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RGGI States' CO₂ Auction Continues Strong Performance

*Auction with All Ten States Builds on Success of the First Auction as
All Allowances Sold at a Clearing Price of \$3.38*

(NEW YORK, NY) – The states participating in the Regional Greenhouse Gas Initiative (RGGI) today announced the results of the second auction of carbon dioxide (CO₂) emissions allowances in the United States. All of the 31,505,898 allowances offered for sale on December 17, 2008, were sold at a clearing price of \$3.38 per allowance.

RGGI, Inc. reported that 69 participants from the energy, financial and environmental sectors took part in the bidding, indicating continued strong performance for RGGI CO₂ allowance auctions. The demand for the allowances was robust at 3.5 times available supply.

The approximately \$106.5 million in proceeds produced from this auction will be distributed to all ten RGGI states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont) in proportion to the CO₂ allowances offered for sale by each state. The states will invest those funds in energy efficiency and clean energy technologies.

“The RGGI auctions continue to be the place where market participants come to buy the allowances they need,” said Pete Grannis, Chair of Regional Greenhouse Gas Initiative, Inc. Board of Directors. “Once again the results prove that distributing allowances via auctions in a carbon dioxide cap and trade program can be successful. We look forward to developing a partnership with the Obama Administration to create a strong federal climate action plan.”

Potomac Economics, RGGI's Market Monitor, reported that the second auction was administered in a fair and transparent manner. They also noted in their report that, “the auction generated a result that is consistent with competitive bidding.” A full copy of their report is available at:

http://www.rrgi.org/docs/Auction_2_Post_Auction_Market_Monitor_Report_08_12_19.pdf

In the first “pre-compliance” auction on September 25, 2008, all of the 12,565,387 CO₂ allowances offered for sale were sold at a clearing price of \$3.07 per allowance. That auction raised nearly \$38.6 million for use by the six RGGI states that offered CO₂ allowances for sale during the first auction.

In conformity with the notice for Auction 2, the RGGI participating states will release further auction information on January 6, 2009, after financial settlement and transfer of CO₂ allowances is completed. The post-settlement auction report by the Market Monitor will contain aggregate information including the dispersion of projected demand, the

dispersion of bids, and a summary of bid prices. In addition, for Auction 2 and subsequent auctions, the participating states will release the names of "potential bidders." Potential bidders are those applicants that have been qualified to bid and who have filed an Intent to Bid.

The next allowance auction is set for March 18, 2009. The two auctions held this fall were termed "pre-compliance" auctions because actual compliance obligations under the 10 state CO₂ Budget Trading Programs do not take effect until January 1, 2009. These auctions, combined with quarterly auctions to be held in the first compliance period, which runs from January 1, 2009 through December 31, 2011, will ensure an ample opportunity for bidders to obtain the CO₂ allowances they will need for compliance across the entire 10-state region.

About the Regional Greenhouse Gas Initiative

The 10 Northeast and Mid-Atlantic states participating in RGGI (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New Hampshire, New York, Rhode Island and Vermont) have designed the first market-based, mandatory cap-and-trade program in the U.S. to reduce greenhouse gas emissions. The participating states have regulations in place to cap and then reduce the amount of CO₂ that power plants in their region are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels. Power sector CO₂ emissions are capped at current levels through 2014. The cap will then be reduced by 2.5 percent in each of the four years 2015 through 2018, for a total reduction of 10 percent.

Initial CO₂ allowance auctions are being held in 2008 as pre-compliance events to facilitate market price discovery and compliance planning by regulated CO₂ emitters. A CO₂ allowance represents a permit to emit one ton of CO₂, as issued by a respective participating state. A regulated power plant must hold CO₂ allowances equal to its emissions to demonstrate compliance at the end of each compliance period. Because CO₂ allowances issued by any participating state will be usable across all state programs, the ten individual state CO₂ Budget Trading Programs, in aggregate, will form one regional compliance market for CO₂ emissions.

The RGGI auction was run on an on-line platform provided by World Energy Solutions, Inc (TSX: XWE), which operates online exchanges for energy and green commodities.

RGGI allowance transactions are recorded on the Carbon Dioxide Allowance Tracking System (COATS) developed by Perrin Quarles Associates, which designs and builds emissions database tracking systems.

All RGGI auctions are overseen by RGGI, Inc.'s independent market monitor, Potomac Economics, a leader in the field of monitoring and competitive assessment of wholesale electricity markets in the U.S.

For more information about RGGI, turn to: <http://www.rggi.org>

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