

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%)



The Role of EE in State Plans

- States can include *any mix* of strategies to achieve EPA's targets.
- Up to each state whether or not to include efficiency as a compliance method.
- EE can reduce the cost of compliance and offers *a lot* of flexibility for states.

Mass vs Rate

Rate

CO2 emitted
(lbs)

Generation + ERCs (MWh)

1,213 lbs/MWh in 2030

EE may earn *Emission
Rate Credits (ERCs)*

Mass

Tons of CO2 emitted

22,678,368 tons in 2030

EE may earn
Allowances or other
incentives

How Could it Work in Practice?

Emission Rate Credits (ERCs)

Rate

lbs/MWh

- Estimate MWh savings
- Verify savings
- Earn ERCs
- Sell ERCs

Allowances

Mass

tons CO₂

- Reducing CO₂ from grid *implicitly* contributes to state compliance
- State may provide incentives from auction proceeds to fund EE
- State may choose to directly allocate allowances to EE project/programs

Opportunities for Low-Income Energy Efficiency

- What's the opportunity for low-income communities under the Clean Power Plan?
- Who can take advantage of the opportunity?
- What steps do we need to take?

Magnitude of the Opportunity

The Clean Energy Incentive Program (CEIP) includes a 300,000,000 ton “giveaway” to reward investments in renewables and energy efficiency

- Assume:
1. Half of allowances go to energy efficiency (which gets double credit from EPA!) and
 2. Allowances trade for \$4 a ton

That’s \$1.2 billion of investment in low income communities in just 2 years.

There’s potential for even more through 2030....

Timing of the Opportunity?

2020-2021 (Early Action)

- Clean Energy Incentive Program (CEIP)
EPA will match investments by awarding allowances or emission rate credits (ERCs) from the federal pool.
- Other allocations from states are possible

2022-2030

- CPP can provide funding for energy efficiency programs and projects in low-income communities.
- States can develop plans that tip the scales so that low-income investments really flourish

Who Could Benefit?

In the CEIP

- EPA hasn't decided on the definition of low-income
- Lots of debate over geographic vs. income-based definition
- We don't know yet what restrictions there will be on individuals, project or program administrators, types of buildings or regions.

Beyond the CEIP

- States can incentivize low-income investments in their individual plans
- The “who” and “how much” is at the state's discretion

Why Participate?

Minnesota is already on track to comply with EPA's 2030 emissions goals.

Why jump through hoops to participate in this program?

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

Why Participate?

Free money!!

Who wants to turn down free money!?

It's hard to know what that monetary value will actually be.



Other reasons:

- 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
- Creates a link to broader state goals, such as economic development, public health, job creation, and environmental issues

What Actions Could Qualify?

- ✓ Utility ratepayer-funded programs
- ✓ Cost-sharing partnerships
- ✓ Energy retrofits outside a utility program
 - E.g., leverage funds through Housing Finance Agencies, CDBG allocations
- ✓ Energy savings performance contracts



Getting a Fair Share

There's lots of opportunity, but no guarantees that any of this money will flow to low-income communities.



- States need to signal a ***non-binding*** intent to participate in CEIP by Sept. 2016
- States need to develop compliance plans that incentivize and reward EE investments in low-income communities
- Stakeholders (you!?) need to engage in the state and federal planning process

Getting a Fair Share

- Tell EPA what you need to make the CEIP work
- Consider commenting to EPA on the definition, the allocation amounts, types of projects/programs, timing, etc.
- Ask your state to participate in the program (this includes the governor, state legislator, air office, and energy/environment office)
- Stakeholders should engage in compliance plan development. Help your regulators understand options to incentivize and reward low-income investments throughout compliance, beyond CEIP participation.