



**Environment
Northeast**

2007
ANNUAL REPORT



Environment Northeast

About Us

Environment Northeast (ENE) is a nonprofit organization at the forefront of efforts to combat global warming and promote clean energy and clean air solutions in New England and eastern Canada. ENE researches, develops and advocates innovative policies that tackle the region's environmental challenges while promoting sustainable economies.

Mission

ENE's mission is to address large-scale environmental challenges that threaten regional ecosystems, human health, or the management of significant natural resources. We use policy analysis, collaborative problem solving, and advocacy to advance the environmental and economic sustainability of the northeastern United States and eastern Canada.

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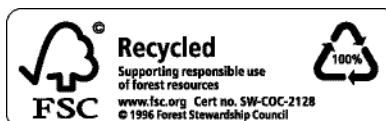
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Executive Director's Welcome



The past year was a time of extraordinary growth and accomplishment for Environment Northeast (ENE). From the passage of precedent-setting energy legislation in Connecticut and Maine and deep engagement in Massachusetts energy issues, to the pledges of Northeastern states to spend millions of dollars to clean up their diesel bus fleets, to our partnerships in eastern Canada and leading work in implementation of the RGGI cap and trade program and forest carbon policy, ENE has demonstrated its leadership at crafting and advocating innovative policies that tackle the region's environmental challenges.

Our approach of first-rate and well-researched advocacy, coupled with our ability to partner with other groups to maximize our leverage, achieves results. This 2007 Annual Report provides a window into our accomplishments and our strategies for achieving them.

Since its founding, energy policy has been a cornerstone of ENE's work. In 2007, we stepped up our efforts to promote programs that increase energy efficiency by advancing efficiency as both an environmental imperative and as a sorely needed yet underinvested resource for the region. This approach, "efficiency procurement," requires investments in the cleanest and cheapest energy first—efficiency and other demand side energy sources—before turning to more traditional and expensive energy supply. Rhode Island was the first state to adopt this approach, as part of a sweeping package of energy reforms. Last year, Connecticut and Maine followed with similar, historic reforms, capping off a year of remarkable success for our energy program.

ENE's climate solutions work engaged a broad range of stakeholders on our pioneering *Climate Change Roadmap for New England and Eastern Canada*, a comprehensive, regional plan for cutting carbon emissions 75 percent by mid-century. As a key Regional Greenhouse Gas Initiative (RGGI) stakeholder, we helped move the initiative from proposal stage to implementation, with the first auction of CO₂ allowances planned for fall 2008. ENE also succeeded at including global warming concerns in the permitting process for a major development through our novel greenhouse gas assessment of the Plum Creek Timber company's proposed Maine resort.

Our efforts to combat diesel pollution also accelerated, with Massachusetts' pledge to clean up its diesel school and transit buses and multi-million-dollar school bus clean up commitments in Connecticut and Rhode Island. These advancements will help provide cleaner air for school children and others exposed to diesel pollution.

In addition to making critical gains in our policy goals, in 2007 we significantly expanded the ENE team—and our capacity to advance our policy agenda—by welcoming five new professional staff members with experience in forest science, environmental economics, law and public policy.

ENE opened a new office in eastern Canada, to strengthen our efforts to advocate bioregional solutions, and one on Beacon Hill in Boston.

ENE's reputation for outstanding work is growing. ENE's expertise was reflected in speaking invitations from Nova Scotia to California. Our approach of melding deep research in economics and law with data analysis and policy is making a marked contribution towards progress on critical issues. These achievements would not be possible without the generous support we have received from foundations and individual donors, for which ENE is grateful.

In 2008, ENE will continue to advance solutions that increase investments in energy efficiency and clean energy, curb greenhouse gas emissions, clean up dirty diesel fleets and promote forests and land protection as tools for addressing climate change. These environmental solutions will better position our region for a sustainable economic future. I hope you'll join us in our effort.

A handwritten signature in black ink that reads "Daniel L. Sosland". The signature is fluid and cursive.

Daniel L. Sosland
Executive Director

Climate Change

In 2007, at long last, the dialogue on global warming shifted from whether it is happening, to how to prevent its worst consequences. Al Gore’s hit movie *An Inconvenient Truth*, the fallout from Hurricane Katrina, and accelerated arctic warming all helped usher in a new era of action to address the problem of climate change. Today, stories about citizen, business, and local government initiatives to reduce greenhouse gases appear just as frequently as the manifold new studies documenting the ominous warming of our planet.



Environment Northeast (ENE) has played a leading role in advancing policies that mitigate climate change and strengthen the economy and improve citizens’ health. ENE has been a key stakeholder in the Northeast governors’ negotiations on the Regional Greenhouse Gas Initiative (RGGI) since they began in 2004. We were instrumental in working to shape the December 2005 Memorandum of Understanding in which the Northeast states committed to participate in the nation’s first regional carbon dioxide cap and trade program. Last year, ENE continued in this role as a leading environmental voice among official RGGI stakeholders, while advocating for legislation and regulatory action to implement the cap and trade program at the state level.

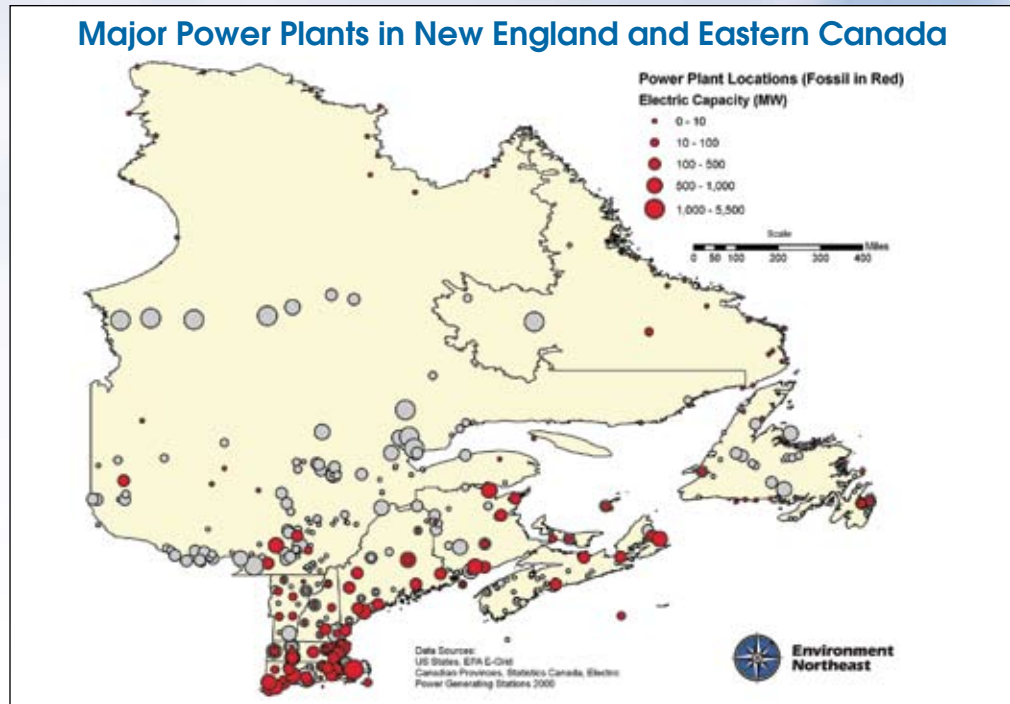
In 2007 we also engaged with a broad array of stakeholders on our *Climate Change Roadmap for New England and Eastern Canada*. Released in December 2006, the *Roadmap* was the culmination of a two-year effort to advance the dialogue on how to slash regional carbon emissions 75 percent by mid-century to achieve the goals set forth by the New England Governors and Eastern Canadian Premiers in 2001.

ENE also advanced important research on using forest management practices to mitigate climate change, and conducted a breakthrough greenhouse gas assessment of a proposed development project. With our coalition partners, we launched the Stop Global Warming Connecticut Campaign, calling for mandatory cuts in carbon pollution, and we are working on similar policies in Massachusetts.



Regional Greenhouse Gas Initiative (RGGI)

RGGI sets up a regional carbon dioxide cap and trade program, modeled on existing cap and trade programs for other air pollutants, such as “NOx and SOx.” Under RGGI, power plants will be required to obtain a permit for each ton of carbon dioxide emitted, and the amount they will be allowed to emit will be capped to achieve a 10 percent regional reduction by 2018.



RGGI sets a cap on emissions from electric generating plants (indicated here in red) located in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware and Maryland that burn fossil fuels (coal, natural gas, or oil) with a capacity of 25 megawatts or more. RGGI is designed to stabilize CO₂ levels between 2009 and 2015 and then reduce them by 10% by 2018. Major emitters located in eastern Canada and non-fossil plants in the States are also shown.

As a leading stakeholder organization, ENE was an influential participant in the design of the RGGI approach. ENE has also played a key role in the legislative and regulatory processes to implement the program, particularly in Maine, Massachusetts, Connecticut, and Rhode Island. ENE advocated for legislation and rules that will maximize emissions reductions and minimize the cost of the program to consumers. For example, all four states adopted our recommendation to require 100 percent of the pollution allowances to be auctioned, rather than given away to the power plants. The first auction is planned for fall of 2008, and the states have committed to invest a majority of auction revenues in expanded energy efficiency programs, which will help the region achieve the cap at the lowest cost. ENE is taking the lessons learned in the RGGI development process to the debate in Washington on federal climate legislation.

In 2007, ENE also played a vital role in shaping the states' plan for the regional auction of allowances. Using emissions data showing that the regional cap on emissions, set at 188 million metric tons, is actually higher than recent power plant emissions, ENE advocated for implementing strategies to address this critical concern. The states' auction plan, released in early 2008, incorporates many of ENE's recommended strategies, including setting a minimum price for allowances and retiring any allowances that go unsold. These measures will help ensure that power plant operators do not delay in lowering their carbon emissions.

ENE is committed to ensuring the success of the RGGI program, not only to reduce power plant emissions in our region, but to establish model cap and trade design ideas that should be followed by other regions and at the national level.

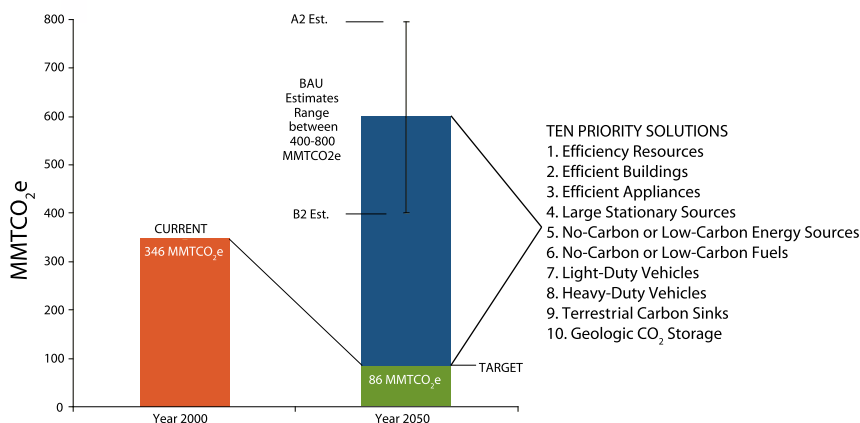
Climate Change Roadmap

As 2007 began, ENE released its *Climate Change Roadmap for New England and Eastern Canada*, a first-ever regional plan for achieving a 75 percent reduction in carbon emissions by mid-century. The *Roadmap* presents wide-ranging and practical solutions for the states and provinces to meet the greenhouse gas reduction goals set by the New England Governors and Eastern Canadian Premiers in 2001. Its 10 Priority Climate Solutions are broken down into three main categories: energy, transportation and carbon storage; and, if fully implemented, these 10 solutions would reduce greenhouse gas pollutants from power plants, industrial sources, and cars and trucks by some 35 to 40 million metric tons by 2020.

In 2007, ENE took the *Roadmap* “on the road,” using it as an organizing document and a reference tool for a broad range of stakeholders, including businesses, environmental groups, and state and provincial governments and officials. Regional leaders, from U.S. Senators Olympia Snowe and Chris Dodd to Bob McLaren, former President of National Grid in Massachusetts and New Hampshire, praised the *Roadmap* for advancing the dialogue on solutions to the climate crisis. Its release was spotlighted in the *Boston Globe* and over 50 media outlets in the U.S. and Canada.

ENE successfully advocated for implementation of the Roadmap’s recommendations in legislation or rulemaking that passed or is under current consideration in Massachusetts, Rhode Island, Connecticut, Maine, and eastern Canada, and at the regional level.

Regional GHG Emissions Levels and Reductions Needed to Meet Roadmap Target



ENE’s Climate Change Roadmap includes extensive data and figures illustrating how the proposed measures could help the region achieve its climate action goals. This figure illustrates the magnitude of the challenge that the Roadmap seeks to address. It displays how Year 2000 (in orange) emissions compare to the target of 75% reductions by 2050 (in green) and to a range of business as usual (BAU) scenarios. It also indicates how ENE’s ten priority solutions (in blue) could deliver enough reductions to bring emission down to the target level.

Perhaps most important, last year, ENE successfully advocated for implementation of the *Roadmap’s* recommendations in legislation or rulemaking that passed or is under current consideration in Massachusetts, Rhode Island, Connecticut, Maine, and eastern Canada, and at the regional level.

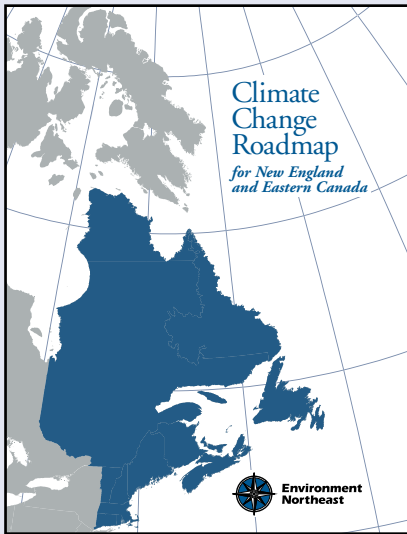
ENE will continue meeting with leaders across the region in 2008 to discuss how to implement the *Roadmap’s* policy recommendations and put the Northeast on the path to achieving its greenhouse gas reduction targets.

Climate Change Roadmap

Praise for ENE's *Climate Change Roadmap for New England and Eastern Canada*:

"Federal and international institutions have not effectively dealt with the looming crisis of global warming. Until they do, what is needed is akin to jazz improvisation, marshalling at once the ingenuity and creativity of entrepreneurs, corporations, state and local governments, and environmental advocates to build a more modern economy and a clean, sustainable eco-system. The *Climate Roadmap* provides a detailed, practical playbook—a kind of musical score—of policy recommendations and guidance that can help us achieve that goal."

James Gustave Speth, Dean
Yale School of Forestry and
Environmental Studies



"I encourage civic leaders, business owners, and elected officials alike to read and seriously consider these solutions; they are key elements of the policies needed if we are to manage our energy costs, promote energy independence, and build sustainable economies and communities. Global Warming is perhaps one of the greatest challenges of our time, and the actions we take to mitigate it now will define the world we leave for future generations. The *Climate Roadmap* can be a model for national climate change policy, and a catalyst for the important debate and collaboration that must now begin in earnest."

U.S. Senator Chris Dodd, D-CT

Ten Priority Solutions

Energy



1. Invest in Energy Efficiency Resources
2. Increase Energy Efficiency of Buildings
3. Increase Energy Efficiency of Appliances and Commercial Equipment
4. Reduce Emissions from Large Stationary Sources
5. Commercialize and Deploy No-Carbon and Low-Carbon Energy Sources



Transportation

6. Transition to No-Carbon or Low-Carbon Transportation Fuels
7. Reduce Greenhouse Gas Emissions from Light-Duty Vehicles
8. Reduce Emissions from Heavy-Duty Vehicles



Sequestration

9. Sequester Carbon in Terrestrial Sinks
10. Capture and Store Carbon Dioxide from Energy and Industrial Sources

State Climate Change Policy

To combat global warming in Connecticut, Environment Northeast joined with partner organizations in that state to launch the Stop Global Warming Connecticut Campaign. The campaign calls on Connecticut's elected officials to commit to new binding global warming reduction requirements and implement rules to accomplish these goals, and establishes a new set of climate change policies—such as a low carbon fuel standard to cut emissions from motor vehicles, transportation investment requirements, and minimum performance standards for new power plants.

The campaign is seeking to enact a mandatory cap on global warming pollution that will cut emissions to 10 percent below 1990 levels by 2020 and by at least 80 percent by 2050. Mandating such an emissions reduction will enable the state to meet the targets it set in its 2004 Climate Change Action Plan.

Stop Global Warming Connecticut was rolled out at the end of 2007, and is gaining steam in early 2008 with the introduction of legislation, *An Act Concerning Connecticut Global Warming Solutions*. ENE is working on a similar effort in Massachusetts, where we have teamed with other advocacy groups and legislative champions to support a mandatory state cap on emissions.



Jessie Stratton and Alice Liddell speaking at a press conference for the Stop Global Warming Connecticut campaign, at which State Senator Andrew Maynard and New London Mayor Kevin Cavanagh announced their support. Photo by Cheryl Albaine, courtesy Stonington Times.

Plum Creek Greenhouse Gas Assessment

As it becomes increasingly evident that land use development and global warming are interlinked, Northeast states must find new approaches to traditional development. Sprawling, conventional developments built outside of city centers depend heavily on automobile travel and are a contributing factor in the rapid rise of greenhouse gas emissions from the transportation sector.

To raise awareness about the potential greenhouse gas impact of a megaresort planned for Maine's northern woods, ENE estimated the amount of CO₂ emissions that the Plum Creek Timber Company's development would produce—from land clearing, building energy use and transportation. Another goal of the assessment was to recommend solutions for reducing the carbon footprint of the resort to help Maine meet the objectives of its climate action plan.



ENE's assessment examines the potential greenhouse gas impacts of the project based on three major sources of CO₂ emissions:

- Forest Land Clearing: between 387,378 and 501,081 metric tons CO₂, of which roughly half is emitted to the atmosphere (during development) and the other half is lost carbon storage potential over a 50 year period. The half that is emitted during development is roughly equivalent to the annual emissions of the oil-fired Wyman power plant in Yarmouth, Maine.
- Transportation: approximately 9,566 metric tons CO₂ each year, equal to the annual CO₂ production of approximately 1,850 vehicles.
- Building energy: at least 13,018 metric tons CO₂ each year.

Forestry and Biofuels

ENE is engaged in a long-term effort to investigate how forest management strategies can be used to advance state and regional climate change action plans. Our overall goal is to find market solutions that improve carbon storage and reduce greenhouse gas levels, while producing increased revenue streams for landowners and improving forest ecology.

ENE's forestry project aims to identify specific forest management practices that increase carbon sequestration and reduce forest emissions, and to recommend incentive programs and regulatory frameworks that make it feasible and profitable for forest owners to adopt carbon-friendly management practices and participate in emerging carbon markets.

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In 2007, ENE worked with the Maine Forest Service to develop a detailed proposal for expanding forest offset opportunities in RGGI. This offsets proposal will be presented to the RGGI Working Group in 2008. ENE also submitted detailed comments to Massachusetts, Maryland, Maine, New York and Vermont regarding the treatment of biomass emissions in their proposed RGGI regulations.

Last year, ENE continued the meetings it began in 2006 with representatives of biomass energy producers, the forest products industry and small landowners in Maine to discuss proposals for the use of sustainable biomass in RGGI and Renewable Portfolio Standards.

ENE also worked with lawmakers and environmental groups in Massachusetts to refine legislation proposing that biodiesel be blended into diesel fuel and heating oil sold in the state. ENE worked to include language requiring better accounting for sustainability and life-cycle greenhouse gas emissions. ENE will continue to monitor the revised bill as it is debated in the Massachusetts Legislature in 2008.



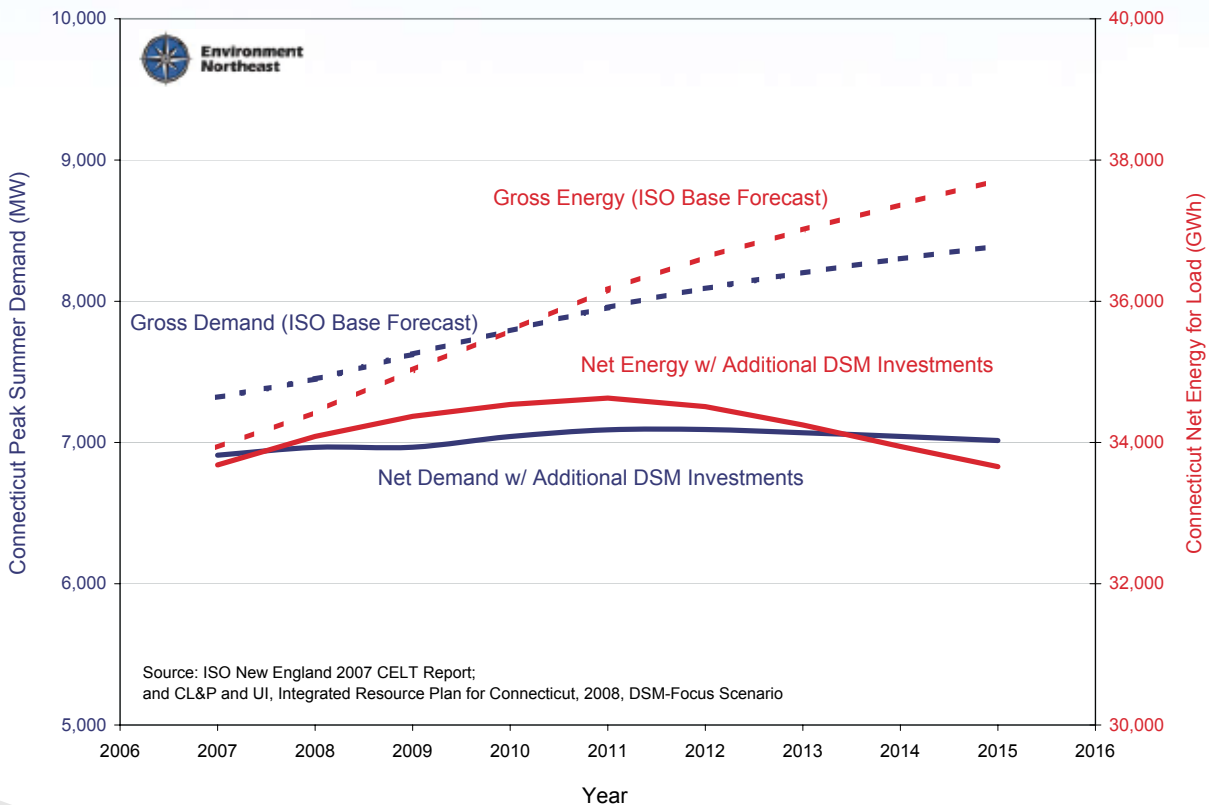
Capturing uses for trees that would eventually die and decay onsite, such as using the wood for long-lived products (*i.e.* building materials or furniture) or as an energy source to replace fossil fuels, helps avoid carbon dioxide releases into the atmosphere, as does using biomass as a replacement for fossil fuels. In order to make forests part of a sustainable system, a balance must be struck between preserving wood lots for their abilities to serve as carbon sinks, and harvesting wood to burn as a biofuel.

Good forest management helps reduce carbon emissions because forests store carbon in above-ground trees and plants, as well as in root systems, soils, and coarse woody material. Certain forestry practices, such as reforestation, forest conservation and increased retention of biomass on site during harvesting, can increase the amount of carbon stored by forests. Maintaining or increasing tree cover can benefit local ecosystems, and local economies can benefit from the revenue landowners can potentially earn from carbon credits awarded for adopting these schemes.

Energy Policy

Energy policy is at the core of ENE's work, and most recently our focus has been on advocating comprehensive reform of our state and regional energy policies so that decade-old barriers that prevent sufficient investments in energy efficiency are lifted and a new system that encourages efficiency investments is created. Investments in energy efficiency not only reduce greenhouse gas emissions and air pollution associated with burning fossil fuels, but stimulate new job creation and decrease the demand for new supply. The overall impact is healthier state economies, cleaner air and increased energy independence. Since June 2006, Connecticut, Maine and Rhode Island have taken on comprehensive reforms that embrace ENE's efficiency platform and adopted laws that make unprecedented changes to the way that the states buy energy.

Potential Benefits of Increased Spending on Electric Efficiency in Connecticut



By increasing efficiency spending ("DSM Investments") from \$90 million per year to over \$300 million in 2013 and beyond (as called for in a proposal based on the requirements of Connecticut's 2007 energy reforms), the state will be able to reduce the growth in demand for new power and thereby avoid the need for large new and more expensive power plants. By investing in the lower-cost and cleaner options offered by energy efficiency investments, Connecticut consumers will avoid paying hundreds of millions of dollars in power plant contracts while at the same time reducing greenhouse gas emissions from electricity consumption.

DSM = Demand Side Management

Connecticut



ENE's energy work in Connecticut has set many precedents for reforms throughout the region. ENE helped the state set minimum efficiency requirements for products and equipment. ENE was also instrumental in the establishment of the Energy Conservation Management Board (ECMB), a stakeholder group that advises electric utilities on the development of energy efficiency programs while providing an important forum for the consumers' voice. ENE is a regular participant in Connecticut Department of Public Utility Control (DPUC) proceedings related to energy planning and procurement, including one that won support for efficiency resources to receive full and fair treatment as supply to fill the energy gap. In the first phase of the proceedings, over \$7 million was allocated to efficiency resources above and beyond the current system benefit fund. ENE also helped secure a commitment from gas utilities to increase efficiency spending to \$4 million and united businesses and public agencies in calling for larger investments in the future.

These incremental advances for demand side resources and increased stakeholder input in the planning process set the stage for the sweeping reforms that Connecticut adopted in June 2007. *An Act Concerning Electricity and Energy Efficiency* includes provisions that remove market barriers and create new requirements for utilities to procure all cost-effective energy efficiency. The result will be a significant ramp-up in efficiency investments in the state, which will deliver cost savings for consumers, reduce demand for fossil fuels and put Connecticut on track to reaching its greenhouse gas emissions targets. As an example of the power of this new approach, as 2007 came to a close, the plan submitted under this new law by the electric utilities working in conjunction with ENE, agencies and business associations, calls for an increase in spending on cost-effective efficiency from \$72 million to \$352 million. If approved, the plan will invest in 1,600 megawatts of efficiency resources—the amount of energy ordinarily supplied by three natural gas plants—providing huge environmental, consumer and economic benefits to Connecticut.



Rhode Island



Within months of beginning its energy policy advocacy in Rhode Island, ENE helped pass major legislation for fundamental energy reform. The new law, passed unanimously by the General Assembly and signed by Governor Donald Carcieri in June 2006, contains many of the policy priorities promoted by ENE. In 2007, ENE pitched into the often detailed and heavy workload of implementing major new policy reforms. Governor Carcieri appointed ENE to the newly created Energy Efficiency Resources Management Council (EERMC), which is charged with rule making and oversight of the state's new planning and efficiency procurement policies. ENE was a key party negotiating the elements of the new state natural gas efficiency plan. ENE will use this leadership role to help ensure that the state takes full advantage of demand side resources and other opportunities to capture affordable, clean energy resources.

Maine



ENE helped establish two laws in Maine that encourage the state to take advantage of efficiency as a primary resource. The 2006 *Act to Enhance Maine's Energy and Security* (LD 2041) allows efficiency to qualify as a resource equal to supply that can be purchased to meet consumer energy needs. The bill also authorizes the Maine Public Utilities Commission (PUC) to enter into long-term contracts for energy efficiency and renewable energy, and calls for the state to increase its renewable energy supply by 10 percent by 2017. ENE was a participant in PUC proceedings related to the law—similar to those in Connecticut—in which we advocated for efficiency as a resource for long-term contracting.

Building on the precedents set by previous legislation, in 2007 ENE advocated for policies that advanced Maine's commitment to efficiency even further. As part of *An Act to Establish the Regional Greenhouse Gas Initiative Act of 2007* (LD 1851), Maine made reforms related to procurement and planning that: eliminate a prior cap on efficiency spending; call for the PUC to adjust utility rates in order to realize all cost-effective efficiency; dedicate 100 percent of RGGI auction proceeds (up to \$5/ton of CO₂, or around \$25 million) to efficiency programs; and, establish a new stakeholder Energy Conservation Board. As one of four appointed members of the new board, ENE will help guide and oversee the implementation of these new programs to ensure Maine establishes a cleaner, local and more affordable energy system and reaches its greenhouse gas reduction targets.

Massachusetts



ENE is carrying the model from other New England states to Massachusetts. State officials invited ENE to participate in the energy policy process there, and at the request of members of the Patrick Administration, ENE provided policy recommendations and developed supporting data and outreach materials on procurement, combined heat and power (CHP), building efficiency and natural gas efficiency. ENE collaborated intensively with a coalition of environmental, business, industrial, low-income and other interests to develop a unified policy and legislation, and reached out to political leaders who could champion the proposal. The legislation, the most comprehensive of its kind in over ten years, passed the House and Senate unanimously and is expected to be enacted into law in 2008. It contains a commitment to procure all cost-effective energy efficiency for electric and natural gas consumers, new commitments to renewables and renewable contracting, and additional support for CHP, among other elements.

Regional Energy

ENE played a key role in an intensive rule making process at the regional grid operator, Independent System Operator New England (ISO-NE), that boosts energy efficiency investments in the region. The rule making process centered on provisions that would allow demand side resources—such as energy efficiency and distributed generation—to qualify for payments that historically have gone only to power generators through the Forward Capacity Market (FCM). The FCM uses a competitive auction process to ensure New England will have sufficient capacity to meet demand three years in advance.

As members of an official working group, ENE contributed to proposals and policy analyses on various elements and details of the market rule that applied to conservation, efficiency and consumer benefits. ENE also worked behind the scenes, meeting with state and regional stakeholders throughout New England to advocate for the fair treatment of demand side resources in the FCM.

ENE and its working group partners were successful, and the final ISO rule allows demand side resources to submit bids and compete with supply in this auction. The FCM is expected to grow to \$4-5 billion annually, and efficiency and demand side resources could win a good portion of that market based on their cost-effectiveness. If efficiency resources obtain as little as 10 percent of the market, \$400-500 million in new investments in efficiency may become available. In the first auction, which took place in February 2008, demand side resources won a large share of the bids, confirming the potential for efficiency to become a key part of the market.

ENE is participating in other efforts to help plan for future state and regional energy needs, including ISO-NE's scenarios process, which heavily influences policy makers' views of how much new generating capacity, transmission lines and power is needed in the region. ENE is conducting research to assess the potential economic and environmental impacts of a plan to expand regional transmission capacity, so that the billions of dollars in potential grid investments lead to a system that credits the positive impacts of energy efficiency and allows new renewable energy access to the region where it is needed.

ENE successfully advocated fair treatment of demand side resources in ISO-New England's Forward Capacity Market (FCM). As a result, energy efficiency and other demand side projects account for nearly two-thirds of the 1800 megawatts of new energy resources selected in the February 2008 FCM auction.



Eastern Canada

ENE has long recognized that environmental problems are not constrained by political boundaries and has emphasized the importance of regional cooperation in addressing climate and clean air issues. ENE's *Regional Climate Change Roadmap* reflects this view, and has provided significant policy vision for a more integrated relationship between states and provinces on climate change solutions. Last year, ENE pursued several opportunities to present information on energy, climate and clean air policies with leaders and advocates from the New England states and eastern Canadian provinces, with the goal of researching and implementing region-wide solutions.

For example, ENE was among the official delegates to the 31st annual meeting of the New England Governors and Eastern Canadian Premiers, when regional leaders passed a resolution to adopt a suite of high priority climate change and energy policies that included ENE proposals. Priorities include ensuring that efficiency is treated as a resource for energy demand, adopting minimum energy codes for new buildings, and adopting clean car standards. The resolution is an important step toward meeting climate and energy goals that the governors and premiers set in 2001.

In addition to participating in the regional forum, ENE recently formalized our commitment to bioregional advocacy by strengthening our working partnership with the Atlantic Canada Sustainable Energy Coalition. ENE is coordinating with environmental NGOs in the eastern provinces to share data, legislative language, strategy, and outreach materials, and to build on advocacy work and experiences from both sides of the border.



Environment Northeast and two partner groups in eastern Canada held a press conference in advance of the June 2007 meeting of the New England Governors and Eastern Canadian Premiers in Prince Edward Island. The groups called for leaders to move forward with a regional energy strategy, regional carbon emission cap-and-trade programs, energy efficiency investments and vehicle emission standards to help achieve regional climate change goals. Pictured here are ENE deputy director and attorney Michael Stoddard and Leslie Malone, now ENE policy associate for Canada. Photo by Heather Taweel, courtesy of The Guardian.

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Transportation and Diesel

Next to cleaning up dirty power plants, the Environmental Protection Agency identifies reducing diesel pollution as the most cost-effective way to protect the public's health. Diesel combustion produces toxic and irritating particulates that cause a myriad of cardiovascular and respiratory problems, including asthma, bronchitis, heart disease and lung cancer. Children riding school buses are particularly vulnerable to the harmful effects of diesel soot because their lungs are still in development. Diesel pollution also contributes to climate change because a component of the exhaust, black carbon, is a powerful global warming pollutant.

ENE established its New England Diesel Initiative in 2002, with the goal of significantly reducing both health and global warming risks associated with diesel particulate matter emissions. In coalition with partner organizations, we worked with policy makers in Connecticut, Rhode Island and Massachusetts to shape diesel legislation in those states and secure tens of millions of dollars to retrofit older, dirtier engines.

Massachusetts

ENE and several leading grassroots environmental justice and advocacy organizations launched the Massachusetts Diesel Pollution Solution (DPS) at the end of 2005. The DPS coalition initiated a campaign to make cleaning up diesel pollution a top priority for policy makers in greater Boston and Massachusetts. ENE and its coalition partners provided outreach and training to local groups and municipal leaders about the public health problems associated with diesel pollution, and the technologies and policies that can help mitigate the pollution. ENE also worked closely with senior staff at the Executive Office of Energy and Environmental Affairs (EOEEA) to provide analyses of policy options, benefits and costs and help them develop a strategy for reducing diesel emissions in Massachusetts.

After a year of work in Massachusetts, ENE and its partners achieved substantial victories. Most significantly, the EOEEA announced that the state would spend \$22.5 million to retrofit its school and transit buses. The plan unveiled by EOEEA achieves two of the coalition's top three goals, and marks a strong beginning to ongoing work to implement diesel pollution policies in the state.

Citizens and lawmakers are enthusiastic about taking advantage of further opportunities to cut diesel emissions. They joined ENE and other advocates in voicing support for a new bill that would target other significant diesel fleets, including state-owned vehicles, municipal waste haulers, construction vehicles, delivery trucks, boats and trains.



A Year of Successful Advocacy on Diesel Pollution

- Massachusetts committed to spend \$22.5 million to clean up its school and transit buses.
- Connecticut committed \$10 million over two-years to install pollution filters on all school buses eligible for retrofitting.
- Rhode Island voted to retire all school buses built before 1994, and to install pollution filters on the remaining fleet.

Rhode Island

Rhode Island has made steady progress with its diesel policy. Most recently, Rhode Island also tackled school bus emissions; legislation drafted by ENE passed in June 2007 calls for retiring school buses built before 1994 and installing pollution control devices on the remaining fleet. ENE and the Rhode Island Diesel Pollution Initiative's (RIDPI) next priority is advancing a proposal that would clean up state owned and operated diesels as well as vehicles used on state-funded construction sites. The bus legislation builds on anti-idling legislation passed in the previous year, which was ENE and its coalition partners' first success in the state and helped build public and lawmaker support for clean air policies.

Connecticut

In 2004 we formed the Connecticut Alliance Against Diesel Pollution (CAADP)—the first such coalition established around diesel concerns in New England. Together with our coalition partners, ENE developed materials and organized events to educate and solicit support from grassroots, health and other community groups. ENE drafted and successfully advocated for legislation directing the state Department of Environmental Protection (DEP) to create a comprehensive plan for reducing diesel pollution. We then developed a platform and straw proposals for maximizing emissions reductions on school buses, establishing standards for transit buses and state-funded construction vehicles and creating a Diesel Risk Mitigation Fund to defray the costs of pollution control equipment, and submitted these proposals for consideration in the DEP plan. CAADP celebrated a victory in June 2007 when the Connecticut General Assembly voted to commit \$10 million over a two-year period to purchase and install pollution control devices on approximately 3,400 school buses in the state. This will cover all of the school buses that are suitable for retrofitting and will reduce exposure to diesel for one of the state's most vulnerable populations. The CAADP is reaching out to fleet owners and state policy makers to explore opportunities for reducing pollution from other heavy duty diesels, including a proposal for a grant program for retrofitting construction vehicles.

Massachusetts Diesel Pollution Solution

Working with statewide diesel coalitions has provided ENE with an opportunity to form unique partnerships, particularly with youth and community groups in some of the urban areas hit hardest by air pollution. Collaborating with this diverse group of stakeholders has been critical to attracting the attention of policy makers and the media, and, ultimately, to the success of diesel policy proposals.

ENE worked within the coalition to provide outreach and training to partner groups, and helped to develop materials and organize campaigns and events to educate the public about the risks of diesel pollution and build support for policy solutions. Events like the Massachusetts Diesel Pollution Solution (DPS) truck monitoring event, held at a Dorchester school in October 2007, brought together students, community leaders, legislators, environmental advocates and scientists for a hands-on lesson about diesel pollution and to call for passage of a bill requiring retrofits of municipal fleets. The event attracted media attention and helped build and demonstrate citizens' support for the legislation.



Policy advocate Sam Krasnow (far right, in back) and State Senator Jack Hart joined school children as well as scientists and advocates from ENE's partner organizations to promote the Senator's legislation to curb diesel pollution at a diesel truck pollution monitoring event in October 2007.

Funding

ENE is funded through the generous support of individuals, foundations and selected government grants. ENE works hard to maximize the use of our funding for programmatic work. We extend our very deep gratitude to all who support our efforts and wish to thank specifically the following foundations that have made major contributions to our 2007 programs:

Barr Foundation

Chorus Foundation

Energy Foundation

Emily Hall Tremaine Foundation

John Merck Fund

Kendall Foundation

Merck Family Fund

Mertz Gilmore Foundation

Oak Foundation

Orchard Foundation

Rhode Island Foundation

Surdna Foundation

Donations to ENE can be made by mail to Environment Northeast, POB 583, Rockport, ME 04856 or by credit card at www.env-ne.org/Support.

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2007 Financial Statement

Income

Revenue\$1,460,887

Expenses

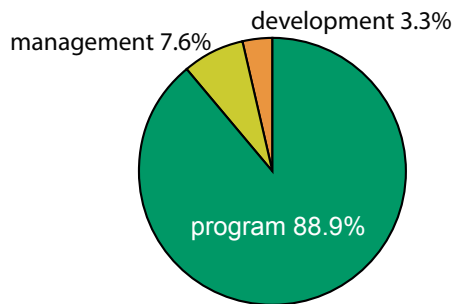
Program Expenses\$1,032,728

Management..... 88,701

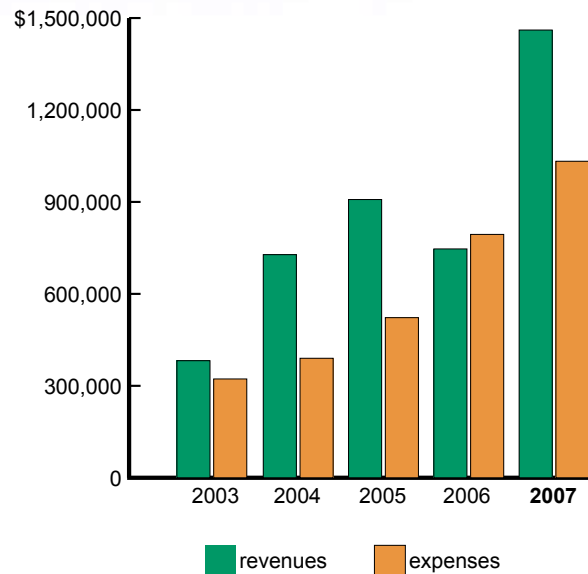
Development 39,027

Total Expenses\$1,160,456

**Expenses by Category
2007**



**Revenues and Expenses
2003-2007**



Environment Northeast is pleased to be included on Charity Navigator's 2007 list of "Top 10 Charities to Watch" in the United States and received Charity Navigator's highest 4-star rating, for effectiveness in using revenue for program purposes.



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Northeast**

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