

TO: Regional Greenhouse Gas Initiative Staff Working Group

FROM: The Center for Resource Solutions

DATE: May 22nd, 2006

RE: Comments on the draft model rule issued March 23, 2006

In 2004 more than 30,000 electricity customers residing in states participating in the Regional Greenhouse Gas Initiative (Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York and Vermont) signed up for green pricing and check-off programs with their local utilities or energy service providers. Through this action consumers supported the development of new renewable resources in the region thereby reducing greenhouse gas emissions. This kind of voluntary action should be encouraged and supported as one of many strategies to reduce the emissions of greenhouse gases. Unfortunately, the RGGI Model Rule as currently written would undermine this market and the efforts of thousand of electricity consumers. A cap and trade system where emission allowances are exclusively allocated to greenhouse gas emitters would exclude renewable resources from contributing to reducing greenhouse gas emissions. However, we believe there is a simple way of remedying this problem within the proposed RGGI methodology – that is the so called “off the top” approach.

The Center for Resource Solutions has engaged in numerous conversations with air and environmental regulators in RGGI states to stress this issue and has received general agreement with the concept. Now we need the language in the Model rule.¹ We urge the RGGI Working Group to adopt the following language (either the “generic” or the “specific” depending upon which you think is most appropriate) in the Final Model Rule

¹ We have also convened a Renewable Energy Working Group to submit comments on behalf of the voluntary renewable energy market. Our previous comments have been submitted in June 2004; September 9th, 2004; March 7, 2005; and September 16th, 2005.

in order to continue encouraging the voluntary actions currently undertaken by thousands of consumers and companies:

Generic Language

The voluntary market for renewable energy in the RGGI states provides an avenue for businesses and individuals to reduce their greenhouse gas emissions. In recognition of the importance of allowing for voluntary action to reduce greenhouse gas emissions in the RGGI states, each State's REGULATORY AGENCY shall incorporate a solution enabling the voluntary market for renewable energy to continue.

OR

Specific Recommended Language Changes

Add to XX-1.2 Definitions:

Voluntary Renewable Energy Market: The voluntary purchase of renewable energy by or for retail customers as a method for reducing their greenhouse gas footprint.

Voluntary Renewable Energy Market Sales: The number of megawatt-hours (MWh) of energy from renewable energy projects located in RGGI states and sold to electricity customers in a RGGI state.

Add to XX-5 CO2 Allowance Allocations:

5.1 (f) Prior to allocating allowances from the CO2 budgets listed in paragraphs (a) though (e) of this subsection, the REGULATORY AGENCY will forecast the anticipated volume of Voluntary Renewable Energy Market Sales to electricity customers in NAME OF RGGI STATE over the relevant budget period, and retire the appropriate number of allowances on behalf of the Voluntary Renewable Energy

Market. After each three year Compliance Period NAME OF RGGI STATE will true up the difference between the forecast of the Voluntary Renewable Energy Market Sales and actual sales by adjusting the going forward forecast accordingly for the next Compliance Period.

Thank you very much for your consideration of our request.

Sincerely,

*Jan Hamrin, President
Center for Resource Solutions*