

State-Federal RPS Collaborative Webinar

Implications of EPA's CO2 Regulations for State Renewable Energy Programs and RPSs

Hosted by
Warren Leon, Executive Director, CESA

June 26, 2014

Housekeeping



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About CESA

Clean Energy States Alliance (CESA) is a national nonprofit organization working to implement smart clean energy policies, programs, technology innovation, and financing tools, primarily at the state level. At its core, CESA is a national network of public agencies that are individually and collectively working to advance clean energy.

www.cesa.org

State-Federal RPS Collaborative

- With funding from the Energy Foundation and the US Department of Energy, CESA facilitates the **Collaborative**.
- Includes **state RPS administrators, federal agency representatives,** and other stakeholders.
- Advances dialogue and learning about RPS programs by **examining the challenges and potential solutions** for successful implementation of state RPS programs, including **identification of best practices**.
- To sign up for the Collaborative listserv to get the **monthly newsletter** and announcements of **upcoming events**, see:
www.cesa.org/projects/state-federal-rps-collaborative



U.S. DEPARTMENT OF
ENERGY



CleanEnergy
States Alliance

Today's Guest Speakers

David Farnsworth, Senior Associate, Regulatory Assistance Project

Matt Clouse, Director for Renewable Energy Policy and Programs, Climate Protection Partnerships Division, US EPA

Christopher Sherry, Policy Analyst in the Climate Change Division, Office of Atmospheric Programs, US EPA





RAP

Energy solutions
for a changing world

RPS Collaborative Webinar: Implications of EPA's CO₂ Regulations for State Renewable Energy Programs and RPSs

June 26, 2014

Presented by David Farnsworth,
Senior Associate

Outline

- Introduction:
 - Clean Air Act Section 111(d), and
 - EPA's *Clean Power Plan*
 - *Building Blocks*
 - State Plans
- Observations re: use of Renewable Energy

Introduction

Big Picture

- Reduce carbon emissions from existing power plants.
- By 2030, reduce nationwide carbon dioxide (CO₂) emissions, from the power sector by 30 percent from 2005 levels.
- Significant reductions begin by 2020.
- Following structure of Clean Air Act Section 111(d), this is a two-part process:
 1. **EPA** develops standards
 2. **States** produce plans to meet the standards

EPA Developing Standards

- Interpret Section 111(d) “Best System of Emissions Reduction,” EPA considers:
 - Costs
 - Size of reductions
 - Technology
 - Feasibility
- Builds on climate actions already occurring at states and local levels.
- Develops a Roadmap for a lower carbon-intensive economy.
- Develops “Building Blocks”

Four Building Blocks

1. Optimize operation of fossil fuel-fired power plants;
2. Increase use of lower-emitting sources;
3. Build more zero/low emitting energy sources; and
4. Use electricity more efficiently

State Plans

- Modeled on Section 110.

Each such plan shall—

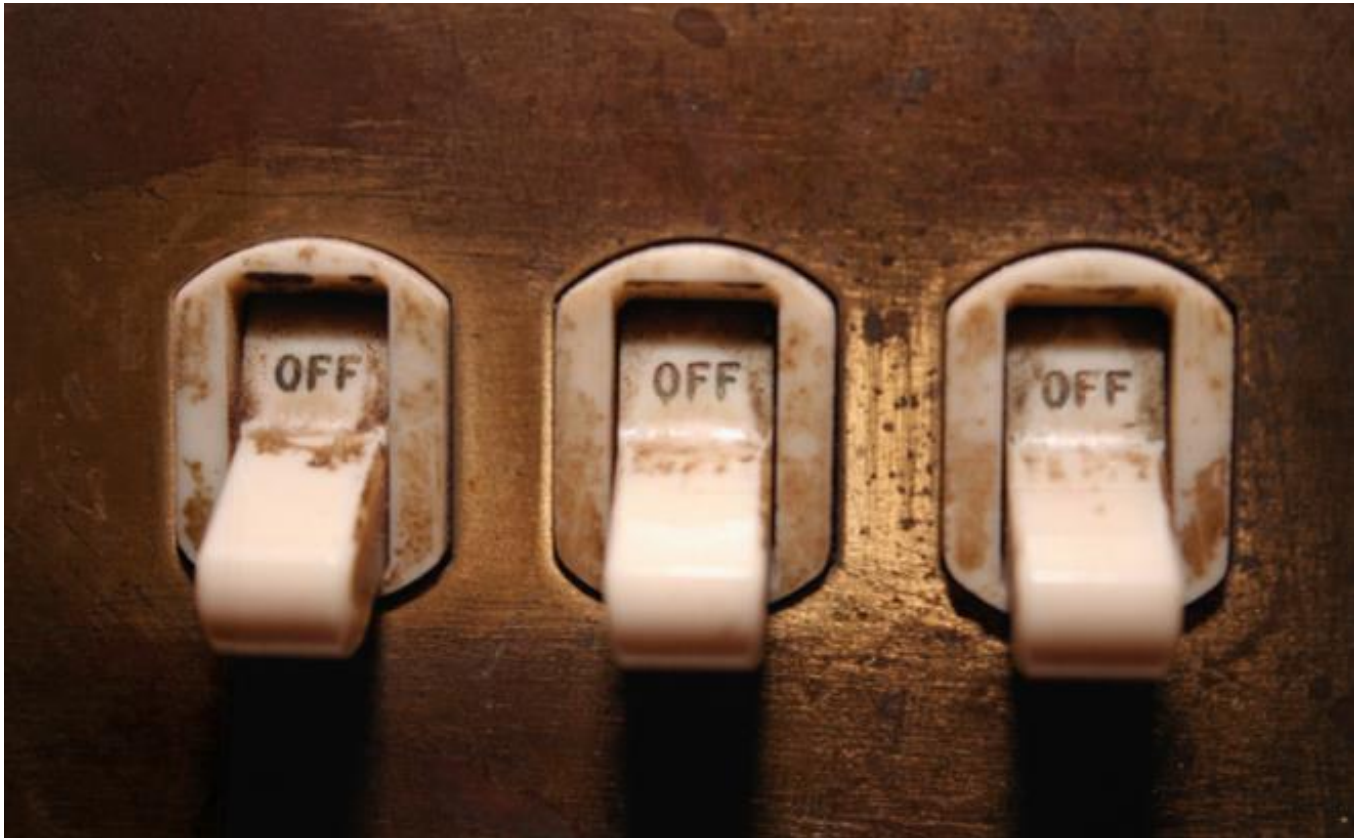
(A) Include enforceable emission limitations and other control measures, means, or techniques (including economic incentives such as fees, marketable permits, and auctions of emissions rights), as well as schedules and timetables for compliance, as may be necessary or appropriate to meet the applicable requirements of this chapter.

What Can State Plans Include?

- States are encouraged to:
 - Look across their power sector for reductions;
 - Use “Building Block” approaches and other measures that may not have been part of EPA’s goal-setting analysis
 - Build on existing state clean energy programs, e.g., incremental EE and RE;
 - Integrate State Plans into existing power sector planning processes (IRP, plant closure analyses); and
 - Stay within borders or consider multi-state approaches.

Observations

Get Past the Rhetoric



For Renewables

- Characteristics of RE make these resources attractive as part of a State Plan.
- As States consider 111(d) compliance pathways, RE developers can provide regulators with needed advice and information:
 - encourage and help with development of maximum potential studies for states or regions

Forthcoming CRS/RAP Paper

- *Tracking Renewable Energy for the U.S. EPA's Clean Power Plan: Guidelines for States to Use Existing REC Tracking Systems to Comply with 111(d)*

<http://www.resource-solutions.org/publications.php>

- Use existing infrastructure and protocols to ensure robust tracking and accounting of RE development.

Planning

- In regulatory context, recommend the use of IRP or IRP-Like Processes (**integrated analysis**)
 - CO Clean Air Clean Jobs Act
 - “Integrated Environmental Compliance Planning”
 - Understanding Risk
 - Asking: “Is this proposal subject to additional environmental requirements?”

Think in terms of State and Regions

- Consider RE as part of Regional Compliance Approaches
 - Better for Power Industry
 - Already operate regionally for reliability gains
 - Broader => more compliance options
 - Great consistency
 - Better for EPA
 - Short timeframe => would welcome fewer compliance plan filings
 - Better for States
 - Strength in numbers; greater consistency
 - Shared development & administrative costs

State Plan Development: Likely Context of Regulatory Approvals

	Authority to Adopt Emission-Reduction Requirements ?	Authority to Adopt Least-Cost Environmental Compliance Solutions and to Recover Costs?
State Env. Regulators	Yes	No
State Energy Regulators	No	Yes

Work with Others

- RE Advocate Opportunity
 - With Environmental and Energy Regulators **somewhat limited** by their mandates:
 - You can talk “cost-effectiveness” with Environmental Regulators
 - You can talk “emission reduction” alternatives with Energy Regulators
- Explore with others (e.g., state consumer advocates and energy offices & EPA Regions) and help define **the appropriate process** for review of state 111(d) Plans

About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power and natural gas sectors. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

Learn more about RAP at www.raponline.org

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Now Speaking (no PowerPoints)

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Thank you for attending our webinar

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<http://www.cesa.org/projects/state-federal-rps-collaborative/>

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