



Regional Greenhouse Gas Initiative, Inc.
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**Regional Greenhouse Gas Initiative, Inc.
Minutes of Board of Directors' Meeting
June 11 and June 12, 2012**

A Special Meeting of the Directors of the Regional Greenhouse Gas Initiative, Inc., a Delaware non-profit corporation (the "Corporation"), was held on June 11, 2012 and June 12, 2012 at the Hampton Inn and Suites Baltimore Inner Harbor, Fidelity Room, 131 Redwood St., Baltimore, MD, pursuant to written notice sent to each Director.

The meeting was called to order by Chair Collin O'Mara at approximately 10:01 am.

Persons in Attendance

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

Dan Esty, CT
Katie Dykes for John Betkoski, CT
Collin O'Mara, DE
David Littell, ME
Patricia Aho, ME
Robert Summers, MD
Kelly Speakes-Backman, MD
Ken Kimmell, MA
Mark Sylvia, MA
Thomas Burack, NH
Joanne Morin, NH
Garry A. Brown, NY
Joseph Martens, NY
Terrence Gray for Janet Coit, RI
Justin Johnson, VT
James Volz, VT

In addition, consulting Agency Head
Francis J. Murray, NY

Katie Dykes was appointed to serve as an alternate director on behalf of Mr. Betkoski. Terrence Gray was appointed to serve as an alternate director on behalf of Ms. Coit. The written designations of the alternates were duly received and are attached to the minutes of this meeting.

Also present by invitation were the following people: Teddi Ezzo (CT), Paul Farrell (CT), Valerie Gray (DE), Caroline Snyder (DE), John Brautigam (ME), Melanie Loyzim (ME),

Tad Aburn (MD), Diane Franks (MD), Kathy Kinsey (MD), Miles Mitchell (MD), Marissa Paslick (MD), Luke Wisniewski (MD), Scott Zacharko (MD), Rachel Evans (MA), Birud Jhaveri (MA), Bill Lamkin (MA), Joe Fontaine (NH), Dave Coup (NY), Lois New (NY), Jared Snyder (NY), John Williams (NY), Barbara Cesaro (RI), Doug McVay (RI), Mary Jo Krowleski (VT), Dick Valentinetti (VT); Lisa DeVito, RGGI, Inc.; Anna Ngai, RGGI, Inc.; and Nicole Singh as Acting Executive Director. Will Space (MA), Patty Desnoyers (NY), Jon Binder (NY), and Katie Ho, RGGI, Inc. participated via teleconference. Sue Tierney, The Analysis Group, presented during a segment of the meeting.

Welcome and Introductions

Chair O'Mara opened the meeting and thanked all participants for joining. Introductions were made and it was confirmed that a quorum of the Directors was present. Chair O'Mara stated the importance of RGGI's pioneering initiative and noted the success highlighted in its first compliance period report. Chair O'Mara stated the purpose of the meeting was to discuss comprehensive program review, with focus on four areas: IPM modeling and flexibility mechanisms, improved program implementation in each state, potential for further cap scenarios and anticipated schedule for remainder of the 2012 Program Review.

Update on Program Review and Modeling

Ms. Singh reviewed the status of ongoing program review, with focus on upcoming modeling considerations. Ms. Singh presented background emissions data of all participating states over the first three-year compliance period and noted that the states' average emissions each year was under the cap level. Ms. Singh highlighted stakeholder comments from the January 2012 learning session on flexibility mechanisms, March 2012 stakeholder meeting, as well as the May 2012 call for comments. A summary of the stakeholder comments were compiled and provided as preparatory material. Ms. Singh reviewed the proposed agenda for program review.

Briefing on Potential IPM Cap Scenarios and Stakeholder Comments

Ms. New presented background information on the IPM potential cap scenarios Ms. New highlighted the need to incorporate data updates for modeling the reference case and consideration of alternative IPM potential cap scenarios. Ms. New also discussed the design of a cost containment reserve as a safety valve to mitigate prices in a high emissions scenario. Ms. New also noted stakeholder comments compiled in 2012 in regards to potential scenarios for flexibility mechanisms. Discussion and questions regarding the potential scenarios followed.

Brief on Cost Containment Allowance Reserve

Mr. Lamkin discussed designing a cost containment allowance reserve (CCR) as a immediate mechanism to address potential cost volatility. Mr. Lamkin reviewed the CCR design incorporated in the IPM potential scenario modeling to date. The group discussed on the overall design of the CCR, including the size, supply source, market availability and trigger events.

Briefing on Potential Changes to Offsets

Mr. Fontaine reviewed the background information on the purpose and current program requirements related to offset projects. Mr. Fontaine noted that there have not been any RGGI registered offset projects to date, which could be due to allowances prices and possibly due to the design of the offsets program. The group discussed accepting of additional offset project categories and agreed to move forward with consideration of additional protocols.

Briefing on Flexibility Mechanisms Price Triggers

Ms. Singh noted stakeholder comments on the need to simplify the price triggers for flexibility mechanisms. Currently, there are proposed price triggers for a CCR, for offsets and an extension of the compliance period. The group discussed the question of how the triggers should work together and how they may be modified.

Briefing on Length of Compliance Period

Ms. Ezzo presented analysis of considerations for the compliance period – maintaining the current three-year compliance period, shortening to an annual compliance period or adopting a modified 80/20 three-year compliance period. The group discussed and recommended using the modified 80/20 three-year compliance period as a guiding principle.

Briefing on Potential Changes to RGGI Auctions

Ms. Gray provided information on recent auction reserve prices and a recommendation to eliminate the use of a current market reserve price (CMRP) in the states that currently have it in their regulations. The group discussed and agreed to move forward with drafting language to eliminate the CMRP where necessary.

Briefing on Research on Electricity Sector Imports

Ms. Singh provided information on electricity sector imports research being done by the Regulatory Assistance Project (RAP).

Adjournment for Lunch

Chair O'Mara adjourned the meeting for lunch at 12:30 PM and reconvened the group at 1:30 PM.

Schedule for Decisions & Implementation of Potential RGGI Modifications

Ms. Singh reviewed the agenda under review for program modifications and convened discussion on a proposed timeline for modeling, stakeholder input and a second meeting of the Board of Directors.

Business of the Board

Chair O'Mara moved to discuss business of the Board at 4:23 PM.

First Day Adjournment

Chair O'Mara adjourned the first day of the meeting at 4:29 PM.

Second Day Reconvention

Vice Chair Littell called the meeting to order at 9:06 AM and began the meeting with a short introduction and welcome.

Presentation on Benefits of Investments of RGGI Proceeds

Ms. Sue Tierney, Analysis Group gave a presentation on the RGGI proceeds generated over the first thirteen auctions and how the proceeds were spent within each participating state in the first three years of the program. Proceeds amounted to \$912 million and were spent, to varying degrees, on general funds, bill assistance, renewables, education training, greenhouse gas programs and energy efficiency. According to the Analysis Group research, the investment of RGGI proceeds from the first control period generates \$1.6 billion in net economic benefit region-wide through the end of the decade; saves \$1.3 billion in energy bill savings, and keeps \$765 million in the local economy due to reduced fossil fuel demand.

Meeting Minutes

Chair O'Mara presented the Board Meeting Minutes that were distributed prior to the meeting.

Mr. Kimmell moved to approve the minutes. Mr. Sylvia seconded this motion. The motion was approved.

RESOLVED, that the Board Meeting Minutes presented for October 19, 2011 are adopted with no abstentions.

RESOLVED, that the Board Meeting Minutes presented for December 12, 2011 are adopted with no abstentions.

Next Steps for Program Review and Related Modeling Analyses

The group discussed next steps for additional IPM potential scenarios. It was recommended that the potential modeling runs be prioritized and analyzed against the modeling budget to move forward.

Anticipated Schedule for 2012 Program Review for Stakeholders

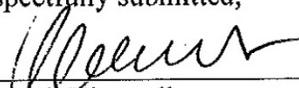
Approved Minutes of the June 11-12, 2012 RGGI, Inc. Board of Directors Meeting

Ms. Singh led the discussion on a timeline for stakeholder engagement on program. It was proposed that a stakeholder meeting should be scheduled for November 2012, with the Board of Directors meeting to follow, no later than December 2012.

Additional Business of the Board and New Business

As the meeting came to a close, Mr. O'Mara thanked all participants for their time and recognized the progress made in moving forward with program review. There being no further business of the Board, the Board agreed upon consensus to adjourn at 10:57 AM.

Respectfully submitted,



Kenneth Kimmell