

December 21, 2006

Commissioner McCarthy
Department of Environmental Protection
79 Elm Street
Hartford, CT 06106-5127

Dear Commissioner McCarthy:

The Connecticut Clean Energy Fund (CCEF) would like to acknowledge the leadership your department has demonstrated in support of the Regional Greenhouse Gas Initiative (RGGI). This initiative will lead to the development of cleaner energy resources, but also, more importantly, the efficient use of energy resources within the Northeast region.

The CCEF appreciates the opportunity to be a part of the public process your Department is coordinating. On behalf of the many clean energy consumers throughout Connecticut, the CCEF will be providing comments to the Department on the following areas:

- Establishment of a 100% set aside and auction; and
- Voluntary set aside and expiry of carbon credits for consumers that sign-up for the CTCleanEnergyOptions program.

Establishment of a 100% Set Aside and Auction

The CCEF supports the Departments proposal to pursue a 100% set aside and auction process for distributing carbon credits in the marketplace. To that end, the CCEF proposes the following recommendations:

1. To avoid windfall profits to generators, a transparent auction process should be implemented.
2. Proceeds generated from the auction process should be reinvested in Connecticut to improve energy efficiency and demand response projects and programs yielding ratepayers a better than one-to-one return on their investment.

3. To avoid a “short-sell” problem in this new market, the CCEF recommends that the Department take a hard look at market participation, establish reporting requirements for large credit holders, and design and implement a transparent marketplace.

Voluntary Set-Aside and Expiry of Credits on behalf of the CTCleanEnergyOptions

The CCEF strongly supports the Departments proposal to set aside and expire credits on behalf of the CTCleanEnergyOptions program. The CCEF brought this important issue to the DPUC’s attention during the annual review of the CTCleanEnergyOptions program.

The CCEF has been conducting ongoing public opinion polls in Connecticut on global warming and clean energy which indicates the following:¹

- The issue of global warming is important in Connecticut in comparison to the U.S. as a whole – Connecticut citizens are concerned about this issue;
- A growing number of Connecticut citizens feel that the impacts of global warming are affecting the state and that they, as well as their leaders, can take actions to address it – personal and public and private sector actions can solve the problem;
- A growing number of Connecticut citizens feel that purchasing clean energy helps prevent global warming – clean energy is a part of the solution.

By the Department setting aside and expiring credits on behalf of the voluntary actions of consumers in the CTCleanEnergyOptions program, you will be supporting individual action, not government alone, as part of the solution to global warming. To the extent that voluntary demand for clean energy in Connecticut can be independently and accurately measured, the Department should set aside carbon credits on behalf of those voluntary actions. The CCEF has in place an independent and accurate process, vetted through and approved by Connecticut’s climate change monitoring and verification process (see attached Monthly Voluntary Market Progress Report – October 2006)

The CCEF looks forward to a continuing dialogue with the Department and other stakeholders on these important matters.

“Clean Energy – Let’s Make More!”

¹ An independent contractor, Nexus Market Research, has been hired by the Connecticut Clean Energy Fund to monitor and evaluate voluntary actions in support of clean energy in Connecticut. More information can be found on this work at www.ctinnovations.com/communities/progress.php

Sincerely,

Handwritten signature of Lise Dondy in blue ink, featuring a stylized 'L' and 'D'.

Lise Dondy
President

Handwritten signature of Bryan T. Garcia in blue ink, featuring a stylized 'B' and 'G'.

Bryan T. Garcia
Director, Energy Market Initiatives

Attachment: Monitoring and Evaluation of the Connecticut Clean Energy Fund:
Monthly Voluntary Market Progress Report (November 2006)

Cc: Commissioner Don Downes, DPUC
Chris James, DEP
Chris Nelson, DEP