

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

April 29, 2008

A special meeting of the Directors of the Regional Greenhouse Gas Initiative, Inc., a Delaware non-profit corporation (the "Corporation") was held on April 29, 2008 at the offices of the Rhode Island Department of Environmental Management, 235 Foundry Road, Providence, Rhode Island, beginning at 8:30 a.m., pursuant to written notice sent to each director via email on April 17, 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
David Littell
Sharon Reiusus
Shari T. Wilson
Susanne Brogan

Laurie Burt (arrived after the meeting was in progress so was not counted towards the quorum)

Philip Giudice
Joanne Morin for Thomas S. Burack
Clifton Below
Alexander B. Grannis
Patricia L. Acampora for Garry Brown
W. Michael Sullivan
Andrew C. Dzykewicz
James Volz
George Crombie
Lisa Jackson

Thomas Caruso was appointed as an alternate director to serve on behalf of Ms. George for this meeting. Phillip Cherry was appointed to serve as an alternate director on behalf of Mr. Small for this meeting. Patricia Acampora was appointed to serve as an alternate director on behalf of Garry Brown for this meeting. Joanne Morin was appointed to serve as an alternate director on behalf of Thomas Burack for this meeting.

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

Sam Wolfe was present for Jeanne Fox but he was not officially designated as an alternate so he was not counted for the quorum or for voting purposes.

Also present by invitation were the following people: John DeFelice, Gregory Carmean and Diane Franks from the State of Maryland; Chris Nelson from the State of Connecticut; Nancy Seidman, Francis Cummings and Bill Lamkin from the State of Massachusetts; Lois New, Patricia Mastrianni, Kevin Hale, Peter Iwanowicz, Christina Palmero, John Williams, Doug Mitarotonda, Michael Sheehan, Jared Snyder, Janet Joseph and Dave Coup from the State of New York; Joe Fontaine from the State of New Hampshire; Jean Guzzetti and Benjamin J. Smith from the State of Maine; Dick Valentinetti, Elaine O'Grady, Dave Farnsworth and Ed McNamara from the State of Vermont; Steve Majkut, Marisa Desautel and Janet Keller from the State of Rhode Island; Chris Sherry from the State of New Jersey; Jonathan Schrag, newly hired Executive Director of the Corporation; 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.

March 12, 2008 Meeting Minutes

Mr. Below stated that the draft of the Minutes of the Special Meeting of the Board of Directors held on March 12, 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.

April 7, 2008 Meeting Minutes

Mr. Below stated that the draft of the Minutes of the Special Meeting of the Board of Directors held on April 7, 2008 via teleconference 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.

Introduction

Mr. Grannis welcomed everyone and introduced Jonathan Schrag as the new Executive Director of the Corporation.

Executive Committee

Mr. Grannis gave a report on the contracts between the various states and the Corporation. Approximately half of the states have signed or finalized their contracts. It was a

big undertaking reviewing all state contracts and reconciling the language in the different contracts from each of the states. As such, it is very important that the states who have not finalized contracts do so as quickly as possible so that state requirements may be included in the Corporation's contracts with vendors.

Finance Committee

Mr. Giudice gave the report of the Finance Committee. The Committee met with BTQ Financial Services, which is engaged in getting the financial processes in place for the Corporation. It is a complicated undertaking, but the Finance Committee believes BTQ Financial understands the complexities and is doing a good job thus far. The Committee's goal is to review the budget before every Board Meeting and report on the current status of the budget. Mr. Giudice handed out a one page update on the status of the budget (attached to the minutes of this meeting). He noted one mistake on the one page summary sheet - the EATS Program Expenses will be \$700,000 less than budget, not \$200,000 over as indicated on the sheet.

In light of the resignation of Patricia Acampora as director (who was a member of the Finance Committee), Mr. Giudice requested that another member of the Board be appointed to the Committee.

After a brief discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that Garry Brown shall be appointed as a member of the Finance Committee.

Audit Committee

Ms. Morin gave the report of the Audit Committee. The Audit Committee had submitted a request for proposals ("RFP") for auditing services. They have received only one response to the RFP. As such, a new RFP was issued (same language, but distributed more widely) and proposals are due May 16, 2008.

Program Committee

Ms. New gave the update of the Program Committee. She distributed a chart which is attached to the minutes of this meeting. It includes an update on all of the contracts of the Corporation. The state contracts with the Corporation required a quick turnaround and most states were able to work with CLM to get a final contract. The only state that needed its contract finalized prior to the Corporation entering into vendor contracts was Maine, and that contract has been finalized and signed by both the Corporation and the State of Maine.

The program (or “vendor”) contracts are also being negotiated. World Energy Solutions was willing to begin work without a signed contract, so they have already started working for the Corporation. PQA has asked that a signed contract be in place before they begin work. As such, the Corporation has prioritized the contract with PQA and CLM is working directly with PQA to get the contract finalized as soon as possible. Mr. Case noted that due to the tight schedule with the state and vendor contracts, it might be necessary to come back to the various states to get clarifications or revisions on certain state terms and conditions; however, at this time, there is no major roadblock to moving forward with the vendor contracts.

The other contracts (offsets and market monitoring) will be completed in the next phase, after the PQA and World Energy contracts are finalized.

It was requested that a board member from each state provide a brief update as to where they are in the rule-making process and at what point they will be ready to participate in an auction. Each state’s status was discussed briefly.

Other Committees

The Auction Committee has been meeting with World Energy and working on designing the auction platform.

The Offsets Committee has final drafts of scopes of services for the offsets vendors.

The Emissions Leakage Committee issued its final report on March 31, 2008 (and it is posted on the rggi.org website).

The Model Rule Committee has been focusing on the cap and trade portion of the rule. If any states need additional help they should consult the Committee.

The Transition Committee has been working on the lease of space at 90 Church Street. The lease will now take the form of a license agreement with NY DPS. The Transition Committee has also been working to obtain liability and worker’s compensation insurance that meets all of the states’ insurance requirements.

New Business

Conflict of Interest Determination:

Pursuant to the Corporation’s By-Laws Mr. Case gave a report on a conflict of interest determination made by the Executive Committee.

Jonathan Schrag requested that the Corporation make a conflict of interest determination on work he was interested in completing prior to starting as the Executive Director of the

Corporation. The Executive Committee reviewed the potential conflict of interest under the Corporation's Conflict of Interest Policy.

Mr. Schrag was asked to edit and rewrite a report on state policies to promote research, development and deployment of clean energy technologies for the National Governors Association's Center for Best Practices, Committee on Natural Resources. The report was originally commissioned to UC Berkeley. The scope of work is to edit, shape and give argument to an 80 page draft report which contains too much data but not enough argument. The work would be completed by April 28, 2008. The compensation was approximately \$10,000.

At the Executive Committee meeting on April 21, 2008, the Executive Committee members present at the meeting (Clifton Below, Susanne Brogan, Pete Grannis and David Littell) reviewed the proposed transaction. Clifford P. Case, counsel to the Corporation, was also consulted and Mr. Case advised that the proposed transaction did not constitute a conflict of interest.

After a discussing the potential conflict, reviewing the standards for a conflict of interest under the Corporation's policy and determining that all of the standards were met, the Executive Committee unanimously decided that the work did not present a conflict of interest under the Corporation's Conflict of Interest Policy.

Communications Update:

Mr. Grannis requested that each state speak only on its own behalf and not on the Corporation's behalf so that the Corporation may have a single, consistent message. It was noted that press releases from the Corporation were helpful tool in managing communications.

It was determined that a press release should be issued regarding the hiring of Jonathan Schrag as Executive Director.

Next Meeting

The next meeting has been scheduled for June 23 in Vermont, at a location to be determined. May 12th or 13th were discussed as possible dates for a meeting via teleconference if necessary, to be called by the Chair.

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