

**PORT AUTHORITY SUSTAINABILITY PROGRAM – CARBON OFFSET  
PROCUREMENT AND RETENTION OF EXPERT PROFESSIONAL SERVICES  
– CONTRACT RENEWAL**

It was recommended that the Board authorize the Executive Director to exercise the first of two one-year renewal options with respect to five contracts (the Contracts) with the following entities: (1)(a) CantorCO2e, L.P./Native Energy, Inc./Weston Solutions, Inc., and (b) Blue Source LLC/Henningson, Durham & Richardson Architecture and Engineering, P.C., for the performance of broker and related professional services associated with the procurement and promotion of carbon offsets, on an as-needed basis for a one-year period, at a total estimated cost of \$900,000, including a \$50,000 contingency allowance; and (2)(a) Stockholm Environmental Institute-US, (b) The National Climate Trust, and (c) E.H. Pechan & Associates, for the performance of professional advisory services in connection with the evaluation of carbon offsetting projects, on an as-needed basis for a one-year period, at a total estimated cost of \$100,000. Offsets include equivalent environmental attributes, or “equivalences,” which are financial instruments that represent the avoidance of greenhouse gas (GHG) emissions and may be purchased outside the voluntary carbon offset market. Purchases of carbon offsets would continue to be subject to the approval of the Chairman. In addition, exercise of the remaining one-year renewal options to the Contracts would be subject to further Board approval.

On March 27, 2008, the Board adopted an Environmental Sustainability Policy (Policy), under which: (1) the Port Authority is to continue to use its best efforts to reduce all GHG emissions related to its facilities by five percent annually and by 80 percent from baseline 2006 levels by 2050; and (2) the agency would establish a goal of net-zero GHG emissions from its own operations by 2010. In adopting the Policy, the Board stated that the Port Authority shall encourage its customers, tenants and partners to conduct their businesses in a more sustainable fashion, including reductions in their own GHG emissions, and shall provide support for these efforts where practical to do so, including collaboration with other regional stakeholders in the development of strategies that reduce the risk posed by climate change to Port Authority facilities and operations.

At the same time the Policy was adopted, the Board also authorized a Port Authority Sustainability Program (Program) as a first step in achieving the goals outlined in the Policy. The Program provided authorization to retain professional and advisory services to enable a thorough evaluation of available options for the Port Authority to attain the goal of achieving net-zero GHG emissions. The purchase of carbon offsets finances the development of projects such as energy efficiency, renewable energy, and the capture and destruction of landfill gas.

In support of the Program, on October 23, 2008 the Board authorized the Executive Director to enter into the Contracts. Subsequent to that authorization, several carbon offset projects located in New York and New Jersey underwent rigorous screening and third-party verification to substantiate the quality and integrity of offsets. Two projects that provided high-quality and verified carbon offsets were identified in 2009. As a result of these efforts, the Port Authority has been able to successfully offset 82,500 metric tons of carbon dioxide using a landfill gas-flaring project in New York, representing approximately 30 percent of baseline 2006 emission levels from Port Authority operations. Furthermore, staff initiated development of a calculator program for future use on the agency’s public website that, once implemented, will provide patrons and tenants with the opportunity to purchase carbon offsets from one or more local projects.

The proposed authorization would provide for the procurement of offsets from two additional verified sources: a landfill gas-flaring project in New York from which offsets were purchased in 2009, and a landfill gas-flaring project in New Jersey. The two projects have the potential to offset at least 35 percent (approximately 120,000 metric tons) of GHG, based on the latest Port Authority GHG inventory in 2007.

As additional projects are identified to assist in attaining the goal of achieving net-zero GHG emissions in 2010, staff will seek further Board authorization for additional funding to support such purchases. Individual purchases of carbon offsets would continue to be subject to approval by the Chairman.

The scope of work of the two contracts for broker and related services includes: (1) offering carbon offsets that meet the Port Authority's quality criteria and statutory constraints for purchase, in quantities to offset annually all or part of the GHG emissions related to its facilities; (2) implementing online electronic systems that will enable customers and tenants to estimate their carbon footprint associated with their use of the Port Authority's facilities and services, and to provide them with an option to purchase carbon offsets that meet the agency's quality criteria; and (3) providing expert advice on ways to promote the offsetting of GHG emissions among customers and tenants.

It is also necessary to continue to have technical advisory services with expertise in the carbon offset market, to help the Port Authority make good business decisions, informed by due diligence and careful evaluation of proposed carbon offset transactions. The scope of work of the three contracts for professional advisory services related to carbon offsets includes (1) evaluating proposed carbon offset projects, and (2) assisting with final carbon offset program design and contract negotiations.

The Port Authority's carbon offset procurement initiative will allow the Port Authority to invest in projects that are likely to improve air quality in the region, thereby mitigating its effect on climate change, and to contribute to economic growth, particularly in the region's "green" technology sector. Offsets from projects within the Port District will continue to be considered; the consideration of equivalences would increase the likelihood of identifying and procuring within the Port District, as well as the opportunity to procure from smaller projects that otherwise may not have the ability to enter into the market, and would be held to the same high standards as those from the voluntary carbon offset market. Moreover, by implementing its carbon calculator program, the Port Authority will encourage sustainability among customers and tenants. Finally, carbon offset procurement affords the Port Authority the opportunity to be a leader in sustainable initiatives, pending the adoption of federal regulatory mandates, and provides the agency with valuable experience in anticipation of such mandates.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Coscia, Grayson, Holmes, Pocino, Silverman and Steiner voting in favor; none against:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to exercise the first of two one-year renewal options with respect to a total of five Port Authority contracts with the following: (1)(a) CantorCO2e, L.P./Native Energy, Inc./Weston Solutions, Inc., and (b) Blue Source LLC/Henningson, Durham & Richardson Architecture and Engineering, P.C., for the performance of broker and related professional services associated with the procurement and promotion of carbon offsets, including equivalent environmental attributes, or “equivalences,” on an as-needed basis for a one-year period, at a total estimated cost of \$900,000, inclusive of a contingency, and with the purchase of carbon offsets pursuant to the Port Authority’s Environmental Sustainability Program to be subject to the approval of the Chairman; and (2)(a) Stockholm Environmental Institute-US, (b) The National Climate Trust, and (c) E.H. Pechan & Associates, for the performance of professional advisory services in connection with the evaluation of carbon offset projects, on an as-needed basis for a one-year period, at a total estimated cost of \$100,000; and it is further

**RESOLVED**, that the form of all agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.