

CMEEC Retired RECs

SubAccount ID	SubAccount	Unit ID	Unit Name	State	Fuel Type	Month of Generation	Certificate Serial Numbers	Quantity	CT Class I	NH Class III
34945	CMEEC Municipals	MSS451	JOHNSTON LANDFILL	RI	Landfill gas	2010/9	285832 - 1 to 8517	8517	Yes	Yes
34945	CMEEC Municipals	MSS10959	RRIG EXPANSION PHASE 2	RI	Landfill gas	2010/8	287540 - 1 to 3490	3490	Yes	Yes
34945	CMEEC Municipals	MSS10959	RRIG EXPANSION PHASE 2	RI	Landfill gas	2010/7	287539 - 3699 to 3774	76	Yes	Yes





From: James Webb [mailto:JWebb@nyseblue.com]
Sent: Wednesday, June 08, 2011 7:15 PM
To: Peter Zaborowsky
Cc: Joseph Varnas; Andrew Kolchins
Subject: RE: Reinstatement of Q3 2010 RECs for CMEEC

Hi Pete, after some discussion with the NEPOOL GIS counsel, we came across language in the GIS Operating Rules which in the way it's worded allows for me to reinstate CMEEC's RECs. I've pasted the rule below. So the good news for you is we will be reinstating the affected RECs.

However myself and our NEPOOL GIS counsel are in agreement that the intent of this rule was to provide specific relief for those who neglected to bank their RECs and lost them to residual mix, rather than allow entities an out to undo retirements. Allowing for this type of activity on a continual basis not only threatens the integrity of the NEPOOL GIS, but I would imagine makes your job much more difficult if the supply of active RECs is in constant flux. So I will be looking in to having the wording regarding this particular rule tightened up to bring it in line with it's intent.

But with that said, I'm glad CMEEC and Evolution Markets will not lose out on these 12,083 RECs, especially since I'm confident this was a case of an honest mistake by CMEEC. I've attached the RECs we will be reinstating, which should be reinstated by the end of tomorrow. I'll reply to this email once REC reinstatement is completed.

Please let me know if you have any further questions.

3.8(d) In addition to the foregoing provisions relating to Post-Closing Account Adjustments and notwithstanding any other provision of these Rules to the contrary, an Account Holder that has had Certificates that are eligible for inclusion in a Banked Certificate Subaccount under Rule 3.7 retired from its account or subaccount at the end of any Trading Period may, upon request to the GIS Administrator, have such Certificates credited back to that account or subaccount if the following conditions are met:

- (i) at least one Energy Regulatory Agency listed on Appendix 5.3 from a state with a mandatory RPS or APS shall have stated in writing that it will permit those Certificates to be used for purposes of establishing compliance with that RPS or APS notwithstanding their retirement in the GIS; and*
- (ii) those Certificates may be credited to the Account Holder's account or Subaccount not later than the expiration of the fourth quarter Trading Period relating to the year in which those Certificates were initially generated.*

Any Certificates credited to an Account Holder's account or subaccount pursuant to this Rule 3.8(d) shall be designated as qualifying for

compliance with the RPS or APS of only those states in which the appropriate Energy Regulatory Agency has made the statement described in clause (i) above.

Please note my new email address: jwebb@nyseblue.com

James Webb
Registry Administrator
NYSE Blue

Office: 408-517-2174
Fax: 408-517-2985
224 Airport Parkway, Suite 600
San Jose, CA 95110

From: Peter Zaborowsky [mailto:PZabo@evomarkets.com]
Sent: Tuesday, June 07, 2011 2:14 PM
To: James Webb
Cc: Joseph Varnas; Andrew Kolchins
Subject: RE: Reinstatement of Q3 2010 RECs for CMEEC

James –

We've been continuing to work with the NHPUC to see if the 12,083 vintage 2010 RECs that were accidentally retired by our client CMEEC could be utilized for NH Class 3 compliance by a counterparty that has purchased these RECs.

To summarize the email thread and our previous discussions, CMEEC is a public power agency in CT and is not subject to compliance with the CT RPS. They entered into a long term power purchase agreement with Ridgewood Renewable Energy for energy + RECs from Ridgewood's Johnston, RI landfill energy facility, beginning in Q3 2010. Toward the end of the Q3 2010 GIS transfer period, CMEEC intended to transfer these RECs to their banked account, but accidentally retired them for CT Class 1 compliance.

We have discussed the situation with CTDPUC and they appear willing to provide written documentation that these RECs are not required to be submitted for compliance by CMEEC and are not being used for compliance for CT Class 1 requirements by any party. The NHPUC initially expressed willingness to accept this documentation and consider a paper transfer of the CMEEC RECs to the NH compliance buyer, but has since decided that this cannot be done because their regulations tie compliance with the RPS with the GIS Operating Rules:

NH CH. 2500

(c) Except as provided in Puc 2504.03, issuance, qualification, sales, exchanges, and retirement of renewable certificates pursuant to this chapter shall be conducted through the GIS according to its operating rules.

It is my understanding that the NEPOOL GIS Operating Rules do not address inadvertent or accidental retirement of RECs, but since the retirement of RECs under NH's RPS is tied to the GIS Operating rules we are left in a quandary as to how to avoid the loss of 12,083 valid NH Class 3 RECs that are needed for compliance.

The purpose of my email is to ask if GIS could support either of the following actions:

1. Reinstate these RECs in CMEEC's 2010 banked account so they could be transferred to a NH Class 3 complying entity with the provision of appropriate documentation from CMEEC and CTDPU.
2. Provide documentation that nothing in the GIS Operating Rules precludes these specific RECs from being used for compliance by a NH Class 3 complying entity with the appropriate documentation from CMEEC that the retirement was accidental and unintended and documentation from the CTDPU that they are not being used for compliance in CT. This would envision a "paper transfer" by NH but perhaps satisfy their requirement that this would not be a violation of GIS Operating Rules.

I have copied Joe Varnas as we've recently met on a variety of issues related to these markets and in anticipation that you will need to discuss this internally in any case.

I am happy to provide any additional information that you may need to evaluate this situation and look forward to your response.

Regards,

Pete



EVOLUTION
MARKETS

EVO10
A DECADE OF INNOVATION

Peter Zaborowsky - Managing Director
Evolution Markets Inc.

10 Bank Street :: White Plains, NY 10606

P: +1 914.323.0255 (Environmental Desk)

P: +1 914.323.0256 (Personal Line)

F: +1 914.328.3701 :: M: +1 914.310.4978

PZabo@evomarkets.com

The Intersection of Environment, Energy and Finance™

