

May 22, 2006

**First Environment Comments on the
Regional Greenhouse Gas Initiative (RGGI) Draft Model Rule**

First Environment is pleased to offer the suggestions and comments regarding the RGGI Model Rule. First Environment is a strategic environmental management and engineering consulting firm headquartered in Boonton, New Jersey with offices throughout North America. Our firm provides both traditional environmental consulting services as well as consulting regarding emerging environmental issues including climate change and greenhouse gas management. First Environment is also an approved verifier for both the California Climate Action Registry and for projects under the Chicago Climate Exchange. In general, our comments are relative to RGGI offset project verification and represent our interest in maintaining quality verification activities associated with the program as well as keeping transaction costs reasonable.

Regarding the RGGI Model Rule, our suggestions include the following:

With respect to the offset program, we would encourage that the Model Rule include language identifying that **ISO 14064 Part 2** would be established as the basic structure for all offset projects recognized by RGGI. We believe that the use of this standard will improve consistency between project types as well as facilitate the verification process. We also believe that using **Part 2** for projects will create opportunities for linking RGGI with other GHG programs.

New Jersey

Regarding the verification of offset projects, we suggest that the model rule include language identifying that the verification process be consistent with **ISO 14064 Part 3**. This standard has been developed to incorporate best practices in the area of GHG verification and we believe the application of this standard may create the opportunity to increase the quality of the verification performed relative to reasonable effort and transaction costs.

California

District of Columbia

Georgia

Regarding the accreditation of independent certifiers, we would encourage the RGGI Model Rule include language identifying that **ISO 14065** serve as foundation for the accreditation process. This standard establishes best practice requirements for organizations seeking to perform GHG verification and will assist with ensuring that accredited organizations are qualified to undertake this work.

Illinois

Mississippi

In addition to these general suggestions, First Environment's comments on specific aspects of the Model Rule related to the offset projects program include the following:

New York

We generally support the concept of regulatory additionality presented in XX-10.3 (d) (1), but are concerned that year-to-year regulatory additionality as the clause states may introduce uncertainty that may discourage reduction project development or could complicate validation/verification of the project. We would encourage that the Model Rule address this situation by considering regulatory additionality only during the renewal of the crediting period since regulatory additionality changes during the crediting period would not affect the number of allowances a project earns.

Puerto Rico

Canada



We would like to express concern regarding the “additionality plus” requirements identified in the Model Rule in section XX-10.3 (d) (2). We feel that these requirements may complicate the validation and verification of projects and increase transaction costs by requiring project proponents to disclose project and organization financial information for review by verifiers. We would encourage the removal of these requirements from the Model Rule to simplify the verification process and thereby ensure reasonable transaction costs.

Finally, while we understand the need to ensure that there is no conflict of interest associated with verification services, we are concerned that unclear requirements for disclosure of information to assess conflict of interest identified in the Model Rule may result in unreasonable effort, delay with the verification process, and increase transaction costs associated with verification services. We hope that the verifier COI issue can be addressed in the Model Rule by requiring a straightforward declaration by verifiers that for a particular client the issue of COI has been assessed and that COI is not present. If agency assessment is necessary, we hope that the Model Rule could clearly identify the information a verifier needs to provide relative to the assessment as well as the assurance that the confidentiality of all information will be protected.

First Environment appreciates the opportunity to provide these suggestions and comments for consideration of the RGGI Staff Working Group. If there are questions regarding these comments and suggestions, please do not hesitate to contact Jay Wintergreen at jtw@firstenvironment.com or 973-334-0003.