September 28, 2005

Acting Governor Richard Codey  
The State House  
P. O. Box 001  
Trenton, NJ 08625

Dear Governor Codey:


I write on behalf of The Nature Conservancy to urge you to support the enactment of the Regional Greenhouse Gas Initiative (RGGI) Model Rule to achieve reductions in CO₂ emissions from power generators in the Northeast. We commend your leadership on this issue and look forward to working with you and your staff to ensure that this proposal is successfully enacted and carried out.

The Nature Conservancy supports the RGGI program as it sets an exemplary precedent for the establishment of a system to cap CO₂ emissions from the energy sector using a market-based system at little to no cost to the consumer. We view the success of a Northeast regional cap and trade program as catalyst for regional and national action which is critical to reducing heat-trapping emissions and minimizing the threats that climate change poses to the people, businesses and ecosystems in the Northeast region. Over the past 50 years, The Nature Conservancy has invested billions of dollars in land acquisition and conservation. These investments, as well as those of state and federal governments and private land owners, are jeopardized if emissions of heat-trapping gases continue unchecked.

While the Conservancy supports the proposed model rule, we believe the emissions cap should be stronger cap than the current proposal to stabilize emissions at 150 million tons until 2015, followed by a 10% reduction through 2020. This emissions reduction proposal is at best, a stabilization of current levels from the energy sector. We urge you to revise the proposed model rule to reduce CO₂ emission by 15% by 2020. The ICF modeling conducted for the states suggests that a tighter cap could be adopted with minimal to no cost to consumers of electricity.

In addition, the Conservancy supports the creation of an explicit link between the RGGI program and the European Union Emissions Trading System, and any other state or regional program that emerges in the future. Establishing these links will allow for greater flexibility, increasing compliance with the RGGI program. We urge you to provide additional clarity on how RGGI will link to the EU Emissions Trading System, and, if needed, we pledge to work with you to develop more detailed language in the rule defining this linkage.

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We support the Working Group’s current proposal to allow covered sources to meet a portion of their emission reduction targets using carbon offsets from well-designed afforestation projects. Allowing the use of these types of offsets will increase the flexibility for compliance and lower the overall compliance costs. The use of offsets also could allow for a lower cap at no additional cost. In addition, such projects have the potential to generate substantial environmental and social co-benefits.

We support the Working Group’s proposal to add forest management projects to the list of eligible offset types. Furthermore, we are concerned that limiting land-use offsets to those created in the RGGI region may hamper the availability of high quality and cost effective offset projects. We urge the staff to consider allowing RGGI to include offsets projects in areas in the U.S. outside of the RGGI region, as well as international projects. These offsets should not be limited to those eligible under the Kyoto Protocol’s Clean Development Mechanism, but rather include activities such as forest conservation and agroforestry, as these project types can deliver real emissions reductions along with benefits for biodiversity and local communities.

We are currently conducting a study, The Northeast Carbon Feasibility Project, that will determine and measure the amount of carbon available from various land use activities in the RGGI region. The results of this study, due in January 2007, will provide a much clearer understanding of the quality, quantity and potential cost of carbon creation from land use activities. No previous systematic measurement of this kind has been conducted and until the results of this study are available we feel it premature to lock in the geographic scope or eligible project types for land-use offsets in the RGGI program. Much more important is the establishment of sound rules to ensure real, surplus, permanent and verifiable offsets. We pledge to work with the state staff to ensure that the rules crafted for land-use offset projects meet these standards.

You have demonstrated tremendous leadership by stepping forward to craft this proposed model rule. We encourage you to follow through in signing the Memorandum of Understanding and allowing this process to proceed to the next step of regulatory adoption by your state of New Jersey.

Best regards,

Barbara Brummer, Ph.D.
State Director

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