



**EDISON ELECTRIC
INSTITUTE**

August 23, 2002

To: Chief Executive, Member Company
Power Partners Company Representatives

Subject: **CREATION OF NEW INDUSTRY INITIATIVE REGARDING
ENHANCED RESTORATION OF ABANDONED MINE LANDS TO
SUPPORT PRESIDENT BUSH'S APPROACH TO ADDRESSING
GREENHOUSE GASES**

The purpose of this letter is to seek your company's participation in the early stages of forming a new initiative to reclaim abandoned mine lands (AML) to support President Bush's approach to addressing greenhouse gases.

During recent months, the power generation industry has been considering how to support President Bush's approach to climate change and his Business Challenge. One approach to addressing greenhouse gases is to use trees to remove CO₂ from the atmosphere and store it in biomass and soils. Many companies have already undertaken tree planting and related efforts. In addition, the industry formed UtiliTree Carbon Company in 1995, which has funded 10 projects to manage CO₂, and "UtiliTree 2" is being formed (see materials soliciting financial support sent to industry CEO's and others August 23).

A new initiative to enhance restoration of AML offers an opportunity related in concept to that of UtiliTree 2 but also is different in several key ways. Both involve tree planting but other aspects differ. The most significant current differences are shown below.

	<u>AML Initiative</u>	<u>UtiliTree 2</u>
Status	Start-up stage	Implementation stage
Projects to fund	None	Numerous
Funding level	\$5,000/company seed money	\$5 million or more total
Key partners	OSM, DOE, states	FWS, conservation groups

The AML initiative is in its formative stages. We are soliciting companies to form an organization that will consider funding one or more AML restoration projects. Background on the initiative is provided in an attachment. Key early steps for the organization include:

1. Solicit members in August/September 2002.
2. Planning meeting to discuss issues and organizational structure during the latter half of September, considering roles of EEI, EPRI and other partners, as well as the relationship to UtiliTree / Utility Forest Carbon Management Program. [Note: see the last paragraph of this letter regarding more details on the planning meeting.]
3. Announce effort with Bush Administration officials in fall 2002.

Important will be relationships with federal agencies such as the Office of Surface Mining (OSM) of the Interior Department and with the Department of Energy, which the organization would work with on policy issues. When evaluating and funding one or more potential projects, the organization would also form partnerships with other governmental and conservation groups. With over 700,000 acres of AML in the U.S., there are ample opportunities available and one possible target area for a project is within the Chesapeake Bay watershed.

Attached is a participation form for your company to complete. We request a response by September 30. This timing is important to allow the initiative to be better defined before rollout of Power Partners with the President. In anticipation of meeting costs and management costs, it is suggested that each interested company budget \$5,000 for 2003 costs of the organization.

If you would like to receive information on the planning meeting to be held during the second half of September, or have questions or comments, please contact me at 202/508-5711 or jkinsman@eei.org.

Sincerely yours,



John D. Kinsman
Director, Air Quality Programs

Attachments (2)

cc: EEI Environmental Executive Advisory Committee
EEI Global Climate Change Subcommittee
EEI Washington Representatives

Abandoned Mine Lands Initiative – Commitment Form

_____ (Company name) expresses interest in a new initiative on restoration of abandoned mine lands and commits \$5,000 towards initial expenses of the organization.

Our designated representative will be:

(name)

(title)

(address)

(address)

(city, state, zip code)

(tel.) _____ (fax)

(e-mail)

Signed: _____ (name) _____ (title)

Date: _____

Please return your completed form by September 30, 2002 to:

**John Kinsman
Director, Air Quality Programs
Edison Electric Institute
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Fax: 202/508-5150 E-mail: jkinsman@eei.org**

Proposal for Enhanced Restoration of Abandoned Mine Lands 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 restore 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. Companies participating in a project would receive an agreed upon share of the ecological assets, including carbon credits.

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

Benefits

- Sequestered CO₂ via reforestation projects
- Remediation of AMLs
- Reduced acid mine drainage and improved water quality
- Creation of tradable eco-assets (e.g., wetlands, water quality credits, wildlife habitat)
- Enhanced real estate value

Partners

- Dept. of Energy
- Dept. of Interior, Office of Surface Mining
- Council on Environmental Quality
- State DEPs/DNRs
- Watershed Associations
- Electric Utilities, EEI and EPRI
- Local conservation & sportsmen groups
- Soil & Conservation Districts

Funding

- Consultant(s) to undertake initial activities of administration, steps to identify project opportunities and evaluating opportunities – power generators.
- Remediation costs (e.g., high wall excavation, spoil pile removal, soil treatment, water quality treatment) - shared by states and federal agencies.
- Planting reclaimed sites and verification of carbon and other credits – power generators
- Managing forests – states and power generators