

Handout for November 4, 2009 EAAC Conference Call
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Agenda for Meeting:

- **Some Process Issues**
- **Timetable for Upcoming Meetings**
- **Discussion of Preliminary Draft**
- **Initial Discussion of Potential Recommendations**
- **Public Comment**

Timetable: Upcoming EAAC Meetings:

- Wednesday, November 18
- Tuesday, December 15 – present complete draft of Allocation Report
- within week of January 11 – final public meeting

Some Issues re Preliminary Draft:

- excellent contributions in very short time!
- some needs:
 - more attention to timing issues
 - more attention to connection with possible federal policy
 - more focus on pros and cons of various options: to provide foundation for recommendations in Chapter 6

(continued next page)

Recommendation Options:

(names in parentheses are declared supporters of given option)

1. Allowance Distribution Method

- a. Free Allocation vs. Auctioning
 - 100% auctioning from outset? (*Barger, Boyce*)
 - < 100% auctioning in short run, 100% in long run? (*Knittel, Boyce*)
 - 100% free allocation from the outset?
- b. Method for Free Allocation (if applicable)
 - exogenous? (*Bushnell, Knittel*)
 - updating?
 - if so, what form?
- c. Method for Auctioning (if applicable)
 - sealed bid or multiple round?
 - uniform price or discriminating price?
 - other features?

2. Allowance Value Provision

(for each of these options, need consider the time-profile (increasing or constant or decreasing emphasis through time?))

- a. compensation?
 - if so, to which parties?
 - to industry (shareholders)?
 - if so, which ones? (*Knittel (highly qualified)*)
 - to displaced workers? (*Barger, Boyce – “transitional” use*)
 - to disproportionately affected consumers (low-income households)? (*Barger*)
 - to communities experiencing increased pollution?
- b. dividends to public? (*Barger, Boyce – “final” use*)
- c. investments and other public expenditure?
 - if so, which type of investment or expenditure?
 - environment-related:
 - funding to support adoption of existing clean technologies
 - funding to support invention of new clean technologies
 - funding for environmental remediation and adaptation
 - support for new infrastructure
 - other capital investments
 - investments in job training (*Boyce – “transitional” use*)
 - investments in disadvantaged communities (*Boyce – “transitional” and “final” use*) (e.g., Community Benefit Fund)
 - transfers to regional or local government agencies (equivalent to tax reduction below if the transfer is at state agency level) (*Boyce – “final” use (but small share)*)
 - other public expenditure
- d. tax reduction (devote auction revenue to state Treasury)? (*Goulder, Knittel*)