Cities and 111(d)

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Credit Where Credit is Due

Recognizing the Efforts of Cities and Localities in State 111(d) Compliance Plans

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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%)

www.aceee.org/@ACEEEEdc
Timeline of EPA and State Actions

Spring - Summer 2015
EPA releases sample federal model plan for states

Summer 2015
EPA releases final rule for existing power plants

Present - Summer 2016
State air agencies conduct stakeholder engagement

Summer 2016
Final state plans due to EPA (may request extension until Summer 2017)

Summer 2017
Final multi-state plans due to EPA (may request extension until Summer 2018)
Keys to Success

1. Get involved in the planning process
   • Build relationships
   • Understand opportunities to weigh in
   • Determine timing
   • Learn about funding opportunities

2. Design/modify programs and projects to meet 111(d) criteria
   • Is it one of EPA’s “approved” methods?
   • Can it meet EPA’s 4 evaluation criteria from the CPP?
   • Does it fit within an existing example of EE credit in SIPs?
State Legislative Action

Bills impacting compliance plan process or content.
State Legislative Action

Resolutions impacting compliance plan process or content.

Source: National Conference of State Legislatures
American Legislative Exchange Council

- KY, PA, WV, others…

How do we know if EE can count?

1. EPA says so
   OR
2. Make an educated guess
EE Policies and Programs Included in 111(d) (EPA SAYS SO!)

• Demand-Side EE Programs
• Energy efficiency resource standards (EERS)
• Ratepayer-funded EE programs
• Also mentions non-EE:
  • Market-based emission limits
  • Greenhouse gas performance standards
  • Utility planning approaches
  • Renewable portfolio standards
Without more explicit guidance we must make an educated guess

Could look to:

• Existing EPA guidance
• Clean Power Plan guidance
• Existing state practices
• Prior treatment of EE
• Good ideas being vetted
EE Policies and Programs where 111(d) Credit is Promising, but Uncertain

• Energy savings performance contracts
• Building energy codes
• Combined heat and power
• Energy retrofits outside a PSC program
• Appliance/Equipment standards
• Behavior-based programs
• Water and EE programs
• EE registry
Which of These Can Cities Do?

All of them!

- Energy savings performance contracts
- Building energy codes
- Combined heat and power
- Energy retrofits outside a PSC program
- Appliance/Equipment standards
- Behavior-based programs
- Water and EE programs
- EE registry
Why Bother?

• Could lead to additional financial support
• Helps create permanence for programs
• Could improve existing programs by increasing rigor and oversight
• Momentum could lead to new projects and programs

“I want you to find a bold and innovative way to do everything exactly the same way it’s been done for 25 years!”
EPA Guidance for State Plans

EPA has released:

• Criteria by which they propose to evaluate and approve state plans
• Proposed components of state plans
• State Plan Considerations Technical Support Document
An Example: EPA’s 4 Evaluation Criteria

1. **Enforceable** measures that reduce power plant CO2 emissions

2. **Projected achievement of emission performance equivalent** to EPA goal, on a timeline equivalent to that in emission guidelines

3. **Quantifiable and verifiable** emission reductions

4. **Process for reporting** on plan progress toward achieving CO2 goals and implementation of corrective actions, if necessary
Questions for Cities to Consider

• What energy efficiency policies and programs have already adopted?
• What are the details of those policies and programs in terms of implementation dates, stringency, financial commitments, historic investments in energy efficiency, and important enforcement features?
• Is there any information on the energy impacts (projected and/or historical) of those energy efficiency policies in terms of energy saved and air emission impacts?
• Which organization or agency monitors and evaluates the energy impacts of those energy efficiency policies?
• Are program/policy impacts regularly/consistently reported to the state? How consistent and rigorous are these estimates?
• What funding sources do the EE policies and programs depend upon?
• What compliance and enforcement does the state use for EE policies?
Additional factors that could be important

- Rate vs. Mass
- Direct emission limits on EGUs vs. Portfolio Approach
- State-lead vs. Utility-lead
- Enforceability
- Gas savings
How would it work?
Energy Service Performance Contracts

• Credit has been earned by a city already!
•ESCO community has a 111(d) recommendation based on existing EPA guidance on SIPS
  1. Quantifiable
  2. Nonduplicative
  3. Permanent
  4. Verifiable
  5. Enforceable

• Resource: *Greenhouse Gas Reductions Through Performance Contracting under EPA’s Clean Power Plan*
  http://ajw-inc.com/pc/
How would it work?  
Building Energy Codes

- Could be a promising source of emissions reductions
- Many localities have a role to play in the enforcement of building energy codes
- Some issues to consider:
  - Enforcement vs Enforceability
  - Attribution – credit between city and state
- Resource *Navigating the Clean Power Plan: A Template for Including Building Energy Codes in State Compliance Plans*
  - [http://aceee.org/white-paper/111d-building-codes-template](http://aceee.org/white-paper/111d-building-codes-template)
Next Steps

• EPA got a LOT of requests to clarify EE opportunities

• EPA has committed to release some guidance on measuring and verifying EE
  • May not answer all our questions

• States will probably need to take some risks or EE opportunity could be missed!
Resources

• ACEEE’s 111(d) web page: http://aceee.org/topics/section-111d-clean-air-act (includes our 50-state report)
• NASEO/ACEEE joint hub for states: http://111d.naseo.org/
• Building Codes Analysis: http://aceee.org/white-paper/building-codes-111d
• Template for crediting adoption of building codes: http://aceee.org/press/2015/03/aceee-releases-tool-including

**Coming Soon!**
ACEEE EE and pollution control screening calculator

Questions? Comments?
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