The Clean Power Plan: State Reactions and Implications for Energy Efficiency

2015 Behavior, Energy, and Climate Change Conference

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The American Council for an Energy-Efficient Economy (ACEEE)

- ACEEE is a 501(c)(3) nonprofit that acts as a catalyst to advance energy efficiency policies, programs, technologies, investments, & behaviors
- 50+ staff; headquarters in Washington, D.C.
- Focus on end-use efficiency in industry, buildings, & transportation
- Other research in economic analysis; behavior; energy efficiency programs; & national, state, & local policy
- Funding:
  - Foundation Grants (52%)
  - Contract Work & Gov’t. Grants (20%)
  - Conferences & Publications (20%)
  - Contributions & Other (8%)

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Agenda

I. Clean Power Plan overview

II. Role of Energy Efficiency

III. State reactions and compliance processes

IV. Communicating Energy Efficiency
Authority given to EPA under Section 111(d) of the Clean Air Act

Regulates carbon dioxide emissions (the primary greenhouse gas pollutant) from existing coal and natural gas power plants that have already been built.

Final rule
- Sets emission targets for states

Draft federal plan, and draft EM&V guidance
- Proposes what a state plan might look like and how

States autonomy to do things differently from what EPA sets out in final rules
- Failure to submit state compliance plan → federal plan from EPA
Energy Efficiency as a Pollution Reduction Strategy

• Not the first time energy efficiency has been used as an air quality compliance tool
• “Beyond the fence” vs. traditional pollution abatement methods
• Opportunity for informing air regulators about efficiency, and vice versa

Source: National Association of State Energy Officials
Opportunities for Energy Efficiency

- Utility and non-utility EE programs
- Residential, commercial and industrial measures
- Appliance replacement and recycling programs
- Behavioral programs
- Energy savings performance contracts (ESPC)
- Building energy codes
- Energy benchmarking
- State appliance and equipment standards
- Combined heat and power (CHP)
- Water and wastewater programs
State Reactions

What States Generally Like
- Compliance timeline
- Sets more equitable state goals
- Reliability considerations
- “Trading-ready” plan options
- Allows nuclear as compliance option

...and Don’t Like
- Compliance timeline
- Increases stringency of some state goals
- Remains complex and requires analysis
- Costs

Source: National Association of Clean Air Agencies
Decisions states are weighing now

Request an extension?
Rate vs. mass?
Trade with other states?
How to engage low-income?
Participate in Clean Energy Incentive Program?
Comment on federal plan, model rule, EM&V Guidance, or Clean Energy Incentive Program?
State Planning Authorities

Governor

Department of Health/Environment
  • Air Quality Board/Commission
  • Technical work groups (AZ)

State Legislature
  • Legislative subcommittee on CPP (VA)

Public Utilities Commission
  • Supporting agency; oversee programs, reliability, etc.

Source: EPA
State Planning Authorities (cont’d)

State Energy Office
• Supporting agency; develop and implement policies and programs

Obligated parties/stakeholders
• Utilities, local governments, industry, etc.

Source: EPA
The process we can expect to see in states over the next year

Behind-closed door meetings
Formation of plan development groups/assigning of responsibility
Stakeholder processes
Comments to EPA
Meetings/discussions with other states
2016 submissions and requests for extension

Let’s look at a few states...
Michigan

- Proactive Republican Governor
- Michigan Agency for Energy
- Highly collaborative
- Energy Optimization Standard – at risk

39.4% emission rate reduction
759 lbs CO2/MWh
Pennsylvania

- Political 180°
- Legislative approval required
- Extensive public listening sessions + public comment period
- Act 129

34.9% emission rate reduction
587 lbs CO2/MWh
Virginia

- Public comment period and stakeholder meetings
- Executive support, legislative opposition
- Governor’s Executive Committee to Reduce Energy Consumption in the Private Sector

36.8% emission rate reduction
934 lbs CO2/MWh
Communicating Energy Efficiency

• It is a compliance strategy!
• Framing: as a resource, or as an opportunity to reduce energy waste.
• Enables control over energy consumption, and maintenance of comfort, convenience, and quality of life.
• Benefits industry and businesses – not just homeowners.
Looking Forward

• Avenues – and motives – for compliance planning vary widely by state
• Outward opposition doesn’t always mean noncompliance
• Watch the legislatures
ACEEE’s Role

Resources for states

• Best practices for energy efficiency program development (stakeholder process guidance, multifamily and low-income programs, state and local lead by example)
• Compliance templates (building codes, EE financing, combined heat and power)
• State Energy and Pollution Reduction (SUPR) Calculator

Technical assistance
Answer States Questions (ASQ)

• Partnership with NASEO and RAP
Resources

EPA State-Specific Fact Sheets: [http://www2.epa.gov/cleanpowerplantoolbox/clean-power-plan-state-specific-fact-sheets](http://www2.epa.gov/cleanpowerplantoolbox/clean-power-plan-state-specific-fact-sheets)

ACEEE Section 111(d) Page [http://aceee.org/topics/section-111d-clean-air-act](http://aceee.org/topics/section-111d-clean-air-act)

NASEO/ACEEE 111(d) Resource Hub [http://111d.naseo.org/](http://111d.naseo.org/)


E&E Clean Power Plan Hub [http://www.eenews.net/interactive/clean_power_plan](http://www.eenews.net/interactive/clean_power_plan)
Questions? Comments?
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Regional Greenhouse Gas Initiative (RGGI)

Midcontinent States Environmental and Energy Regulators (MSEER)

PJM Environmental and Energy Regulators

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Center for New Energy Economy at Colorado State

Western Electricity Coordinating Council (WREGIS)

Source: Litz Energy Strategies LLC