

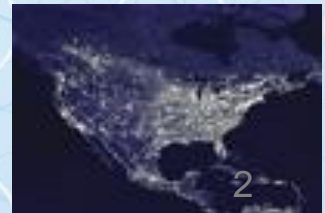


Energy Efficiency and Low-Income Communities in the Clean Power Plan: A Billion Dollar Deal

An ACEEE Webinar
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American Council for an Energy-Efficient Economy (ACEEE)

- 35 year old, nonprofit 501(c)(3) dedicated to advancing energy efficiency in the United States through research, policy, and technical assistance.
- Focus on end-use efficiency in Industry, Buildings and Equipment, Utilities & Transportation; Economic Analysis; Behavior; Finance.
- Policy Program working at national, state, and local levels, some international work



Webinar Presenters

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What are we talking about?

EPA is using authority under Section 111(d) of the Clean Air Act to regulate carbon dioxide emissions (the primary greenhouse gas pollutant) from a subset of power plants that generate electricity.

The Clean Power Plan is the name EPA has given this rule which regulates coal and natural gas power plants that have already been built (there is a different rule for new plants).

The rulemaking process involves multiple steps. EPA issued a proposed rule in 2014 which it revised in response to millions of comments. It just released a final rule, draft model rule, draft federal plan and draft EM&V guidance.

What are we talking about?

The final rule is final and is now being litigated. Meanwhile, many states have begun the compliance planning process.

States have the opportunity to create a plan that benefits their residents and economy; but if a state doesn't submit a plan EPA steps into its shoes and creates a federal plan for the state.

Overview

- 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?

What is 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....

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

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to do everything exactly the same way
it’s been done for 25 years!”**

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



State of Existing Utility Low-Income Programs in the Midwest

State/Utility	Total EE Funding	Low-Income EE Funding	Low-Income as a % of Total Funding	Low-Income Participation
DCEO Electric and Gas (IL)	\$63,800,000	\$17,960,000	28.2%	
Xcel Electric (MN)	\$87,889,789	\$2,222,627	2.5%	5,766
Xcel Gas (MN)	\$12,968,939	\$1,791,458	13.8%	1,923
CenterPoint Gas (MN)	\$23,701,520	\$2,604,092	11%	12,078
All Co-ops in MI	\$5,593,184	\$305,834	5.5%	
DTE Electric (MI)	\$84,779,297	\$4,098,053	4.8%	
DTE Gas (MI)	\$24,113,957	\$4,467,051	18.5%	
Consumers Electric (MI)	\$74,900,000	\$3,700,000	4.9%	
Consumer Gas (MI)	\$40,600,000	\$7,900,000	19.5%	

Source: Midwest Energy Efficiency Alliance, *Funding and participation numbers from 2014*

Affordable Multifamily Housing, Maximum Achievable Potential by 2030 (Electricity only)

State	Program Savings (GWh)	EPA BB4 (GWh)	% of BB4 met by program
Georgia	681	12,149	6%
Illinois	648	17,953	4%
Maryland	503	4,654	11%
Michigan	467	13,263	4%
Missouri	305	8,741	3%
North Carolina	531	12,169	4%
New York	1742	16,848	10%
Pennsylvania	460	18,189	3%
Virginia	526	6,269	8%

Source: Energy Efficiency for All 2015

(Some) Best Practices in Comprehensive Programs

- Leverage existing relationships with low-income households for program delivery
- Coordinate rate assistance and energy efficiency programs



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Additional Considerations

- Can programs go beyond residential?*
- What about existing programs?*
- What about gas savings?
- What about weatherization?

** Answers may vary under CEIP and broader CPP compliance*

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)
- Engage in compliance plan development in your state. Help your regulators understand options to incentivize and reward low-income investments throughout compliance, beyond CEIP participation.

Be prepared:

Question/background to consider when engaging with state officials:

- What energy efficiency programs that serve the low-income and multifamily sectors exist in your state? If none, what utilities are poised to deliver such programs?
- What policies support (or could support) the development and expansion of these programs?
- For existing programs, 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 programs in terms of energy saved and air emission impacts?
- Which organization or agency does or could monitor and evaluate the energy impacts of those energy efficiency programs?
- What additional funding sources could ratepayer energy efficiency policies and programs leverage to better serve the low-income and multifamily sectors?

Additional Resources

ACEEE's 111(d) webpage: <http://aceee.org/topics/section-111d-clean-air-act>

NASEO/ACEEE Joint 111(d) Hub for states: <http://111d.naseo.org/>

ACEEE State and Local Policy Database: <http://database.aceee.org>

EPA's Clean Power Plan (CPP) Homepage:
<http://www2.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants>

EPA State-Specific Fact Sheets:
<http://www2.epa.gov/cleanpowerplantoolbox/clean-power-plan-state-specific-fact-sheets>

EPA's CPP Toolbox: <http://www2.epa.gov/cleanpowerplantoolbox>

EPA Goal Visualizer: <http://www2.epa.gov/cleanpowerplantoolbox>

EPA's Draft EM&V Guidance:
<http://www2.epa.gov/cleanpowerplantoolbox/draft-evaluation-measurement-and-verification-guidance-demand-side-energy>

Thank you!

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