

“UtiliTree 2”

Supporting the President's Climate Plan and Power Partners

UtiliTree Carbon Company – current Climate Challenge initiative:

- Forestry projects to offset carbon dioxide (CO₂) emissions.
- 10 projects, including 7 planting trees in Lower Mississippi River Valley (LMRV).
- \$3 million funding by 40 companies (see reverse side).

“UtiliTree 2” – new Opportunity to support the President and Power Partners:

- Fund tree planting (reforestation) projects in the LMRV through:
 - ✓ Property purchases and/or easements.
 - ✓ Purchased land that can be transferred to the U.S. Fish & Wildlife Service to supplement the National Wildlife Refuge system.
- Meeting in Natchitoches, Louisiana July 29-31 to discuss options amongst power generators, Departments of Interior and Agriculture, and conservation groups.
- New program could be rolled out with announcement of the Power Partners program with President Bush:¹
 - ✓ Companies likely solicited for funds in August.
 - ✓ Total financial commitments should surpass original UtiliTree program (e.g., \$5 million total spread over 5 years).

Benefits of UtiliTree 2:

- Supports President Bush's approach to climate change.
- Supports Power Partners.
- Cost-effective:
 - ✓ Approximately \$2 per ton CO₂.
 - ✓ Investment now avoids higher costs in future.
- Excellent public relations:
 - ✓ CO₂ management.
 - ✓ Other environmental benefits – wildlife habitat improvement; watershed protection; recreation; flood prevention.
 - ✓ Contributes to the restoration of the severely degraded LMRV ecosystem.
 - ✓ Connection to National Wildlife Refuge system (if land donation).
 - ✓ Support by and partnership with the U.S. Fish & Wildlife Service of the Department of Interior plus conservation organizations such as The Conservation Fund and The Nature Conservancy.
- Cooperative approach with many companies working together reduces:
 - ✓ Risks of undertaking many smaller efforts.
 - ✓ Monitoring, management and reporting challenges and costs.

UtiliTree Carbon Company

¹ Over \$30 million of quality projects on more than 30,000 acres under review currently.

“ResourceWiSe”

This project will establish a series of coordinated efforts aimed at diverting coal combustion products (CCPs) from land disposal and reducing greenhouse gas (GHG) emissions by increasing beneficial uses of CCPs. This project includes pilot program components targeting generators, manufacturers, and users of CCPs or products containing CCPs.

Utilization of CCPs provides numerous environmental and economic benefits to the United States. Positive environmental effects include (1) reduced solid waste, (2) reduced use of natural resources, and (3) reduced energy consumption and CO₂ emissions from the reduced use of natural resources and the production of cement. The use of fly ash to replace Portland cement in concrete has the potential to reduce annual CO₂ emissions by 10 – 14 million tons, thus supporting sustainable growth. Other beneficial uses of CCPs hold the potential for additional CO₂ emission reductions.

The project will involve two main areas of activity: (1) a Challenge Program directed at potential users of CCPs, informing them of the attributes and beneficial uses of CCPs and encouraging them to consider increased application of CCPs in their firms' or organizations' endeavors; and (2) Barrier Breaking Activities, designed to better understand obstacles to beneficial uses of CCPs and to identify both government and private initiatives to address those obstacles.

The Utility Solid Waste Activities Group (USWAG) will be involved as the key representative of utilities, and the American Coal Ash Association (ACAA) will be involved as the key representative of suppliers of CCPs. Individual firms will be encouraged to participate in the educational and measurement activities of the project.

Benefits:

- Supports President Bush's approach to climate change
- Supports Power Partners
- Builds on current CCP utilization efforts of industry
- Reduces CO₂ emissions associated with production of materials replaced by CCPs
- Other environmental benefits: reduces amount of material disposed; conserves natural resources

**Proposal for *Reforestation of Abandoned Mine Land* as a
Component of the Bush Administration's Power Partners Initiative**

Objective

This program will support the Bush Administration's Power Partners initiative to voluntarily manage greenhouse gas emissions through funding projects to reforest abandoned mine lands (AMLs), with the following environmental benefits: sequester CO₂ via reforestation; remediate abandoned mine lands; reduce acid mine drainage and improve water quality; and develop wildlife habitat.

Key Steps

1. Formation of new umbrella group of power generators (and perhaps other interested industries)
2. Education and definition of project opportunities
3. Establishment of revised Federal MOU among affected agencies and departments to support the initiative
4. Development of partnerships
5. Evaluation and funding of projects with Federal and state partners
6. Anticipation of initial project providing benefits within Chesapeake Bay watershed

Tasks and Timetable

1. Develop formal program proposal – August 2002
2. Revise Federal MOU – fall 2002
3. Solicit companies to form umbrella organization – fall 2002
4. Announce effort with Bush Administration officials – fall 2002
5. Develop partnerships in states/regions – begin fall 2002
6. Administer program – education, project RFP and project evaluation criteria, identify project opportunities – begin fall 2002
7. Focus on initial project in Chesapeake Bay watershed - 2003
8. Develop and implement projects - over the next 10 years

Power Partners Companies List (7/12/02)

1) Allegheny Energy	Terry Fabian/Dennis Limbach
2) Allete (Minnesota Power)	Michael Cashin/David Jeronimus
3) Alliant Energy	Joe Shefchek
4) Ameren	Michael Menne
5) American Electric Power	Diane Fitzgerald
6) Cinergy Corporation	William Tyndall
7) Cleco Corporation	Paul Miller
8) Cleco Power LLC	Irene Norris
9) Conectiv	Chuck May
10) Consumers Energy	William Beckman
11) Detroit Edison Company	Michael Rodenberg
12) Dominion	Lenny Dupuis
13) Duke Energy	Roy Hamme
14) Dynegy	Lisa Krueger
15) Entergy	Martin Smith
16) Exelon	Thomas Sylvester
17) FirstEnergy Corporation	Mike Jirousek
18) FPL	Randall LaBauve
19) KeySpan Energy	Paul Lynch
20) OG&E	Jack Coffman
21) Otter Tail Power Company	Terry Graumann
22) Pinnacle West/Arizona Public Service	C.V. Mathai
23) Potomac Electric Power Company	James Potts
24) Progress Energy	Chuck Wakild/Cheryl Vetter
25) PSEG Service Corporation	Mark Brownstein
26) Public Service Co of New Mexico	Nancy Norem
27) Reliant Energy	Ben Carmine/Edward Feith
28) Southern Company	L. Ray Harry
29) Southern California Edison/EIX	Michael Hertel
30) Tampa Electric Company	Hugh Smith
31) Tennessee Valley Authority	John Brellenthin/Bob Rainey
32) TXU Business Services	Ed Powell
33) We Energies	Donna Danihel
34) Wisconsin Public Service Corporation	Ed Newman
35) Xcel Energy	Olon Plunk