

**Regional Greenhouse Gas Initiative, Inc.
Minutes of Directors' Meeting**

March 12, 2008

A special meeting of the Directors of the Regional Greenhouse Gas Initiative, Inc. a Delaware non-profit corporation (the "Corporation") was held on March 12, 2008 at the offices of the Massachusetts Executive Office of Energy and Environmental Affairs at 100 Cambridge Street, Boston, MA, pursuant to written notice sent to each Director via email on February 28, 2008.

Persons in Attendance

The following Directors, constituting a quorum, were present for the meeting:

Gina McCarthy
Thomas Caruso for Anne George
Phillip Cherry for David Small
Arnetta McRae (joined the meeting while in progress, so was not counted towards the quorum)
David Littell
Sharon Reissus
Shari T. Wilson
Greg Carmean for Susanne Brogan
Laurie Burt
Philip Guidice
Thomas S. Burack
Clifton Below
Jared Snyder for Alexander B. Grannis
Patricia L. Acampora for Garry Brown
Stephen Majkut for W. Michael Sullivan
Andrew C. Dzykewicz
David Farnsworth for James Volz
George Crombie
Lisa Jackson (joined the meeting via telephone while the meeting was in progress, so was not counted towards the quorum)

Patricia Acampora resigned as a Director. Such resignation was duly received and is attached to the minutes of this meeting. Garry Brown was appointed as a Director and his acceptance as director was duly received and is attached to the minutes of this meeting.

Thomas Caruso was appointed as an alternate director to serve on behalf of Ms. George for this meeting. Jared Snyder was appointed as an alternate director to serve on behalf of Mr. Grannis for this meeting. Phillip Cherry was appointed to serve as an alternate director on behalf of Mr. Small for this meeting. Ms. Acampora was appointed

to serve as an alternate director on behalf of Garry Brown for this meeting. David Farnsworth was appointed to serve as an alternate director on behalf of Mr. Volz for this meeting. Stephen Majkut was appointed to serve as an alternate director on behalf of Mr. Sullivan for this meeting. Greg Carmean was appointed as an alternate director to serve on behalf of Ms. Brogan for this meeting.

The written designations of the alternates were duly received and are attached to the minutes of this meeting.

Christopher Sherry and Sam Wolfe were present for Lisa Jackson and Jeanne Fox, respectively, but neither was officially designated as an alternate so they were not counted for the quorum or for voting purposes.

Also present by invitation were the following people: John DeFelice and Diane Franks from the State of Maryland; Molly Curtis from the State of Connecticut; Nicholas Bianco, Nancy Seidman, Marilyn Levenson, Will Space and Rishi Reddi from the State of Massachusetts; Lois New, Patricia Mastrianni, Kevin Hale, Peter Iwanowicz, Christina Palmero, John Williams, Doug Mitarotonda Michael Sheehan and Mark Reeder from the State of New York; Joanne Morin from the State of New Hampshire; and Clifford P. Case and Catherine B. Sheehy from Carter Ledyard & Milburn LLP, counsel to the Corporation (“CLM”).

Quorum of Directors

Mr. Below stated that a quorum of the Directors was present. Ms. Sheehy kept the minutes of the meeting.

January 28, 2008 Meeting Minutes

Mr. Below stated that the draft of the Minutes of the Special Meeting of the Board of Directors held on January 28, 2008 had been submitted to each director prior to the meeting. After a brief discussion, and on motion duly made and seconded, the Minutes were unanimously approved as amended.

Mr. Below called attention to the purposes of the meeting set forth in the notice of meeting and the accompanying meeting materials.

Executive Committee

Mr. Littell gave the report of the Executive Committee, covering two main topics: Hiring an Executive Director and securing D & O Liability insurance. The Executive Committee (and other directors who wished to participate), interviewed the top two candidates, as recommended by the staff working on the search committee. Currently, staff are checking the two candidates' references. The Executive Committee will make a recommendation and then the Directors will be asked to participate in a special meeting

(via teleconference) so that the full Board can approve a final selection for Executive Director. The goal is to have the Executive Director hired by April.

The Director and Officer Insurance Policy was circulated to all of the directors after the previous meeting. The Executive Committee voted to accept the policy at the February 25, 2008 Executive Committee Meeting (the minutes of which were circulated to the entire Board), but since that vote, a number of technical questions have come up. Those questions have been answered to the best of everyone's ability. The Executive Committee believes the policy is the best the Corporation can get and the insurer is not likely to significantly alter the terms. The Executive Committee will move forward to bind it, but will continue to answer questions states may have as they work through issues with their respective Attorneys General.

One issue raised was the representations in the contract which are required to be made on behalf of each director. It was decided that each director should sign an individual form making the required representations and/or explaining why they could not make them, and then Mr. Grannis would sign the contract as Chair of the Board of Directors. A memorandum was distributed which summarizes the representations being made by the directors pursuant to the contract. Additionally a form was distributed which sets forth each individual representation made in the contract and the contract language itself. All of these forms are attached to the minutes of this meeting. The directors were asked to review the representations required of them and submit a completed form for the Corporation's records. It was noted that the Directors were being asked to sign only in their capacities as directors. It was also requested that all Directors submit the signed form by Friday, March 14, so that the policy could be put into place as soon as possible.

Finance Committee

Mr. Guidice gave the report of the Finance Committee. The September 25, 2007 budget has not yet been revised, but the Finance Committee believes that the Corporation will end the year under budget, for the following reasons: 1) there are no personnel expenses as of yet and 2) auction services will be less than anticipated. However, professional services are significantly greater than planned budget (e.g. insurance attorney fees, accounting and audit services). The Finance Committee plans on meeting before the next Board Meeting to discuss these matters.

It was noted that in order to set up a bank account at HSBC, the Corporate Banking Resolutions need to be passed by the full Board. The Corporate Banking Resolutions were distributed and discussed and are attached to the minutes of this meeting.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the HSBC Corporate Banking Resolutions distributed and attached to the minutes of this meeting are hereby adopted on behalf of the Corporation.

It was noted that once the Executive Director is hired, the Executive Director should be added as a signing authority for the account.

The Finance Committee and Executive Committee are in the last stages of reviewing the BTQ Financial auditing services contract and will finalize it when it is ready.

Audit Committee

Mr. Burack gave the report of the Audit Committee. They have received only one proposal in response to a Request for Services (“RFS”) for auditing services. They are reviewing this proposal, but have no final decision and are interested in re-issuing the RFS to obtain at least one other proposal.

Special Committee Reports

Program Committee

Ms. New gave the report of the Program Committee. The Committee chairs, as members of the Program Committee, have been meeting weekly to track progress of all the individual committees. This has been a useful venue for vetting ideas and reviewing progress. The Auction Committee, Offsets Committee and Emissions and Allowance Tracking Committee are all working on developing the scopes of work that will be needed for contracts to implement program components supporting the states’ implementation of their rules.

Emissions Leakage Committee

Mr. Farnsworth gave the report of the Emissions Leakage Committee. He had electronically distributed the draft of a report of the Emissions Leakage Committee for the Directors to review. He requested that comments be directed to him by Wednesday, March 19. Staff Working Group will discuss comments w Wednesday, and final comments are due Thursday, March 20. Assuming these deadlines are met, a final report will be issued Friday, March 21. It will be available at www.rggi.org.

Model Rule Committee

Ms. New gave the report of the Model Rule Committee. This committee is coordinating the discussion of issues as states move forward with their CO2 rule making

Transition Committee

Ms. New gave the report of the Transition Committee. The committee is working on hiring the Executive Director and finalizing the lease for the Corporation’s offices at 90 Church Street.

New Business

Market Monitoring Request for Proposal (“RFP”)

Mr. Sherry gave the report on the RFP issued for market monitoring services. A draft RFP was circulated by Mr. Sherry via email. He asked that the Directors review the proposal and provide him with any comments. This RFP should be released publicly as soon as possible.

Mr. Guidice stated that Executive Committee felt it was important that the entire board review the proposal before action was taken. Wednesday, March 19 was established as the deadline for comments so that the final RFP could be issued as soon as possible. Comments should be sent to Fran Cummings at cummings@masstech.org or Chris Sherry. It was noted that market monitoring is not currently part of the budget. As such, the Corporation will need funding for this contract. Staff pointed out that there should be adequate funds in the budget due to savings on the auction contractor, but funding for the Market Monitoring contract must come from funds other than what is provided by the contract with NYSERDA. Once funds are made available from other states, the market monitoring expenses should be covered.

Critical Path Update

Ms. New presented the critical path items. She stressed the importance of meeting deadlines - although the Corporation and states will be operating with a short time frame, the deadlines are essential for both a successful first auction in September and for the entire program to launch by 2009. Ms. New distributed two charts relating to the critical path and contracting which are attached to the Minutes of this meeting.

State Contracts. The general ideas about the different ways states could contract with RGGI, Inc. were discussed. Every state must contract or enter into an MOA with RGGI, Inc. for the proportion of funds each state is responsible for in the budget (which is based on CO2 emissions budget). One option is that each contract will involve a model/form set of terms, additional state appendices and include a scope of services. States could also contract without the form boilerplate if necessary. Another option for some states would be to set up the contract as a fee for service and would not require as detailed a contract. A third option was discussed where RGGI, Inc. and the states could contract for certain phases of the contemplated work. After a discussion, the Directors thought two basic options would work best:

MODEL 1: Fee for Services. States pay fee to RGGI, Inc. and then RGGI, Inc. contracts for the services. It was contemplated that states would pay the same way they pay dues.

MODEL 2: Full Contract with RGGI, Inc. States would enter into an MOA with RGGI, Inc. which could include “form” language and state specific terms and conditions.

After finalizing, RGGI, Inc. would then contract with the service providers and include any required state specific language.

The different options were discussed and Directors from each state indicated both a) how they thought the states they represent would proceed, and b) whether the state would need to contract with RGGI, Inc. before RGGI, Inc. could proceed with subcontracts.

Program Contracts. These would be the vendor contracts for auction services, offsets, emissions tracking and market monitoring. These contracts would include boilerplate contract language, a detailed scope of services and any state specific sub-contracting requirements.

The Board reviewed and endorsed a schedule that would aim to have all contracts completed and presented to the Board at its next meeting, April 29, 2008.

Auction Schedules

The states have been using June 2, 2008 as the target date for the first auction. The feasibility of a June auction was discussed, and the Board agreed this is no longer a viable date. The Directors then discussed the items on the critical path needing to be in place in order to hold the first auction (e.g. contracts, auction platform, tracking system and completion of individual states rules). Based on these discussions, the directors decided that the first auction would be held on September 10, 2008. The second auction will be held on December 17, 2008.

Announcement of Program Contractors

The Board decided to issue a news release announcing the auction dates, the auction design principles developed by the states, and the contractors selected by RGGI, Inc. to support states' implementation of their rules.

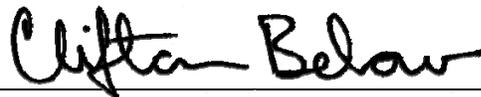
Next Meeting

The next meeting was scheduled for April 29, 2008 in Providence, Rhode Island.

Adjournment

There being no other business before the Directors, upon a motion duly made and seconded, it was resolved to adjourn the Directors' meeting at approximately 12:30 p.m.

Respectfully submitted,



Clifton Below, Secretary