

THE Emissions Trader

A Publication of the Emissions Marketing Association
Serving the International Emissions Trading Community

VOLUME 2, ISSUE 3, JULY 1998

GUEST ARTICLE

EMA and You

BY RUSS GILLESPIE,
DUKE ENERGY
CHARLOTTE, NC

I wanted to take this opportunity to say "welcome" to the EMA Summer issue of *The Emissions Trader*, a publication of the Emissions Marketing Association. As an EMA Board member, I would also like to extend an invitation to join the Emissions Marketing Association (EMA), the only nonprofit trade association solely focused on emissions trading.

The EMA was formed in 1996 and has already experienced significant growth in membership. EMA has also created some excellent educational and professional development opportunities focused on emissions trading. Please see the story on the Spring '98 Meeting elsewhere in this issue.

The EMA Board has already begun to build on the success of EMA's first year of operation as it strengthens EMA member services and programs.

We've expanded our newsletter, *The Emissions Trader*, and continue to enhance the EMA website at www.emissions.org.

To date EMA has held three very successful meetings with respect to educational content and networking opportunities. The fall meeting will be held November 9-10, 1998 in Orlando, Florida. The Spring '99 meeting in a special expanded format has been scheduled for June 6-9, 1999 in San Diego. EMA membership will enable you to register for all meetings at a special member rate at a savings of a minimum of \$300.

Continued on page 3...

EMA Fall Meeting
November 9-10, 1998



THE FALL EMISSIONS TRADING
CONFERENCE IS CO-SPONSORED BY



Educational Initiative Goes Forward

EMA, in partnership with the Environmental Defense Fund (EDF), is moving forward with its USEPA grant proposal. The USEPA funded program will pair with an EMA initiative, funded with corporate support, to create the Emissions Trading Education Initiative (ETEI).

EMA believes that despite the success of several emissions trading programs in the United States, there remains a significant misunderstanding about the potential value of this valuable emissions reduction strategy. EMA believes that much of this misunderstanding is based on a lack of awareness and exposure to the basic concepts of emissions trading and its role in overall pollution control programs.

To this end, the Emissions Trading Education Initiative (ETEI) was developed to communicate the demonstrated success and viability of emissions trading as part of an overall pollution reduction program. The objective of the joint effort is threefold:

1. To gain a better understanding of public levels of awareness and misconceptions of emissions trading.
2. To develop materials that explain and address specific concerns as well as the broad concepts behind emissions trading.
3. To disseminate or make available these information materials to key groups, including international and domestic policy making and regulatory bodies, corporate and civic entities, along with other stake holders and interested parties.

Continued on page 4...



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THE PRESIDENT'S CORNER...



While the temptation might be to sit back and relax after the success of the EMA's Spring Conference in New Orleans, the fact is that planning for the Fall Conference (November 9-10, 1998 in Orlando, Florida) is already in high gear. Before folks could even head to the airport from New Orleans, the conference planning committee met and started discussing topics and speakers for this fall. We expect to be able to mail a preliminary program for Orlando in early August and have already enlisted EPA as a conference cosponsor. We are again seeking corporate sponsors for the fall meeting. If interested give **Dave Baumann** our executive director a call. Again, a big thank you to the Spring Conference Planning Committee, all the presenters and our cosponsors.

But the activity of the EMA is only a part of the picture. I'm constantly amazed by just how much activity there is relative to emissions trading both in the United States and around the world. Conferences on greenhouse gas emissions trading are occurring on a regular basis as the world debates and prepares for emissions trading as part of the strategy for meeting the reduction requirements contemplated by the Kyoto Protocol. In fact, I recently returned from London where I participated in two conferences on emissions trading. At both conferences I distributed information on the EMA to conference participants and answered many questions about the EMA's goals.

EMA is also sending EMA Board member **Lynda Clemmons** as our representative to Bonn, Germany to participate in the UNFCCC sessions of the subsidiary bodies that will be negotiating the details behind the Kyoto Protocol. EMA is currently pursuing Non Governmental Observer status (NGO) which will enhance our ability to participate in future meetings.

We expect our overseas efforts to increase our international membership and participation in future EMA meetings as word of EMA continues to spread. I am confident that EMA is well on the way to truly becoming an organization "Serving the International Trading Community."

In the U.S. activity in the northeast (OTC) markets is increasing. RECLAIM has completed its audit, EPA has issued a model NO_x trading rule and SO₂ trading activity continues to grow. Keeping abreast of developments in the emerging markets while trading in the active markets can be more than a full time job.

Finally, EMA Board member **Wes Miller** has resigned. On behalf of the Board and the membership, I want to express our appreciation for Wes' help in getting EMA off the ground. Thanks, Wes!

And, as always, if you have any feedback on how the EMA is doing or how we can better serve the needs of the emissions trading community, please contact me or any member of the EMA Board.

Best regards,

DAN CHARTIER

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EMA Spring Meeting a Record Breaker

The 2nd Annual Spring Meeting, held in New Orleans, May 4-5, 1998, set an EMA attendance record with 146 attendees and 19 presenters. International representation at EMA conferences continues to grow with attendees from Canada, Belgium, Norway, the United Kingdom and Japan.

Topics covered in the two-day meeting included SO₂ Markets, Global Emissions Trading under the Kyoto Protocol, First Steps towards Greenhouse Gas Trading, and Regional NO_x Trading.

The luncheon seminar featured **John M. Wootten**, Vice President, Environment and Technology, Peabody Group, speaking on the Effects of Greenhouse Gas Controls on the Utility Industry and Emissions Trading Markets. Copies of selected presentations are available as a set to members for \$25, and to nonmembers for \$75. Call the EMA office at 414-276-3819 if you would like to purchase a set.

"Program evaluations were very complementary of both presenters and topics, said EMA Executive Director **David Baumann**. "The program was designed based on member feedback," said EMA President **Dan Chartier** . . . "and the program committee built an excellent program and roster of presenters." Chartier expressed appreciation for the "excellent job the program committee, consisting of **Mark Perlis, John Surrent** and **Joe Kruger**, did in putting the spring meeting together." "In addition, our cosponsors **EPA, EPRI** and **Natsource** were a real asset," said Chartier. . . "**Carlton Bartels**, Fall Program Chairperson, and his committee have a hard act to follow in their planning of the fall conference in Orlando."



Hotel Intercontinental
New Orleans



SPRING CONFERENCE

The 2nd Annual EMA Spring Meeting lunch featured **John M. Wootten**, Vice President, Environment and Technology, Peabody Group, speaking on "The Effects of Greenhouse Gas Controls on the Utility Industry and Emissions Trading Markets."



Vote in the EMA Election! Ó

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GUEST ARTICLE ...From Page 1

EMA and You BY RUSS GILLESPIE, DUKE ENERGY

EMA has come a long way in 18 short months. With your involvement EMA can achieve great things now and in the months ahead. You can be part of the EMA by completing the enclosed member application and data form today. And join by July 15 and you will also be listed in the soon to be published EMA printed directory update and listed in the EMA online directory.

While we are off to a great start, EMA's continued success depends on the involvement of the entire emissions trading community. And, as I'm sure you know, a vital and active trade association such as EMA can have a positive and dramatic impact on emissions trading and the emissions trading profession.

If you have any questions about EMA, please call **Dave Baumann**, our Executive Director, at 414-276-3819. I encourage your becoming part of the EMA success story. Join today!

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Educational Initiative Goes Forward

...From Page 1

A major focus of the ETEI effort will be on identifying those specific concerns about emissions trading that have acted as barriers to public acceptance.

In order to achieve its program objective, ETEI information sharing and dissemination will center on three areas of focus.

1. A review of the existing emissions trading markets for SO₂ (the Acid Rain Program), NO_x (the Northeast's Ozone Transport Commission market) and California's RECLAIM market, to name three.
2. An examination of the demonstrated success of emissions trading in the total mix of pollution reduction strategies both domestic and international, including existing research and ongoing investigations.
3. An explanation of key features of the emissions trading programs as presently constituted including
 - a. Operating principles, including public access to data
 - b. Emissions monitoring and verification
 - c. Trade tracking and reporting
 - d. Auctions and other market mechanisms
 - e. The role of third party groups (brokers, exchanges, etc.)

EMA and EDF will utilize two panels of experts, the ETEI Working Group and the ETEI Advisory Panel, to ensure the quality and accuracy of information contained in the education materials to be made available through ETEI.

The ETEI Working Group will be comprised of two members from EDF and two members of EMA. EPA Acid Rain Division will provide input in an advisory capacity.

The working Group will be responsible for all decisions with respect to program content, format and approach.

The ETEI Advisory Panel will function as a resource for the Working Group and may be utilized to review or comment on existing or new materials being developed for use in the ETEI program. The Advisory Panel will have

six members, including three representatives from industrial and utility sources, and three representatives coming from environmental organizations, citizens groups or regulators.

ETEI will formulate an integrated public awareness program utilizing existing and newly created educational tools and forums.

The launch of the ETEI will be a joint, simultaneous EMA/EDF Educational Briefing to be held between November 2 and 13, 1998 in Buenos Aires, Argentina and a U.S. location to be determined later.

EMA believes an ETEI launch during the upcoming Buenos Aires meeting, if properly positioned and supported, offers the best near term opportunity to promote the availability of ETEI resources in a cost effective and high impact fashion.

be available to use in response to media inquiries for information and materials on emissions trading on an ongoing basis.

2. Feature Video on Emissions Trading

A 18-22 minute video that explains the environmental and economic advantages of emissions trading. Targeted to the domestic general public, including secondary school and university level environmental and "civics" classes, civic and community and business groups. To be made available to universities, domestic and international trade groups and others free of charge or at nominal cost.

3. Brochure on Emissions Trading

A basic informational brochure designed for the general public to help foster understanding of emissions trading. Available for distribution as needed, free of charge. The brochure will be available in printed and electronic form.



Educational Initiative Goes Forward

...From Page 4

5. International Conference on Emissions Trading

This one day conference, as an adjunct to the Spring '99 EMA meeting in San Diego, will be designed to bring together industrial representatives from the United States and abroad to educate and inform the world business community on the issues and advantages of emissions trading. A conference with an international business community focus is required to provide the opportunity for learning more about emissions trading from the business perspective. This conference would complement EMA's regularly scheduled Spring and Fall Emissions Trading Conferences.

6. ETEI Website

The ETEI website will be developed and maintained in order to leverage the value of program initiatives by enabling the sharing and dissemination of educational materials via the World Wide Web.

The site will also serve as a focal point for identifying other relevant emissions trading information resources through citations or site links.

The total budget of the Emissions Trading Educational Initiative is set at \$250,000. EMA anticipates USEPA funding on the order of \$175,000. EMA anticipates private sector funding to generate an additional \$50,000 in support with EDF and EMA contributing the balance in kind and direct services.

"A preliminary solicitation of interest in supporting the Initiative received excellent response," said **David Baumann**, EMA Executive Director, "and while we are still seeking additional involvement, I have every confidence we will reach our goal."

Those interested in supporting the Emissions Trading Educational Initiative may contact Dave Baumann at the EMA offices at 414-276-3819.



EMA Fall Meeting Sponsors

EMA members will again have the opportunity to cosponsor the upcoming EMA meeting or sponsor a meeting event. Sponsorship provides a unique venue to highlight a company or demonstrate a commitment to EMA and the emissions trading community. Sponsorship also enables the EMA program committee to produce the best possible educational and social program while controlling meeting costs and registration fees. A special mailing has been sent to all EMA members outlining sponsorship opportunities. Questions? Call **Dave Baumann** at EMA.

Nominating Committee

The EMA will be filling two positions on the Board in November of this year through elections by the members. There have been seven recommendations made by members for consideration by the Nominating Committee being chaired by **Leo Meyer**, Virginia Power. Also serving on the committee are **Lynda Clemmons**, Enron Capital and Trade Resources and **John Spencer**, Illinois Power Company.

A ballot will be mailed to all EMA members this summer. The Board determined it would use a mail ballot to allow full participation of the membership rather than holding the election at an EMA meeting with only a portion of the members present. EMA president **Dan Chartier** encouraged everyone to take the opportunity to carefully consider the candidates and then vote in the upcoming election.

EMA Financial Audit

The Board reported the completion of the financial audit for EMA's first fiscal year, January 1 - December 31, 1997, by the accounting firm of Ritz, Holman, Butala, Fine, LLP. The audit, in summary, showed the following:

Revenue

Dues	\$38,350
Interest	292
Spring Meeting	18,774
Fall Meeting	25,400
Total Revenue	\$82,816

Expenses

Member Services & Administration	\$36,329
Spring Meeting	13,890
Fall Meeting	19,013
Total Expenses	\$69,232

Net Assets \$13,584

EMA members may request a copy of the audit by calling Linda Terry at the EMA office.

Fall Meeting

The Second Annual Emissions Marketing Association Fall Meeting will be held in Orlando, Florida, November 9-10, 1998 at the Hilton Hotel in the Walt Disney World Resort. EMA is pleased to offer a **limited** number of rooms at \$170, plus tax, per night for single or double occupancy. Reservations can now be made by calling **1-800-782-4414** and asking for the Emissions Marketing Association rates. We encourage you to make reservations now! This special rate is available November 6 through November 10, 1998. A full meeting registration packet, including the preliminary program, will be mailed to all members in early August. The hotel is a Disney resort with shuttles to all Disney attractions. (Don't forget to visit the Disney website at www.disneyworld.com) The Hilton is also a very

short walk to Downtown Disney and Pleasure Island. EMA will host an exclusive event for all meeting attendees on Monday, November 9, at the Adventurers Club on Pleasure Island.

EMA on the WEB

Did you know when you visit the EMA at www.emissions.org you can find the online member directory, past issues of *The Emissions Trader*, along with other helpful sites and publications including a trader's sample purchase and sale agreement?

Some of the sites you can link to at www.emissions.org include:

- Chicago Board of Trade
- New York Mercantile Exchange
- USEPA Acid Rain Home Page, EPA Allowance Tracking System Reports, and Federal Register On-Line.

The special Fall Meeting Issue of *The Emissions Trader* will also be posted in early August.



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EMA Member Directory

The first printed EMA Member Directory will be mailed in July to all members. The listing by member last name and company name will include address, phone, fax, email and web site address of every dues paid '98 member electing a directory listing. The directory will also carry dates of upcoming meetings. EMA plans to publish a member directory each year.

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IN THIS ISSUE

EMA and You

Fall Conference News

President's Corner

Spring Conference Wrap-up

Educational Initiative

Membership Application