

**RESOLUTION OF THE RETI STAKEHOLDER STEERING COMMITTEE
PROPOSED BY THE
RETI ENVIRONMENTAL WORKING GROUP
ON THE
METHODOLOGY FOR ASSESSING RELATIVE ENVIRONMENTAL COSTS
IN THE CREZ RANKING PROCESS
JULY 16, 2008**

The RETI Environmental Working Group (EWG) was established by the RETI Stakeholder Steering Committee (SSC) to recommend methodologies for 1) assessing the relative environmental costs associated with development of Competitive Renewable Energy Zones (CREZs) and for 2) integrating the environmental assessment with the assessment of monetary costs being performed by Black & Veatch in Phase 1B of the RETI process.

This proposed resolution (the “**environmental cost methodology resolution**”) addresses the methodology for assessing environmental costs. A separate resolution (the “**integration methodology resolution**”) which addresses the integration methodology is also proposed for discussion at the July 16, 2008 SSC meeting.

RESOLVED:

The RETI Stakeholder Steering Committee approves in principle the methodology proposed by the Environmental Working Group for estimating the relative environmental costs associated with CREZ development. This methodology is described as follows:

1. The EWG shall identify categories of significant potential environmental impacts associated with development of renewable energy resources in CREZs identified by Black & Veatch in Phase 1B. Environmental attributes identified shall be quantified in accepted publicly available sources.
2. The EWG shall develop a formula for each category of environmental impacts which provides a numerical score that reasonably represents the significance of potential development on the identified attribute in each CREZ. These scores shall be considered to represent estimates of relative environmental costs of potential development associated with each category and each CREZ.
3. For each category, each CREZ shall be assigned an integral score from 1 to 5 based on the estimated environmental cost for the category, with 1 representing least cost. These scores shall be assigned by comparing the environmental costs of all CREZs. A score of 1 shall be assigned to 20% CREZs having the least cost in the category; a score of 5 shall be assigned to the 20% of CREZs having the highest costs in the category, and so forth.
4. The EWG shall assign a total environmental score to each CREZ equal to the simple sum of the CREZ’s score in all categories. That is, a weighting factor of unity shall be assumed for each category.
5. The EWG shall prepare an environmental cost “supply curve” representing energy and environmental costs associated with all CREZs similar to the supply curve based on monetary costs being developed by Black & Veatch.

The EWG shall inform the SSC, as soon as possible, of the categories of environmental impacts to be considered, the sources of data, and the formulas to be used to estimate environmental costs.

DISCUSSION

The EWG has developed a draft matrix which is included in this resolution as an attachment. The matrix tentatively identifies nine categories of potential environmental impacts for which reliable public data is available, the formats and sources of the data, the proposed rating formulas and needed inputs. The EWG has reached a high degree of consensus on the categories chosen with the exception of category #3, impacts on undisturbed areas. There is no disagreement that potential development in previously disturbed areas, e.g. reclaimed mining sites, is preferable to development in pristine sites. Unfortunately, there is no known accepted measure of "undisturbedness". A subcommittee has been formed to identify appropriate data and devise an appropriate formula for this category, if possible.

Discussions are continuing on several other categories as well, and the EWG is not able to present a complete matrix for SSC approval at this time. However, the EWG seeks approval of the methodological framework it has developed and guidance from the SSC regarding final approval of the ranking process in order for the EWG to complete the environmental supply curve on schedule.