community, environmental nonprofits, consumer and industry advocates, and other interested stakeholders.

Amendments to the Model Rule are developed by the RGGI state staff as part of the Program Review. This effort is supported by a regional stakeholder process that engaged the regulated community, environmental nonprofits, and other organizations with technical expertise.

First & Second Program Review

2012-2014

Announced results February 7, 2013 *"RGGI States Propose Lowering Regional CO_2 Emissions Cap 45%, Implementing a More Flexible Cost-Control Mechanism"*

Cap reduction - A reduction of the 2014 regional CO2 budget, "RGGI cap", from **165 million to 91 million tons** – a reduction of 45 percent. The cap would decline 2.5 percent each year from 2015 to 2020.

Banked Allowance Reductions - This will account for the private bank of allowances held by market participants before the new cap is implemented in 2014. From 2014-2020 compliance with the applicable cap will be achieved by use of "new" auctioned allowances and "old" allowances from the private bank.

Interim compliance - Requiring regulated entities **to acquire and hold allowances equal to at least 50 percent of their emissions** in each of the first 2 years of the 3 year compliance period, in addition to demonstrating full compliance at the end of each 3 year compliance period.

Cost containment reserve (CCR) of allowances that creates a fixed additional supply of allowances that are only available for sale if CO_2 allowance prices exceed certain price levels ($4 in 2014, $6 in 2015, $8 in 2016, and $10 in 2017, rising by 2.5 percent, to account for inflation, each year thereafter.)

Offsets forestry protocol.

2016-2018

Announced results and updated model rule – Dec 19, 2017

Revised Regional Cap - A regional cap of 75,147,784 tons of CO_2 in 2021, which will decline by 2.275 million tons of CO_2 per year thereafter, resulting in a total **30% reduction in the regional cap from 2020 to 2030**.

- The Participating States will **address the bank of allowances** held by market participants with a third adjustment for banked allowances. The third adjustment will be made over a 5-year period (2021-2025) based upon the size of the bank at the end of 2020.

CCR - The Participating States will modify the size and the price triggers for the CCR. The CCR is a reserved quantity of allowances, in addition to the cap, that would only be available if defined allowance price triggers are exceeded.

ECR - The Participating States will establish an emissions containment reserve (ECR), which is a quantity of allowances that will be withheld from circulation to secure additional emission reductions if prices fall below established trigger prices.

Offsets - eliminated two offset categories, reduction in emissions of sulfur hexafluoride (SF6) in the electric power sector, and end-use energy efficiency in the building sector. Any awarded offset allowances will remain fully fungible across the states.

Minimum Reserve Price - The Model Rule retains language to increase the minimum reserve price by 2.5 percent each year.

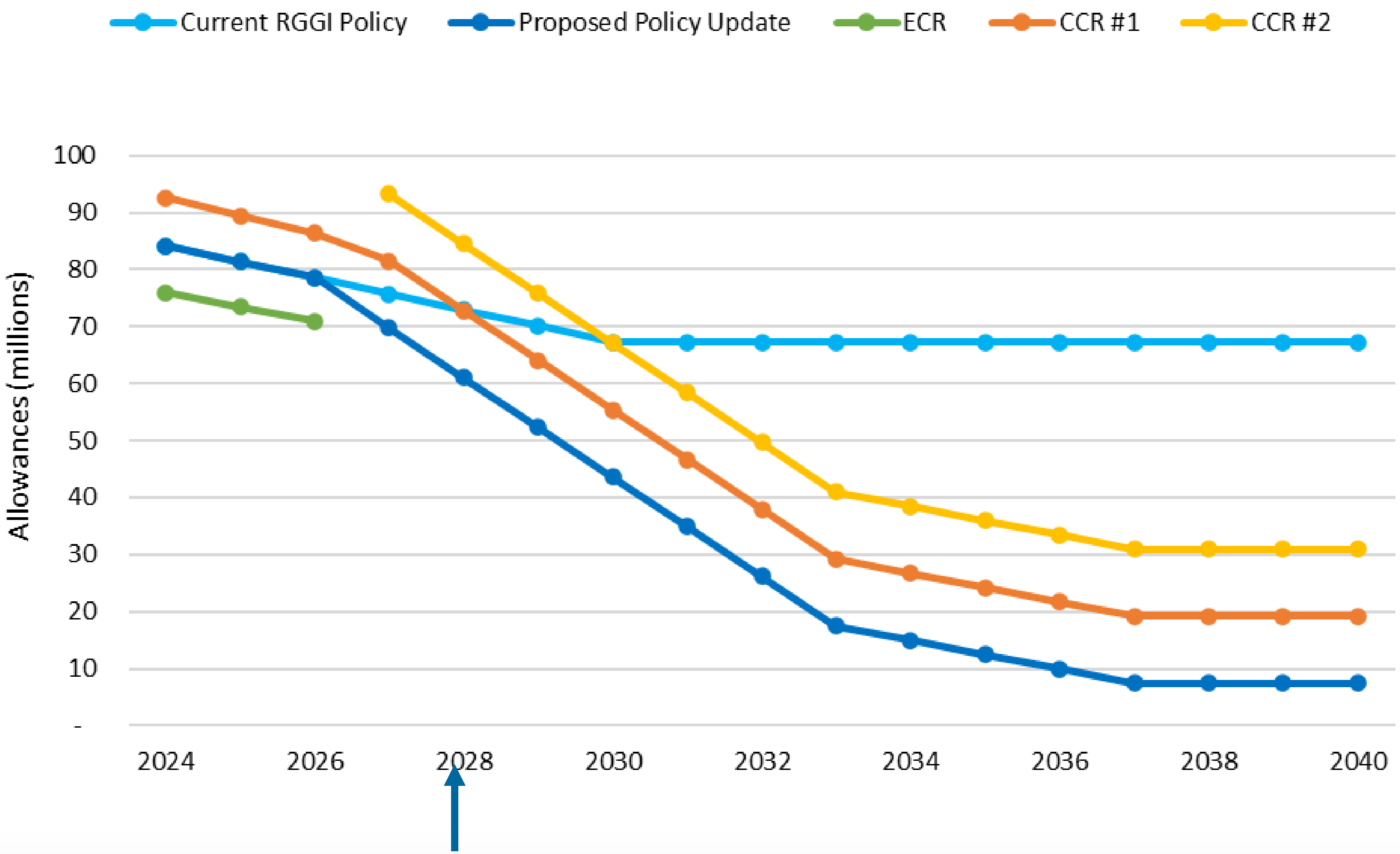
Third Program Review (2025)

- **Updates to the Regional Base CO_2 Allowance Budget (XX-5.1) -** The updated Model Rule reduces the regional emissions cap in 2027 to 69,806,919 tons of CO_2 from 75,717,784 tons under the previous Model Rule.

- **Implements an Additional Cost Containment Reserve (XX-5.3(d) and XX-9) -** To ensure availability of RGGI allowances to meet grid reliability needs and protect against cost volatility. The update includes increasing the size of the CCR and implementing a second tier of CCR allowances available at auction at a higher trigger price

- **Replaces Emissions Containment Reserve (XX5.3(e)) with Increased Minimum Reserve Price (XX-9) -** The updated Model Rule increases the - minimum reserve price, the lowest price at which RGGI allowances may be sold at auction. Beginning in 2027, the updated Model Rule removes the ECR and replaces it with an increased minimum reserve price that matches the existing ECR trigger price trajectory. The new minimum reserve price is $9.00 in 2027, increasing 7 percent annually thereafter.

Third Program Review – Cap Adjustment



4th Program Review Begins

Third Program Review (2025)

- **Removes Offsets from RGGI Design Beginning in 2027 (XX-10) -** The updated Model Rule eliminates language regarding RGGI offset allowances.
- **Definitions (XX-1) -** The definitions for several terms have been edited for clarity and updated or removed to match corresponding updates throughout the Model Rule.
- **Monitoring, Reporting & Recordkeeping (XX-8) -** Section XX-8 in the updated Model Rule has been streamlined for monitoring, reporting, and recordkeeping requirements.
- **Other -** Certain references have been updated or corrected throughout the Model Rule for clarity and consistency with the changes discussed above.

RGGI Stakeholder and Public Engagement for the Third Program Review

- Public participation is a key component of a successful Program Review. The RGGI states conducted public engagement throughout the Third Program Review, including periodic public meetings and accompanying open comment periods, to share updates and solicit public feedback.

October 5, 2021 Public Listening Session	Remote
November 8, 2021 Public Listening Session	Remote
December 13, 2021 Public Meeting	Remote
December 15, 2021 Public Meeting	Remote
March 29, 2023 Public Meeting	Remote
September 26, 2023 Public Meeting	Remote

Additional Commitments Alongside the Model Rule

- *State Legislation and/or Rulemaking:* Each participating state commits to seek to establish in statute and/or regulation amendments to its CO_2 budget trading program substantially consistent with the updated Model Rule. Each state commits to work to adopt its respective program changes as soon as practical, to be effective on January 1, 2027.

- *Fourth RGGI Program Review:* The RGGI participating states commit to beginning a Fourth Program Review no later than 2028. The Fourth Program Review will provide an early opportunity to evaluate the performance of the changes agreed to in the Third Program Review and to adjust RGGI elements if needed to ensure the initiative's continued success in contributing to a reliable, affordable, clean electricity supply. As part of this review, the states will:
  - Evaluate the early performance of the program changes implemented as part of the Third Program Review, together with the changes to the electricity grid, technological and policy developments, and program benefits and costs over the next few years.
  - Consider and take input on further commitments beyond 2037, as well as adjustments to the RGGI cap trajectory in earlier years if needed to ensure reliability and affordability.
  - Further engage stakeholders on the design of existing and potential new RGGI elements that will continue to ensure a clean, affordable, reliable, and equitable electricity supply, consistent with state goals and requirements and grid operational needs.
- *Unsold Allowances:* The participating states commit to removing from circulation all standard RGGI CO_2 allowances which are offered for sale but remain unsold at the end of each auction.

Proposed Amendments to 7 DE Admin. Code 1147

- Section 1 – General Provisions
- Section 5 – CO2 Allowance Allocations
- Section 8 – Monitoring & Reporting
- Section 9 – Auction of CCR allowances
- Section 10 – Offsets

Section 1 – General Provisions

- Definitions
  - Removed definitions associated with offset provisions.
  - Clarified the CO_2 Allowance Transfer Deadline (March 1st)
  - Updated the CCR trigger price definitions for CCR1 and added CCR2
  - Removed the definitions associated with the ECR
  - Removed language for the “adjusted budget” and the bank of allowances
  - Updated the minimum reserve price.

Sections 2.0 – 4.0, and 6.0

- Minor administrative clarifications

Section 5 – CO_2 Allowance Allocations

- Updated Delaware Base Budget (2027-2037+)
- Amended CCR language
- Removed ECR withholding language
- Removed Third Control period bank adjustment

Delaware's Base Budget and CCR1 and CCR2 Size / Trigger Price

Year	DE Base Budget	Minimum Reserve Price	CCR #1	CCR # 1 Trigger Price	CCR #2	CCR # 2 Trigger Price
2027	2,551,724	$9.00	429,377	$19.50	429,377	$29.25
2028	2,232,759	$9.63	429,377	$20.87	429,377	$31.30
2029	1,913,793	$10.30	429,377	$22.33	429,377	$33.49
2030	1,594,828	$11.02	429,377	$23.89	429,377	$35.83
2031	1,275,862	$11.79	429,377	$25.56	429,377	$38.34
2032	956,897	$12.62	429,377	$27.35	429,377	$41.02
2033	637,931	$13.50	429,377	$29.26	429,377	$43.89
2034	546,798	$14.45	429,377	$31.31	429,377	$46.96
2035	455,665	$15.46	429,377	$33.50	429,377	$50.25
2036	364,532	$16.54	429,377	$35.85	429,377	$53.77
2037	273,399	$17.70	429,377	$38.36	429,377	$57.53

Section 8 – Monitoring & Reporting

- Section 8 has been streamlined for monitoring, reporting, and recordkeeping requirements. (see 40 CFR 75)

Section 9.0 Auction of CO_2 and CCR Allowances

- Updated language for the auction of CCR1
- Added CCR2 allowances
- Removed language for ECR

Section 10 – Offsets

- Deleted Section 10
- Marked as RESERVED

RFA - RIS

- In each RFA, an agency must consider, where applicable, lawful, feasible and desirable, specific methods of reducing the burdens of the regulation on individuals and/or small businesses, including:
  - Establishing less stringent requirements and deadlines;
  - Establishing performance standards to replace design standards;
  - Exempting individuals and small businesses from all or part of the regulation; and
  - Examining other ways to accomplish the regulation's purpose, while minimizing the impact upon individuals and/or small businesses.
- The regulatory requirements for this regulation apply only to electricity generators in the state who produce more than 25MW of power annually and burn fossil fuel.
- No small businesses fall within this category and therefore, there is no compliance obligation or burden to be met by any of Delaware’s small businesses.
- The RFA/RIS was published on July 1, 2026 in the Delaware Registrar.

From the Technical Support Document

Case A – No Reinvestment of RGGI Proceeds

Customer Class	Modeling Case A	Reference Case A	Monthly Difference	Percent Difference
Residential	$89.12	$85.69	$3.43	4.00%
Commercial	$358.13	$355.54	$22.59	6.73%
Industrial	$8,225.07	$7,484.65	$740.42	9.89%

Case A – Projected State-Level Bill Assistance

Customer Class	Modeling Case A	Reference Case A	Monthly Difference	Percent Difference
Residential	$89.01	$85.67	$3.34	3.90%
Commercial	$357.39	$355.42	$21.98	6.55%
Industrial	$8,200.79	$7,480.52	$720.26	9.63%

Case A – Projected State-Level Bill Assistance, Energy Efficiency Spending and Beneficial Electrification Spending

Customer Class	Modeling Case A	Reference Case A	Monthly Difference	Percent Difference
Residential	$87.32	$85.38	$1.94	2.27%
Commercial	$346.29	$333.53	$12.76	3.83%
Industrial	$7,836.48	$7,418.62	$417.85	5.63%

From the Technical Support Document

Case B – No Reinvestment of RGGI Proceeds

Customer Class	Modeling Case B	Reference Case B	Monthly Difference	Percent Difference
Residential	$84.62	$82.90	$1.72	2.07%
Commercial	$328.48	$317.17	$11.30	3.56%
Industrial	$7,301.78	$6,929.26	$372.52	5.38%

Case B – Projected State-Level Bill Assistance

Customer Class	Modeling Case B	Reference Case B	Monthly Difference	Percent Difference
Residential	$84.58	$82.89	$1.69	2.04%
Commercial	$328.23	$317.08	$11.15	3.52%
Industrial	$7,293.64	$6,926.23	$367.41	5.30%

Case B – Projected State-Level Bill Assistance, Energy Efficiency Spending and Beneficial Electrification Spending

Customer Class	Modeling Case B	Reference Case B	Monthly Difference	Percent Difference
Residential	$84.02	$82.68	$1.34	1.62%
Commercial	$324.52	$315.70	$8.82	2.79%
Industrial	$7,171.56	$6,880.83	$290.73	4.23%

Delaware Rate Payer Impacts and Bills Analysis

- RGGI states modeled the impacts of the proposed amendments on two reference cases
  - One of which assumes full on-time achievement of state clean energy deployment targets (Case B), and
  - One of which assumes clean energy additions are mostly limited to currently contracted renewables (Case A), though the model also allowed for some renewable energy additions when it is economic to do so.

- Comparing Case A (the more pessimistic scenario) to its reference case that the average commercial customer monthly electric bill of $346 would increase slightly by $12.76 (3.8%) and industrial customer's bill would increase by 5.6%.

- Whereas, Case B (increased investments in energy efficiency and renewable energy), shows less impact on rate class bills. Overall RGGI-induced economic impacts are minor, reflecting that the pace of economic growth in this region will not be disrupted by these changes. Both Cases A and B lead to slight positive net benefits.

- Modeling indicates small impacts to residential, commercial and industrial bills. Modeling further shows that these bill impacts are significantly mitigated when states choose to invest proceeds in energy efficiency and beneficial electrification and when states continue to invest overall in rapid deployment of additional renewable/carbon free energy sources.

Division of Air Quality
Proposed Amendments to
7 DE Admin. Code 1147 “CO_2 Budget Trading Program”
(Docket #2026-R-A-0003)

Exhibit 1: Start Action Notice approved by the Department Secretary on March 10, 2026

Exhibit 2: List of Interested Parties / Key Stakeholders

Exhibit 3: Proposed Amendments to 7 DE Admin. Code 1147 *Delaware’s CO_2 Budget Trading Program* published in Delaware Register of Regulation, July 1, 2026

Exhibit 4: Regulatory Flexibility Analysis and Impact Statement Form, published in Delaware Register of Regulation, July 1, 2026

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Exhibit 5: Regulation 1147 Technical Support Document

Exhibit 6: Key Stakeholder Meeting documents for March 26, 2026

Exhibit 7: Public Workshop Meeting documents for April 30, 2026

Exhibit 8: Comments received from the Public Workshop

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Exhibit 9: 07-01-2026 Register Notice with 1147 CO_2 Budget Trading Program proposal, as published in the Delaware Register of Regulation

Exhibit 10: Affidavits and Legal Notices as published on June 24, 2026 for the News Journal and Delaware State News

Exhibit 11: State Public Meeting Calendar hearing notice, as it appeared June 23, 2026

Exhibit 12: Administrative Law Docket Public Hearing Web Page

Exhibit 13: DNREC Staff Presentation

DNREC Virtual Public Hearing

Proposed Amendments to:

7 DE Admin. Code 1147 "CO_2 Budget Trading Program"

(Docket #2026-R-A-0003)

Thank you for joining us. We will accept comments on this matter through August 14, 2026.
Comments may be submitted in writing via online form at https://de.gov/dnreccomments, via email to DNRECHearingComments@delaware.gov, or USPS mail:

Lisa Vest, Hearing Officer
DNREC – Office of the Secretary
89 Kings Highway, Dover, DE 19901

Comments will be accepted using the DNREC Comment form, via email, or by USPS mail as noted on the hearing event page (https://de.gov/dnrechearings)