

TO: RGGI State Representatives, Staff Working Group, and RGGI Participants
FROM: Jan Hamrin, Executive Director, Center for Resource Solutions
DATE: September 9, 2004
RE: Results of the Renewable Energy Working Group Deliberations

The Center for Resource Solutions (CRS), a non-profit organization, has convened a Renewable Energy Working Group (Group) for the purpose of developing a proposal for the inclusion of renewable energy into greenhouse gas cap and trade programs. The group has worked over the past four months to bring together the best minds on this topic and to craft a document to inform the Regional Greenhouse Gas Initiative (RGGI) participants of the recommendations of the Group. We appreciate this opportunity to present our proposal and request that the RGGI participants give serious consideration to incorporating these recommendations into the RGGI model program.

Renewable energy – in the Northeast, electricity primarily generated by wind, solar, and biomass – clearly brings significant environmental benefits by reducing the use of fossil fuel-based electricity and its associated pollutants, including greenhouse gases (GHG). Thus renewable energy can be thought of as a near-term tool for GHG reductions as well as a long-term strategy for reducing the carbon intensity of the electric generation sector. We believe the overarching aim is to use the most cost effective means of reducing GHG emissions while encouraging the transformation of the fuels and technologies used to generate electricity.

With regard to the inclusion of renewable energy in the RGGI model program, there are two key goals: first, not to structure any cap and trade system that will economically disadvantage renewable energy vis-à-vis where it is now; and second, if possible, provide incentives for the sustained development of renewable power in the region as a GHG reduction strategy.

The Renewable Energy Working Group and its Steering Committee (see attached list of participants¹) held numerous meetings, developed draft documents related to various options through which renewable generators and market participants could play a role in a regional greenhouse gas cap and trade (C&T) program and

¹ / Participation in the Renewable Energy Working group does not necessarily mean the organizations listed support all of the comments included in this document.



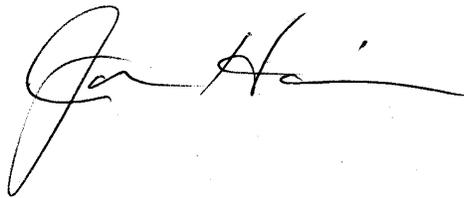
discussed those options at length. The group also discussed strategies under different C&T options for integrating existing renewable energy incentive policies and programs into the C&T without this resulting in double counting or other negative consequences.

The key to the success of whatever options are finally chosen by the RGGI stakeholders is that the details be carefully designed and implemented to assure the desired results will be achieved and that the program's administration is as simple and transparent as possible.

We would be very happy to provide a person to attend the Staff Working Group Meeting on September 20th to answer any questions related to this proposal.

We look forward to the opportunity to work with you to make renewable energy part of the regional solution while ensuring environmental and economic viability, and administrative success of the program. If you have any questions, please do not hesitate to call me (415/561-2100).

Sincerely,



Jan Hamrin, PhD
On behalf of the RGGI Renewable Energy Working Group

CC: Energy Foundation
Rockefeller Brothers Fund





The Renewable Energy Working Group and its Steering Committee Participant List

Steering Committee

Jan Hamrin, Center for Resource Solutions
Tom Rawls
Ryan Wiser
Jonathan Pershing, World Resources Institute
Craig Hanson, World Resources Institute
Jennifer Layke, World Resources Institute
Deborah Donovan, Union of Concerned Scientists
Rob Harmon, Bonneville Environmental Foundation
Dale Bryk, Natural Resources Defense Council
Matt Cheney, NUON
Brent Beerley, Community Energy
Michael Burnett, The Climate Trust
Meredith Wingate, Center for Resource Solutions

RE Working Group

AWEA
Bonneville Environmental Foundation
Center for Resource Solutions
Clean Energy Group
Clipper Wind
Community Energy
Ed Holt & Associates, Inc.
Environmental Protection Agency
Green Mountain Energy
KEMA- Xenergy
Native Energy
Natural Resources Defense Council
New Jersey Board of Public Utilities
NUON
Pacific Gas and Electric Corporation
PacifiCorp
Platts Research and Consulting
PPM Energy
Ryan Wiser
Sustainable Energy Advantage, LLC
The Climate Trust
Tom Rawls
Union of Concerned Scientists
World Resources Institute

