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BEFORE: Chairman Edward S. Finley, Jr., Presiding
Commissioner Robert V. Owens, Jr.
Commissioner Lorinzo L. Joyner
Commissioner Howard N. Lee
Commissioner William T. Culpepper, III

IN THE MATTER OF:

Generic Proceeding - Electric: Presentation from Potential Vendors

A P P E A R A N C E S:

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P R O C E E D I N G S

CHAIRMAN FINLEY: Let's everybody have a seat, please, and we'll come to order. Good afternoon and welcome to the Commission. This is a proceeding we are having in connection with Docket No. E-100, Sub 121. My name is Edward Finley of the Commission and with me is Commissioner Lorinzo L. Joyner, Commissioner Howard N. Lee and Commissioner William Culpepper, III.

On August 20, 2003, the North Carolina Utilities Commission enacted Comprehensive Energy Legislation Session No. -- Session Law 2007-397, also commonly called Senate Bill 3, which established a renewable energy and energy efficiency portfolio standard for the State.

G.S. 62-133.8(i) required the Commission to adopt rules to implement provisions of this new law. It also requires the Commission to provide for the monitoring of compliance with the enforcement of the portfolio standards and to develop procedures to track and account for renewable energy certificates, including the ownership of renewable energy certificates that are derived from customer-owned renewable energy facilities.

On February 29, 2008, and March 13, 2008, the Commission issued orders in Docket No. E-100, Sub 113, adopting final and amended rules to implement Senate Bill

3.

In the February 29 Order, the Commission concluded that compliance would be determined by tracking the renewable energy certificates, also known as RECs, associated with renewable energy and energy efficiency. The Commission also concluded that a third-party REC tracking system would help the Commission and stakeholders to track the creation, retirement and ownership of RECs for compliance with the new portfolio standard.

On September 4, 2008, the Commission opened a new docket, Docket No. E-100, Sub 121, and issued an Order in that docket establishing a process for defining the REC track system requirements and selecting a provider. Part of that process has involved stakeholder meetings to refine a draft system requirements document. Stakeholders have met in person or over the phone four times and are scheduled to meet again November 13th and are making good progress as we understand it.

Another part of the process is selecting a vendor in this Commission meeting today, during which potential vendors have the opportunity to make brief presentations to the Commission and respond to our questions.

Three organizations contacted the Commission and

asked to be placed on today's agenda: PJM Environmental Information Services, Inc.; APX, Inc.; and Clean Power Markets, Inc. All three organizations provided their written materials in advance and that material is available via the Commission web site.

We welcome you to North Carolina. We appreciate your traveling to Raleigh to be with us today. We look forward to learning more about your organizations and REC tracking systems.

And I would advise all members of the Commission of their duty to avoid conflicts of interest under Chapter 138A of the Government Ethics Act and inquire whether any member of the Commission has a direct conflict with respect to any matter coming before us this morning -- or this afternoon?

(No Response.)

Seeing none, we will proceed. We understand that PJM Environmental Information Services is to make the first presentation. We'll call you to come forward and do that, please.

MR. OTT: Good afternoon. Can you hear me?

CHAIRMAN FINLEY: Yes.

MR. OTT: Okay. Good afternoon. I appreciate -- my name is Andy Ott. I'm from PJM

Environmental Information Services. I also brought with me Ken Schuyler who will assist me in answering any questions you may have after our overview remarks.

I appreciate the opportunity to visit North Carolina today and to go over with you some of the aspects of services that PJM EIS provides.

If I could go to my slide three -- am I --

MS. JONES: Yeah, unfortunately --

MR. OTT: I'm going to run this, okay.

MS. JONES: Thank you.

MR. OTT: Appreciate that.

MS. JONES: I think it will go better than if I did.

MR. OTT: Okay. What do I --

MS. JONES: The arrow I've been told.

MR. OTT: Okay, the arrow. Uh-oh.

MS. JONES: You've got it. You're fine.

MR. OTT: Keep going?

MS. JONES: No, no. Stop.

MR. OTT: I thought I would dispense with the -- what is a certificate tracking system and talk a little bit about PJM EIS itself. As soon as we get ourselves together here, we'll be able to -- PJM EIS was formed essentially to provide environmental and emissions

attribute services to certain states within our region. It's a wholly-owned subsidiary of PJM Technologies.

PJM is a regional transmission organization. We run a grid in the wholesale power markets over a 13-state region, plus District of Columbia. The GATS system actually, as I'll talk later, only applies to a subset of that region, only the states who need certificate tracking, therefore EIS was actually set aside as a separate corporation so that we could capitalize it independently. We could actually provide services to only those members who need it.

So the actual funding of the GATS system is born by the entities who use it as opposed to the entire RTO community. So that's essentially the structure under which we formed GATS.

If you go to the next slide, please. Give you a little history on how it was founded. The first mover within our region, New Jersey State Commission, the Board of Public Utilities in New Jersey, actually had been the first state in our area to require certificate tracking, so they provided a low interest loan to get the system started.

We then, as I'll talk later, had evolved and added other states as we went. The PJM staff actually

work for EIS. The employees of EIS actually are all employees of PJM also.

The software vendor who had originally created the GATS system was APX, and the production system went in -- went live on September 2005.

So I go to the next slide, please. Again, this is the structure of EIS. We have a board of directors that essentially are all officers of the PJM RTO. I'm one of those officers. I am Senior Vice President of Markets at PJM. I also serve as one of the governing board members for EIS.

Then we have a set of officers that are all, again, PJM employees. One of those with me today is Ken Schuyler, who's the vice president. And Ken and two other staffers are the primary people who actually provide services to EIS. We do have a subset of developers within the PJM Information Technology Division who also provide services to GATS.

If I go to the next slide. The way we govern, if you will, the EIS organization, we have two entities, two stakeholder groups, if you will, who provide us with guidance on how to develop new features within GATS. One is the GATS subscriber group, which were essentially the entities who were either our resources or the consumers of

certificates. Then we have state advisory committees which are comprised of our state commission staff generally who provide us guidance based on the needs of the, you know, the particular state. And again, I'll go into which states we actually serve in a subsequent slide.

But essentially the state advisory group meets probably about once every six months. It's really as needed to provide us input. The GATS' users group meet, I believe, twice a year. And the state agencies, of course, also outside the meetings interact with us as we need to support them, if you will, in their RPS performance.

If you go to the next slide, talk a little bit about the design of the system. Again, it's designed -- the system's designed to be policy neutral, meaning each state has different requirements in their RPS standards and GATS is essentially designed to try to accommodate the various types of designs so it doesn't have to be designed uniquely for each state. So it's one system for all the states. And we do have -- certificates can actually go across state boundaries or be imported into a state or exported from a state.

Again, the system accommodates banking certificates and the various types of renewables I list there, including energy efficiency. We do facilitate

bilateral trades. And, of course, we do behind the meter type of generation.

All right. Spend now -- probably spend the remainder of my time talking a little bit about our experience. Again, we provide the following services. We do have a hotline that's effective in normal business hours. We get a fair amount of calls into our hotline. They're handled by my EIS staff. We do have the periodic meetings as I had mentioned. And again we perform -- PJM Information Technology Division performs the maintenance on GATS on an ongoing basis.

If you go to the next slide for me. This is a list of some of the activity that we've had as of October of this year. We have 135 subscribers, 482 registered renewable generators. And as you can see, getting over 25 million RECs created in 2005 -- 8.

You can see our list here of the renewable generators by state that are currently registered in GATS. And, again, we've had a fair amount of activity lately in the solar area mostly because New Jersey has been actually growing their solar as far as GATS goes.

Most of the solar facilities you see listed there are very small, are either residential or I'll call small commercial. They generally are not large what I'll

call commercial installations of solar. We do get -- are getting increasing amounts of customer calls, you know, from residential homeowners on how to use GATS from a solar point of view.

If you go to the next slide for me. Again, we do work with stakeholders to develop -- or had worked obviously to start the initial design of GATS. We continue to work with them to implement new features to GATS. I'll talk about one of those, the New Jersey solar program, in a few minutes.

We do have these five states, New Jersey, Maryland, the District of Columbia, Pennsylvania and Delaware are all -- require the GATS system for their compliance. Illinois and Ohio, Ohio effective soon, allow GATS to be used, but it's not mandatory. You can use other tracking systems in that state.

So those are the states we've essentially been working with. And as you can see, those were added over time, which as I had said before, New Jersey being the first because they had the initial requirements. And there has been a fair amount of interaction between each of these states and PJM during that evolution.

If we look here, this is one example of the types of ongoing work we've done. We had New Jersey come

to talk to us about their New Jersey Solar REC Program, which again, in New Jersey solar is growing fairly substantially mostly on a residential level.

They had -- we had -- they had decided to transition to GATS. We've been working with them to decide on the functionality they needed. We actually made changes to GATS to accommodate their solar program. And again, the -- we provided training, of course, to their resources. And then of course the transition will be completed June of next year.

If I could go to the next slide. This again talks about the enhancement schedule for GATS. The solar items, as we discussed, are being done in September. We're actually seeing some of the stuff going into November to actually generate pricing reports back to the states.

And then of course in December we're looking at some of the regional greenhouse gas initiative, which is RGGI, which is the voluntary carbon market up in the Northeast. It's ten states up in the northeastern part of the country. And we also added, of course, the Ohio and North Carolina eligibility flags so that they could be used here.

The remainder of the slides are just information

on technical support and a picture of what the screen looks like for GATS.

I thank you again for your attention, and if you have any questions for us, we're available. Thanks again.

CHAIRMAN FINLEY: We may have some questions for you, let's see. I think I've got a few for everybody.

What experience has your organization had with tracking RECs associated with energy efficiency and demand-side management, if any?

MR. SCHUYLER: Well, some of the other states within the PJM footprint have that same requirement to track RECs from those types of resources.

The way we implemented that in the PJM Generation Attribute Tracking System is we treat it like a generator and the -- after the program, the energy efficiency or demand response program is approved by the state agency, then they can register that program in the tracking system just like they would do a generator.

They would specify that the fuel type is either energy efficiency or demand response, then we would create credits in that account holder's account like we do for generation, but it would be on a megawatt hour basis for energy efficiency or demand response and then those credits could be traded to other account holders just like

other types of RECs.

CHAIRMAN FINLEY: And how many states have energy efficiency and demand-side management requirements, if you know, can remember, like North Carolina?

MR. SCHUYLER: Pennsylvania does. Ohio will have energy efficiency in their program. New Jersey, they may be -- they're looking at energy efficiency, but it's not currently in their renewable portfolio standard, but it's being considered.

CHAIRMAN FINLEY: All right. Could you please comment on the advantages or disadvantages of REC serial numbers having meaning? For example, where certain digits are assigned meaning such as the year, month of creation, fuel type, et cetera versus the serial numbers being merely sequential and all information is contained in other fields or tables.

MR. SCHUYLER: Yeah. This came up in the stakeholder comments that we received. And if you look at our response, we provided some of the advantages or disadvantages.

One of the advantages is that you'll be able to see just from the serial number some of the information that's relevant to that REC such as the month or year of generation, possibly the fuel type depending on the state

requirements. So that's one of the advantages is that you can see all that information in one field.

Some of the disadvantages that we listed were that it's redundant because that information already exists in a database and other places and it's easily displayed at the same time as you display the serial number. You know, it's redundant. It might take space. It could affect the performance of the system. Those are some of the other considerations.

CHAIRMAN FINLEY: Okay. Thanks. Could you please describe how generation data from multi-fuel generators is handled in the systems that your organization administers or is designed -- or has designed?

MR. SCHUYLER: Yes. In the PJM Generation Attribute Tracking System, we have generators that are registered as multi-fuel generators. And when -- during the account holder review period before certificates are created, the owner of that facility has to go in to the system and specify how many megawatt hours came from each of the different fuel types that's used by that generator. So that information is entered by the facility owner during an account holder review period.

CHAIRMAN FINLEY: And then does the system

calculate the RECs in that situation?

MR. SCHUYLER: Yes. The system would calculate the RECs for all the fuel types that have been entered.

The PJM Generation Attribute Tracking System is a little bit different from all the other tracking systems, most the other tracking systems, in that we create certificates for a REC for every megawatt hour of generation, even that generation that's not typically considered renewable. And in the PJM footprint we do that so that we can accommodate the state needs for fuel mix and emission disclosure purposes.

CHAIRMAN FINLEY: Have situations arisen where there have actually been transfers between tracking systems?

MR. SCHUYLER: We have not seen that in our system because of the restrictions in the state RPS programs. Most of the states in the PJM footprint require either that the generator be located in the PJM footprint or that there has to be an energy delivery into PJM.

So we would create certificates in GATS for RECs from a compatible tracking system if any of the states would allow that, but none of the states currently allow that.

CHAIRMAN FINLEY: Okay. Thanks. Would you

please describe the process and data format for estimating megawatt hour output for non-metered generators such as small solar and the systems that your organization administers or has designed.

MR. SCHUYLER: Well, as Andy mentioned in his presentation, we recently implemented some new functionalities for solar. We can accept the metered data -- we can accept the production data for solar facilities in a number of different formats.

First, is we can create credits for solar based on production estimates, and those production estimates can either be produced by the state that certified the solar facility or the generation -- the GATS' administrator will create those solar estimates, production estimates. So that's one way to create RECs for solar is based on production estimates.

The other two approaches are based on the actual kilowatt hour production. And that data can be submitted either electronically in a file or it can be manually entered by the facility owner. And similarly, meter readings for solar can also be either submitted in a file or manually entered by the owner.

CHAIRMAN FINLEY: Okay. A couple of more questions here. Could you please describe the process and

data format that utilities use to feed control area check-out generator megawatt hour data into the systems that your organization has administered or designed?

MR. SCHUYLER: Yes. The file format is described in the other document that we submitted. Included in the file is a generator ID or identificator -- identifier. The actual megawatt hour generation is included in the file and also a time stamp that -- the month and year of generation. So those are the parameters that are included in the file that is submitted to the tracking system.

CHAIRMAN FINLEY: Okay. Similarly, could you describe the process and data format for metering data to be inputted for small generators into the system that your organization administers or has designed? In other words, in situations where the meter is read once a month during the retail billing cycle rather than at month end.

MR. SCHUYLER: The timeline for submitting data in GATS is a little bit different from the other tracking systems. It can be submitted on a monthly basis, but it doesn't need to be submitted monthly. It can be submitted either quarterly or on a -- even once per year. So there's some flexibility there for how the data is submitted.

The only constraint we have is that for a calendar year the production data has to be submitted by the last certificate creation date for that year, which is the last business day of January for the following year.

CHAIRMAN FINLEY: Okay. That -- I'm sort of feeding you some questions that the staff has fed me, so I'm going to ask our staff over here if they have any follow-up questions that they would like to ask for more elaboration.

MR. WATSON: I just had one follow-up. You mentioned the advantages and disadvantages of the Smart Tag, and I was just curious which PJM currently implements, the Smart Tag or just a sequential number?

MR. SCHUYLER: Our system came with just a sequential number and we haven't had any requests to do anything different, so that's the way it still is. It's just a sequential number.

MS. JONES: Back on the multi-fuel question. Do the generators literally put in a megawatt hour or do they put in a Btu number and then GATS calculates the megawatt hour?

MR. SCHUYLER: Yeah. Currently all the data that's entered in the tracking system is either on a megawatt hour or a kilowatt hour basis.

MS. JONES: Okay.

MR. SCHUYLER: We don't have anybody entering --

MS. JONES: Btu's --

MR. SCHUYLER: -- Btu's at this point.

MS. JONES: Thank you.

MR. WATSON: I was kind of curious. You said that you create RECs for all the megawatt hours, even if they're not renewable.

MR. SCHUYLER: Yes.

MR. WATSON: Does that create confusion when folks are trying to trade RECs? I mean, you know, we always heard a REC was a renewable energy certificate and this is a non-renewable REC.

MR. SCHUYLER: Right. Yeah, we'll create certificates for all megawatt hours of generation; coal, nuclear, oil, gas, in addition to typical renewable generators. The -- each certificate clearly specifies what fuel type and whether it's eligible for any of the state RPS programs.

So it's pretty clear looking at the certificate whether it would be eligible for any programs.

MR. OTT: Again, one of the reasons we do that is some of the states use that information for fuel mix requirements within the state. So, again, if we can

provide, you know, the additional information, I think it's certainly worth doing.

And, you know, I think the fact that they're clearly marked clearly hasn't created a problem. It's probably helped the states more than hurt because they get to see the fuel mix, actually megawatt hour fuel mix within their state, which is something, you know, they may not get elsewhere.

MR. WATSON: The last question I had -- you mentioned RGGI. Can you talk a little bit more about what RGGI is and what kind of -- how that's intergraded in, what kind of reporting, who's asking for it and what they're getting?

MR. SCHUYLER: RGGI is the Regional Greenhouse Gas Initiative. It was implemented by some of the northeast states. There's three states within the PJM footprint that are participating. Those three states are Maryland, Delaware and the District of Columbia.

And so they had a need for some additional reports from the Generation Attribute Tracking System that would help them track if there was leakage within the PJM footprint. And by leakage, I mean they're imposing some caps on CO2 within those three states within PJM and they wanted to be able to see if there was actual reductions

being achieved or if there was just additional CO2 being produced and imported into those states or leaking into those states from other parts of the PJM footprint.

So the enhancements that Andy talked about for RGGI were to produce some additional reports that would show the CO2 or carbon dioxide production in those different portions of PJM over time.

CHAIRMAN FINLEY: Okay. Anybody else have any questions?

(No Response.)

Thank you very much, gentlemen. We appreciate it. It's nice of you to come and talk with us today.

I think APX is next.

MR. KERECMAN: Could we just sit at the -- and use those mikes there as well?

MS. JONES: I think --

MR. KERECMAN: Can I just give you these?

MR. WATSON: Sure.

MS. JONES: I think if you just hit five on the screen -- or escape rather, I'm sorry, and then your presentation should be on the desktop.

MR. KERECMAN: And then these will just work, right?

MS. JONES: If you hit -- I think you hit

escape.

MR. WALTON: Yeah. I hit escape there.

MS. JONES: And then I think minimize that and then yours should be sitting on the desktop itself. Or if you see it there, you can go ahead and grab it, but --

MR. KERECMAN: Can you see it?

MS. JONES: Yeah. It's one of those three to the right.

MR. KERECMAN: Oh, it's right there. There it is right there. Technology is slow here today.

CHAIRMAN FINLEY: This is part of the test to see how efficient you are --

MR. KERECMAN: Exactly.

CHAIRMAN FINLEY: -- with a computer.

MR. KERECMAN: And we're failing it miserably. There we go. All right. Well, thank you. Now that we've gotten beyond the audio/visual problems here, thank you again for having us in today. We've been somewhat active in the process here and look forward to the prospects of potentially working with you on this.

I'm Joe Kerecman with APX and I'm also here with my colleague, Devon Walton, from APX. And we're going to divide up the presentation. I'm going to do a few slides; Devon will do a handful and then I'll do the wrap-up here,

so --

MR. WALTON: So hang on a second now.

MR. KERECMAN: Well, we were almost there.

MR. WALTON: I thought we wanted it in Power Point, so --

MR. KERECMAN: No, no. You're okay with the -- it's right there.

Well, thanks again. APX is the technology provider or the registry operator in certain cases for all of the organized U.S. REC markets. And I'll speak a little bit more to that as we get through the presentation.

We normally provide the services on a software as a service model, meaning it's a completely managed application. We provide administration and it's a volumetrically -- subscription based/volumetric fee based type of service. It's an end-to-end service. We provide all the hosting, all the training, all the upgrades, all the enhancements and so forth that the system requires. And we are prepared to quickly deploy a REC system based on the North Carolina timeline and requirements.

The company was founded in 1996. We currently have offices in Santa Clara, California, the New York City metropolitan area and Washington, DC. We're about 80

employees right now. We're active in both environmental markets and energy markets.

Keep going for the wrong button. This is just the business -- whoop, I'm sorry. Did we jump?

MR. WALTON: Yeah.

MR. KERECMAN: Okay. From a market solutions standpoint, we provide infrastructure basically. We generally do not take any policy positions. We don't advocate positions one way or the other. We provide an infrastructure that will basically marry up with your requirements to implement your rules and your statutes.

We're not an exchange; we're not a trader; we're not a broker. We don't invest in these markets. We have really no economic position in the outcomes of these markets. It's purely infrastructure that we provide to meet your requirements.

We have two different lines. We have an energy focus and then an environmental markets focus. And the energy focus was first. We continue to be active in the energy markets area a lot in Texas and a lot in California. We provide a lot of scheduling and settlement services to entities participating in those markets. We provide SCADA control systems and so forth in those markets and then business consulting.

On the environmental side, we have these registry services both in terms of RECs as well as carbon markets. We're also active in demand response. For instance, in California we work in terms of helping the CPUC administrate some of its demand-side response programs. And then we provide renewable generators in Texas and in California, scheduling and settlement services as well into those markets.

So we really look at three environmental commodities right now that we're working in. The first one that we started in was the REC markets, the renewable energy credit markets. We're also active in energy efficiency markets and we'll speak to that a little bit later in the presentation. And then we are really expanding the business now into carbon markets and are very active in the voluntary carbon offset markets here domestically as well as internationally.

This is a chart that illustrates or a graph that illustrates where we're active today. The very first REC system that we developed was in Texas, the ERCOT system. And that was in 2001 time frame. That is a system that is renewable energy only. We did do that as a technology. We provided -- we developed and sold the technology to ERCOT and they actually operate that system.

The next market was the NEPOOL-GIS, and that is all the New England states that participate in that one common system through the -- through NEPOOL. And that was around 2002, 2003.

That system, much like the PJM-GATS system, tracks all megawatts of generation because they use the system both for renewable energy markets as well as for emissions and fuel disclosure requirements that they have at the state level. So they use the same certificates as a way for accounting for the actual attributes of pollutants and then turn those certificates over -- or report against those certificates of the state for emissions and fuel disclosure. We actually administer and operate that system. It is a software as a service application.

PJM-GATS came next. That was around 2005. Again, the system is very much like the New England system, but in this case we sold a license agreement to PJM and they operate it as was described before.

And then last year was a very busy year for the company. We launched two systems last year; one being the WREGIS system, which is the Western Renewable Energy Generation Information System. In this case it was technology, however, we continue to support that system

with ongoing technology support. The system is actually administered by the WECC, the control area operator or the NERC -- it's a NERC region out there, right?

MR. WALTON: Yeah.

MR. KERECMAN: -- out in the western states.

And in addition to all of the western states, it's really everything west of the Rockies, it also includes parts of Mexico and parts of British Columbia and Alberta.

And then also last year we launched the M-RETS system, which is really the upper Midwest. That is a completely managed software as a service application. We administer that system as well. It's fee base structure is subscription and volumetric fees. It also includes Manitoba in Canada.

Oh, and last but not least, we are in the process right now of launching the NAR, which is the North American Renewables Registry, which really takes into account the states where there is no organized -- where there are no organized REC markets, where there's strictly voluntary markets at this point in time. And we're providing that system to serve the generators that want to participate into these voluntary markets; working with organizations like the Green-e and so forth. And then

some of the voluntary market brokers like Sterling Planet, Evolent Markets -- Evolution Markets and so forth.

This is a little bit more about the NAR. Right now we cover 15 states. It's primarily voluntary markets and green pricing program focused. And today it's probably around 2 million megawatt hours or 2 million RECs a year that are transacted through voluntary markets.

Next slide. This is just an indication of the clients that we serve. And, you know, we mentioned NEPOOL; we mentioned PJM; we mentioned ERCOT. A couple of other noteworthy names here on the carbon side, we work with the VCS, the Voluntary Carbon Standard. We work with the Gold Standard Foundation and we work with the Climate Action Reserve. These are all voluntary carbon offset markets.

We have a host of different types of customers, corporations, financial services, government NGOs. We have about 1,200-plus corporate accounts that are transacted through APX systems.

This is sort of the motherhood and apple pie slide which describes how renewable energy is transacted, where the electricity is traded, sold or delivered through conventional electricity markets. And we're really talking about the attributes here that are captured in the

forms of these RECs and then transacted in these separate markets.

And here I'll turn it over to you, Devon.

MR. WALTON: Okay. Great. Thank you, Joe. Again, my name is Devon Walton. Should have done some introductions before. I manage the Environmental Markets Administration and Operations Department at APX, responsible for all the registries and again our administration and operation of those registries regionally.

Okay, this slide essentially gives you kind of a top to bottom of what these tracking systems do, their purpose; ensuring trust and transparency infrastructure for environmental commodities, whether it's carbon, energy efficiency or renewable energy. And our systems take it from the beginning to end so when the data is loaded it's validated by the system and by the administrator all the way through to issuance with assigning unique serial numbers.

These credits are then -- their transactions are then tracked within the system, whether they're traded to -- directly to utilities as end users or through to brokers on to their counterparties all the way through to retirement and then for reporting.

Essentially this next slide, again, just kind of gives you an overview of the process of how it works. The tracking system holds information on account holders and the users of the system. From there it issues those credits, whether the credits are then brokered or traded through various transactions or directly to -- through to the utilities and LSEs. And then the system is accessed by the regulators or other public entities for information on RPS obligation, and as well for the utilities to use for their voluntary purpose, whether it's green pricing or other voluntary retirement purpose.

Essentially in these REC tracking systems you have three basic users, as we define them. There's your general account holder. This general account holder can have various flavors, whether it's the utilities, whether it's generator owners, whether it's your independent homeowner, whether it's your corporation like Pepsi-Cola, whether it's your brokers. These are the folks that are generally registering renewable facilities and/or transacting credits.

You then have your qualified reporting entities. These can either be the ISOs serving a region or a state or it can be the utilities themselves or independent meter verifiers loading data into the system.

And then lastly you have your state, provincial or voluntary program administrators, whether it's state entities, state regulators work in the voluntary programs like Green-e. They have specific access to the system that gives them information about how certificates with their eligibilities are being used and retired in the system.

Effectively from here for the account holders you go to generator registration where we're capturing lots of different information about the generators themselves. With each tracking system the requirements for what's being reported here is different. It's not set by APX; it's set by the client. They decide, whether it's the state or the region or The Governance Group, decide what requirements should be in the system.

Again, you select what types of fuel types are here, which fuel types are recognized by the state as renewable or recognized by the region as renewable. And then lastly the various eligibilities, whether they're state or voluntary.

From here the certificates -- well, from that standpoint, then, the megawatt hours or the kilowatt hours are loaded into the system by your qualified reporting agents. Certificates are issued based on one megawatt

hour equals one REC. So we're not -- at this point the systems don't delineate from there. It's one megawatt hour equals one REC, although in some states it's been considered to go down to the kilowatt hour. Again, that's something that's up to the client, not the system itself.

And account holders have what we call sub-accounts where they -- where certificates are initially deposited and then the account holders use those sub-accounts to manage their RECs either for use for banking, for internal management and then all the way through into retirement.

And then -- I'm sorry, then lastly down to compliance reporting. So every time a certificate is retired, the program administrators are given views to that retirement activity through reports so they can see if -- how a utility or an LSE is meeting their compliance requirements or some of the marketing and pricing claims to make sure that they're retiring what they're supposed to.

Okay, a bit on certificate serialization. Again, the serial number is something that's defined by -- this is by the system. Essentially what that means is -- again, it's the client that defines what they want the serial number to look like. The system will then use it

across the board. So for the regional systems there's agreement on what the serial number will look like. At this point we don't have within regional tracking systems there being a decision that one state wants a different serial number than another one. But again, APX is agnostic to that. They don't -- it's really up to the user.

Currently all the registry is through to the carbon track. They all decided to go with different serial numbers in particular. And I don't think the list of pros and cons is really that long. But in general -- it depends. You can have just the unique serial number, which is what NEPOOL-GIS went with and what PJM-GATS went with. That's certainly simple. You can then go to what WREGIS and M-RETS went with, which was a facility ID. The state -- the location of the facility by state, the vintage number and then the unique identifier and block begin/end.

In the carbon registries it attaches on information such like technology, meter begin, meter end. Or in the carbon world it's more monitoring period begin, monitoring period end. But certainly having more information in the serial number makes it easier to look at the data that a REC has so you don't have to dig into

the various screens to get there. But certainly, as to what Ken said, the longer they get, it just starts to get tedious and overwhelming.

And what we've noticed is that there's -- what a lot of utilities tend to use is they basically take the data out of the system and put into their own track -- into their own internal systems. And the longer those serial numbers get, it can be a little -- it can be difficult for them to try and format that out and put it into their own. So I think somewhere in the middle is about where you would want to be. I mean, I think with M-RETS and WREGIS is certainly my own personal preference, but that's about it.

Okay, again, an example of what the account structure looks like. Again, in these systems you basically have -- you have your main account and within that account you have what we call three act -- or three sub-accounts. The primary one is your active sub-account. This is where you keep your certificates that you intend to transfer or use at a later date, whether it's -- a state has a banking rule that you can take a credit today and save it to use for a credit -- save it to use for compliance five years down the road.

You have your retirement sub-accounts. This, of

course, is where you put your certificates when you're ready for retirement, whether it's for, again, a green pricing program or for a compliance program.

And then lastly we have at this point really what's called the idea of an export sub-account. Ken briefed on part of it. The idea of a compatible tracking system is something that's been an idea for sometime. And now that tracking systems are beginning to seam together at the border, the idea of using these export sub-accounts is something where the tracking systems are getting together at this point to sort out the best way to do that.

In general, the principle is that it's not a technological issue, it's more of a policy issue. And so do states have strict geographic boundaries that they don't want certificates from boundary states coming into their tracking system where they might get confused for compliance use versus a voluntary use, you know, things of that nature.

But the idea is that these systems have built in within them the idea of this particular kind of transferring and so there's that kind of sub-account as well.

Within each of these sub-accounts you have the

ability to create multiple of each, so you can decide to create sub-account -- active sub-accounts either by vintage or by technology. They're basically for your own certificate management needs. And then into your retirement sub-accounts as well, you might have a particular retirement sub-account for your green pricing versus your compliance; you might have them by year, so on and so forth.

And, again, when certificates are initially issued, they're deposited directly into the active sub-accounts and immediately useful to the account holder.

A brief look at the various types of transfer functionality that's in these tracking systems. Again, all certificates either issued or received in a transfer are deposited into the active sub-account.

We have three different types of transfers in these registries. The first is the one-time where I'm going to transfer ten RECs from a facility to Joe, for example.

I might also decide to do a forward transfer or a standing order transfer. These are typically recurring monthly transfers that provide the account holder with the ability to set up recurring transfers either based on a fixed amount of credits or a percent amount of credits

from the output of a facility. That doesn't require them to come into the system each month, they're on a more frequent basis to manage their activity. So if they have a long-term PPA, for example, or they share ownership with a facility, they can set these up so that each month each individual owner is given their portion of RECs that they would expect on a monthly basis.

Okay, in terms of the data needs and how the files that are uploaded to the system reporting your energy output, it's fairly simple. At this point the files contain the facility ID. And, again, this ID can be either what the system uses to identify your unit or it can be what your -- what we call your qualified reporting entity uses to identify your unit such that that reporting entity isn't required to manipulate their systems to meet what the tracking system uses to ID yourself. The system will -- the system will map what we call the QRE uses into its system, so it does that translation. It helps the reporting entity out in terms of what's coming out of their settlement system.

So you have the facility ID. We have the meter start, the meter end, so it's not specific to being month end, month begin. It can be mid-month to, you know, the second day of the next month. It's really -- it's however

frequently you read your meter data is how you specify what you put in the file.

Again, you have the vintage that specifies the month and year of the generation. It basically puts the tag on. It helps the system understand what the banking rules are.

And then lastly have your megawatt hours or obviously your kilowatt hours for the smaller facilities.

When these files are loaded into the system, the system does a high level validation on what we call engineering feasibility. So a few of the attributes when you register your generator are -- is what is the nameplate capacity and what is the capacity factor.

So essentially if I go in as a small solar owner and I put in 100 megawatt hours for the one month, the system looks at that, compares it against what the registered nameplate and the capacity factor and it gives it a fudge factor in there and flags it as being overreported. And if it's flagged as overreported, the administrator of the system is notified as well as the account holder, and certificates are not created until that has been resolved.

So, again, there are some cases where generators have great months and sometimes they don't, but the point

is that it's flagging those that may try to overreport their meter information.

CHAIRMAN FINLEY: And when you flag those and send the information back, has it come back that there have been misinformation, there have been corrections made?

MR. WALTON: Right. Exactly. It lets them know that they've -- according to the system's feasibility check, they failed that test and that the administrator will be contacting them to sort out the reason why.

And they have the ability to go and report again, but the point is that the system is flagged and that certificates will not be created until that's been resolved.

CHAIRMAN FINLEY: And have the -- once you made that report, have you found mistakes that have to be corrected?

MR. WALTON: I would say that the vast majority of feasibility fails we've gotten have been because -- well, have been because it's -- you know, generation can be very seasonable, especially in the renewable world. So in hydro you're going to have a really good month in the summer and then it gets dry in the winter and so you find that a lot of hydros is failing feasibility during the

summer months. And so what we're considering is that it might be -- the way it's done now in M-RETS, for example, it might be a little too sensitive and not accounting correctly for these seasonal differences, so -- but essentially, no. There hasn't been any abuse of overreporting yet.

Last on there is, again, about multi-fuel. Similar to how PJM does it, in M-RETS and WREGIS they changed it from explicitly saying what your megawatt hour output is. Now that -- you put in there what your percentage is and so the system then calculates based on the percentage that you input.

And, again, that percentage is self-reported by the generators and then when certificates are created -- although for these multi-fuel facilities you are reporting 100 percent of your facility's output, which includes the nonrenewable piece, you put in what the percentage breakdown is and then at creation the system applies that percentage and issues the appropriate credits.

MR. KERECMAN: Yeah. I think the important thing is, whatever you determine to be the requirements in terms of how you want business to be transacted as it relates to that, the system would accommodate those rules and would be designed around that. So there's multiple

ways to do these things. Devon indicated as another example here where it's done slightly different.

MR. WALTON: Right. Again, if the state itself has rules about they want to use the biomass heat rate of some kind, then that's just something that just is defined when the functional requirements are determined and it's input into the system.

Okay, again, just looking at the few data requirements and where their sources are. In general, with the majority of the regional systems, the monthly generator output information either comes from the ISO or it can come from what we call the QRE, the qualified reporting entity.

In the event that there isn't an independent third party, they allow for the utility to essentially report its own generation information, but it's ground upon attestations and what we call a QRE contract that they sign before they're allowed to do that.

Again, as you saw on an earlier slide, there's the account holder account type that -- that is used to manage all of your certificates and then there's a separate account type, which means there's a separate log-in, separate screens and is viewed as a separate entity that is used pri -- that is used specifically for

loading data. So as long as the utility can prove that there's essentially a wall between who's reporting data and who's managing the credits, then they're allowed to report on their own information.

For fuel sources and generator characteristics, as well as the RPS eligibility, again, each state is different, but in general the administrator of the system works with the state to figure out the best way to verify and validate that information.

Take a quick look at the energy efficiency credits. Primarily -- I mean, as noted even from Ken's presentation, that there aren't a lot of energy efficiency programs from an RPS standpoint. APX's experience is currently and mostly with the State of Connecticut and the NEPOOL-GIS system where they have a program that -- where they recognize three different types of energy efficiency, whether it's conservation load management, which is essentially if a utility has a building then retrofits itself with new lights or energy efficiency means, they work with the state to calculate the amount of energy savings from that particular activity and then they're awarded that number of what we call Class III certificates from that particular program.

As well, there's demand response. This is,

again, demand response from -- for those end users in demand response that actually cut their load, so it's not energy -- it's not demand response generation, it's demand response load cutting. And so we get that information directly from the ISO of New England. They meter that and that information is put into the system and used. But for each megawatt hour of savings, load shed, you get a credit, a Class III credit that you can use towards Connecticut's program.

And then last but not least is the Cogen fuel efficiency. Again, this is more of a obviously a generator, and they earn a credit for each megawatt hour of renewable energy they do, having proved to the state that they qualify as a Cogen fuel efficiency unit.

So again, their RPS, the percentage of the state load served by utilities in Connecticut has to be met by these Class III certificates. They're issued, they transact them and they retire them and report them to the state.

And, again, data currently is reported in two ways: It's self-reported for the conservation load management and then it's reported directly from the ISO for demand-side response and Cogen fuel efficiency.

MR. KERECMAN: So as I said at the beginning

here, I mean basically our approach would be to provide the system on a software as a service model. It's fully hosted, 24/7 operational support. We have great experience of high reliability. We would provide system administration. There's really -- there's no upfront costs. It's predictable. It's a fee structure that's very predictable and the ongoing system maintenance, security, support, modifications, enhancements, et cetera, to keep it current and so forth are provided as a part of that fee model.

And so as I said before, we are the provider, technology provider or the operator for all organized U.S. REC markets. I mentioned the software as a service model and the fact that we are in the position to quickly provide and deploy a system for you to meet your requirements for a state specific system.

So that's it. If you have any questions, we would be happy to take those as well.

CHAIRMAN FINLEY: Commissioner have a question?

(No Response.)

I'll ask the staff to follow up with the questions that we had before, if you have any.

MS. JONES: Many of these you covered throughout --

MR. KERECMAN: We try to weave them in, yes.

MS. JONES: Yeah. I appreciate that. If I'm understanding right, then, no REC transfers have actually occurred yet because states have different requirements in terms of whether they'll let them count toward compliance, so that's pretty much been the holdup? It's not been a system's issue?

MR. KERECMAN: Yeah. I mean, I would say that North Carolina could be on the front here in terms of actually allowing for REC imports. There's been some discussion and throughout some other states and so forth, but, you know, in large part many of these RPS programs were advanced for economic development, so they've kept their borders as shut as they could to some degree.

But this discussion is happening more and more and there's a lot of thought towards the potential federal RPS on the horizon as well, so this question we're hearing in multiple markets at this point as well.

MS. JONES: In energy efficiency RECs, I understand the part where you wait for the state to approve the program just like the state would approve a generator. How does the data about how much efficiency say in a given calendar period, how is that developed? Who develops it and how does it get to the system?

MR. WALTON: Well, of the three -- in the three different types there that -- the one with the utilities where it's conservation and load management, there is a calculation and I'm not familiar with it. It happens outside the system, but the state determines how much load savings the utility has done as a result of its -- of the programs it's implemented in either its buildings or its infrastructure and that's spread -- that's spread across a five-year period. And so each quarter they report that portion of that and --

MS. JONES: So spred prospectively?

MR. WALTON: Yes. And then -- right. And then for the other two, it's direct from the meter. So there's no calculations there. You either saved a megawatt hour or you didn't.

MS. JONES: Okay. And then, Devon, back aways on your slide 19, I think you were, you mentioned while you were there -- it isn't on the slide, but the concept of a Class III certificate. Could you --

MR. WALTON: Yeah. Certainly. That's specific to Connecticut. Connecticut has a Class I, Class II renewables. And again, in their RPS program they have -- they recognize three different classes of renewables, Class III being the energy efficiency piece. So each

utility is subject to a certain percentage of their requirement be from Class I resources, Class II and Class III.

So Class I being kind of your new renewables, Class II being your old biomass type stuff and then Class III being energy efficiency.

MS. JONES: Okay, I got it.

MR. WALTON: Yeah.

MR. WATSON: In your North American registry, what -- who sets the prices for participating in that?

MR. WALTON: You mean the fee structure?

MR. WATSON: Yes.

MR. WALTON: Well, because North -- because the NAR, for short we call it, it's a venture by APX. We're currently working out what that fee structure is going to be and we haven't established it yet. In general though, the other systems, that comes as set from The Governance Group. They'll decide.

I mean, there's two -- there's various ways of going about it. I can -- a little from the -- from the -- the offering for the M-RETS system, in that RP they requested three different fee structures and the winning -- and then the commission decided which one they liked the best when they chose the winner from that particular

participant's bid.

But in the NAR, at this point it's -- it hasn't been determined just yet.

MR. KERECMAN: I mean, these voluntary markets exist today, they just have not had the benefit of a registry. So they're pretty much all based upon, you know, processes, methods and attestations. This is bringing another level of quality to it, so it's really a question of pricing that at a point that people like the Center for Resource Solutions, behind Green-e, and then the voluntary participants like Element Markets and Sterling Planet are comfortable with and that's what we're in the process right now of working out.

Any other questions? No. Well, thank you very much. We appreciate your time.

CHAIRMAN FINLEY: Thank you for coming. We appreciate it.

We'll call on Clean Power Markets, Inc., now.

MR. DAVIS: Good afternoon. I won't try to navigate this system here. It's more out of embarrassment to myself than the -- all the special techniques, but I do have a statement I would like to read. Should I do that from this microphone over here?

CHAIRMAN FINLEY: That would be fine. Have a

seat.

MR. DAVIS: This chair is a little intimidating.

CHAIRMAN FINLEY: It is a little intimidating.

MR. DAVIS: I am not nor have I ever been a member of the communist party.

Good afternoon, Mr. Chairman, members of the Commission. My name is Fred Davis. And it is my privilege to appear here before you today to talk to you and Mr. Watson and Ms. Jones. I've been engaged with them for several months, as I have with many of the stakeholders here in North Carolina.

I'm a consultant to Clean Power Markets. And Clean Power Markets has been operating these systems for several years in some of the regions of the country, mainly the east. And they have retained me to engage both the stakeholders in North Carolina as well as those in Maryland to pitch our services for a REC tracking system.

Maryland and North Carolina are both in the same sort of track, time track in terms of implementing their programs. And Maryland is looking at the options that they might have, stakeholders there, as to what type of system they want to build, and of course you're doing the same thing here in North Carolina.

I am not a technical expert, nor will I try to

match the previous witnesses with the array of technical details. And probably you've heard enough of that already, but I'll stay a little bit more in terms of general comments about what we try to do and how we do it.

So Clean Power Markets is owned -- a wholly-owned subsidiary of Enerwise, which is an energy efficiency and demand-side management company. It in turn is owned by Comverge. And if you have -- the set of slides that I provided to you with the blue front outlines some of those features and I would refer you those -- to those as we go through. I will not summarize every slide. I'll just pick out some highlights.

But the key here is that Clean Power Markets believes that there's -- there are REC tracking systems and then there are REC tracking and management systems. And I emphasize the word management because we believe that a comprehensive system that provides a menu of services in addition to tracking and recording serial numbers of RECs is important to the success of a renewable energy portfolio standard or, as you call it, REPS here in North Carolina.

But we operate a system that serves the needs of all the stakeholders. And what we try to do is to -- is to offer to do here in North Carolina as we've done in

Maryland and what we do in New Jersey currently and what we are building in Pennsylvania. Again, Pennsylvania is on the same sort of track you are. They are in a -- implementing, effective the beginning of this year, a similar system that has a renewable energy generation piece and then also energy efficiency as well, as you're trying to do here.

But we try to serve the generators and utilities who need systems to account for their renewable and energy efficiency compliance needs -- I know compliance is key here in North Carolina -- regulatory entities like you who need valid and transparent management systems that provide confidence in the validity of the compliance of the electric suppliers and other stakeholders, environmental and sustainable energy associations and coalitions that seek those same goals, and businesses who wish to participate in renewable energy and energy efficiency opportunities that will be stimulated by the North Carolina REPS programs.

And of course we work with brokers and aggregators and all the stakeholders here and elsewhere that would -- supports for a vision, a bold vision. And you have a bold vision here in North Carolina in terms of the goals that you've set for renewable generation and

energy efficiency.

The slides you have before you illustrate the range of management systems that we operate currently in New Jersey and Pennsylvania. We've been working in New Jersey, as I said, since 2004, and are now building a system in Pennsylvania that, again, is similar to North Carolina in the range of programs that it's looking at.

In the interest of time I won't discuss these slides, but I'll refer you to a few of them. On Page 7 you'll allude to the internet based electronic user friendly features we -- that we have. We create the RECs based on production. Serial numbers you heard earlier today, that's an important feature to make sure that you don't get double counting. And the transparency and the valid nature of how they're recorded and where they end up in a system is important. We understand the emphasis on that priority.

And we maintain the accounts for buyers and sellers. And we provide a bulletin board to facilitate the trading, the buying and selling of RECs on an electronic basis. People can go on the system and see who has RECs, how many they have, the current price of them, sort of like a stock market exchange type of format. And then that facilitates the trades of the RECs and allows

account holders to sell them, transfer them, retire them, export them or bank them.

On Page 8, you will see discussion of the important verification components, survival to you as regulators, such as the prevention of the double counting of RECs, the prudent reporting system and the price transparency that is on that bulletin board, a listing of the generation facilities that are certified by the state for meeting, for example, your RPS requirements. We can do that for you.

And CPM can provide reports to you with respect to electric complier -- or REC electric supplier compliance and these types of things.

And let me mention one thing with respect to that. I attended the sustainable energy conference, Mr. Chairman, where I met you and where I met Sam back in April. And you presided over a breakout session consisting of the electric suppliers; Duke, Progress, Dominion, the municipals and the co-ops.

And to the extent that there was a discussion of RECs, the one thing that I heard that day was the concern that a REC tracking system, such as you talk about here today, might present and shoulder -- present burdens on utilities that they would be concerned about, additional

data collection, additional resources and -- significant resources I think they were concerned about having to put together to respond to this type of a system.

And certainly there should be -- will be some responsibilities, but I think one of the things we ought to emphasize is that what my company tries to do is to work with all the stakeholders, as I said earlier, including the utilities, to build a system that would relieve these burdens or minimize these burdens as it applies to the things that they're responsible to do.

So I understand their concerns. I came out of the electric utility industry. I worked in -- for Edison Electric Institute in an earlier time in Washington representing the same -- those companies that here -- that serve North Carolina, the shareholder utilities. And I understand the type of -- those types of concerns when it comes to RPS requirements and et cetera. We think we can work with them to ease those burdens and to put together a system.

Pages 10 through 16, those slides summarize our New Jersey program. Again, highlighting of the features. Page 17 and 18 summarize the Pennsylvania activities. And as I mentioned, the Pennsylvania system includes demand-side management, energy efficiency as well as

renewable energy components.

Lastly, I would sum up by emphasizing the value of a user friendly system, but one with several important features to work with all the stakeholders and to build a program, a system here in North Carolina that best suits your needs and we stand ready to try to help you do that.

We also have training sessions for users, for new users, who can plug in by telephone and/or the internet with our -- the folks that operate our system and learn what a REC is, how it's handled, how it's generated, how it's accounted for, how you sell it. So we provide those.

We provide -- as mentioned earlier, telephone hotlines, we have those. Obviously e-mail access to us on a regular basis or day-to-day basis to handle inquiries about how we operate our systems.

I would also refer you to the couple of letters of endorsement that we received from some regional solar energy associations in the Mid-Atlantic, which we commend to your attention. And as we go forward, we look forward to working with you to see what we can do to help this system be the best that you can have down here.

I emphasized earlier that in terms of questions and answers that -- the questions you asked earlier,

Mr. Chairman, were ones that we provided written answers to. Those were done by the technical experts in my company and I'm more of a governmental affairs generalist. I'd be happy to try to answer those questions, but I would certainly provide any additional information you need for the record on those and, of course, other things as we go forward with Ms. Jones and Mr. Watson.

Being not a technical guy, we can provide that information and -- because that information can be quite a brain burner, as they say. And when I say, wow, that's a brain burner to my kids, they say, yeah, dad, but for you that's a very small fire. So I would defer to my experts in my company. But with that, I would be happy to answer any questions that I might be able to today that haven't been covered by the previous witnesses.

CHAIRMAN FINLEY: Anyone have any questions of Mr. Davis? Staff?

MS. JONES: Fred, I'm a little confused about what's going on in, say, Pennsylvania and Maryland where PJM-GATS system I know is up and running and then your organization is also providing services. Could you help me understand why both are going on or what --

MR. DAVIS: Right. Well, there is some overlap. In New Jersey we are -- and there's a possibility that --

we have the current contract to operate the -- and this is primarily solar and for small users in New Jersey. We currently operate that system going back to 2004.

GATS is obviously a component up there and there is some dialogue regarding who might continue those services. But right now CPM is the primary provider of those services in New Jersey.

In Pennsylvania we actually have a -- not a partnership, but we share the component, share the responsibilities. In Pennsylvania, it's my understanding that GATS provides the basic tracking of the RECs and we provide a menu of things above and beyond that currently for Pennsylvania.

And in those situations, the states of Pennsylvania and New Jersey pay for the services that we provide, including GATS as well as CPM. Different price structure between the two states. But -- so there is some overlap and those things going forward may change.

In Maryland we are currently engaged with the stakeholders in Maryland to decide what system they want. GATS has for several years, as you probably know, conducted emissions, fossil fuel emissions tracking as part of their original duties and now they are in discussions with Maryland, as we are, about what

additional duties they might have.

And it's my understanding that by default -- I don't mean that literally, but right now, as I understand it, GATS is doing the basic tracking for the recordation of solar RECs, mostly solar RECs in Maryland. They're still continuing discussions with my company, the commission and the stakeholders in Maryland, as to what additional services they might want.

The situation in Maryland is that the State of Maryland is not -- does not have resources, will not have resources and has no plan to provide resources to hire an entity, a third-party entity like us to do things above and beyond what GATS does in terms of tracking. That may change, but right now we haven't secured that. But we have been in discussions for over a year with the State of Maryland stakeholders.

The idea being that the guys that install the solar systems as well as other possible entities might get together and provide the resources to retain an entity like us or GATS or APX to do those services, but right now that is in a state of discussion.

MS. JONES: And I'm sorry, but I'm still confused.

MR. DAVIS: Okay.

MS. JONES: The additional services that you talk about as being, I guess, a layer -- an addition to GATS keeping track of metered type data would be like reporting and auditing that --

MR. DAVIS: Reporting and auditing, the training. The -- we're getting -- we're in the situation of the -- building the energy efficiency. As you heard earlier, the energy credits will be generated by energy efficiency and demand-side management. We're engaged right now with Pennsylvania in deciding what those services are going to be and what they want and how much of it they want. So that is a process that's still under construction.

MR. WATSON: Can you also talk about Connecticut and Wisconsin? You had mentioned those on your slide.

MR. DAVIS: Well, those -- Sam, those situations are -- we started a system in Wisconsin several years ago and are no longer participating there. And I believe, I haven't gotten confirmation -- it was a question I was asking a couple of days ago. I know we had some activities in Connecticut. I'm not sure we operate any current systems there, but at some point we helped them start up their operations up there.

MR. WATSON: Okay. You mentioned that you were

a consultant to Clean Power Markets.

MR. DAVIS: Yes. They --

MR. WATSON: Tell me a little bit more --

MR. DAVIS: A little bit more about that.

MR. WATSON: -- about the company.

MR. DAVIS: About a year and a half ago I was approached by Clean Power Markets because I'm from Maryland and I was director of the Maryland Energy Administration, under the previous administration, Governor Bob Ehrlich.

And when I left there, they found me through some network of contacts or vise versa, and they were actually owned -- at that point they were a small operation and based in California. And they approached me to seek Maryland's -- to seek this business in Maryland because I'm a Marylander and I had some networks there. So that's how they retained me.

And then later as North Carolina got moving, I indicated to them that North Carolina is doing similar things and they said please engage the folks down in North Carolina for the same purpose. So that's how I got involved in this particular piece of the business. I don't come at it from the company perspective. I was asked to parachute in and see if I could help them.

MR. WATSON: What's the rest of the company?

MR. DAVIS: I'm sorry?

MR. WATSON: What's the scope of the rest of the company?

MR. DAVIS: Well, Clean Power Markets is just REC tracking systems. It's a small, fairly small entity which has some of its own staff, but also support staff supplied by Enerwise. Enerwise is in turn owned by Comverge. And those are two very large, as you know, demand-side management and energy efficiency companies.

CHAIRMAN FINLEY: All right. Thank you, Mr. Davis.

MR. DAVIS: Thank you, Mr. Chairman --

CHAIRMAN FINLEY: Appreciate your coming.

MR. DAVIS: -- Commissioners, I enjoyed it. And thanks for not grilling me with the technical questions that you hit the other guys with. Although we would be happy to provide them, I'm not the guy that can sit here today and give you the best answers that you can get from us otherwise. Thank you.

CHAIRMAN FINLEY: Understood. Thank you. And we appreciate all three of the presenters being here today and it's been informative. And we appreciate the opportunity to connect a face to these organizations.

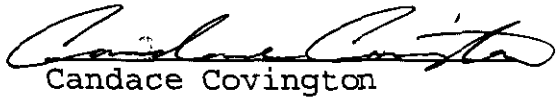
And I would remind the parties that wish to provide comments regarding the criteria that should be used by the Commission in evaluating applications for potential REC system providers that they should file those comments by November the 14th.

If there's nothing further for us today, we will adjourn and thank you very much.

Whereupon, the presentation was adjourned.

CERTIFICATE

The undersigned Court Reporter certifies that this is the transcription of notes taken by her during this proceeding and that the same is true, accurate and correct.



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