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The Potential for Tracking & Trading Energy Efficiency under the Clean Power Plan

Kate Wilson

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Agenda



Benefits of trade

Currency of trade

Platforms for tracking,
trading, and reporting

Considerations

Q & A

Benefits of EE Trade

Description of trading-ready approach

States develop their own individual compliance plans for meeting their individual targets, but voluntarily trade either ERCs or allowances with other states

Benefits of the approach

Conducive to multi-state solutions without joint plans

Lower compliance cost

Greater compliance flexibility

Trading-ready

“When we hold power plants of the same type to the same standards, it means that their reductions are interchangeable – creating a system that’s ready for trading. The built-in ability to trade emissions gives states even more flexibility in how they achieve their carbon pollution reduction goals”.

- EPA

What are states trading?

Emissions rate credits (ERCs)

Rate-based states

1 MWh of generation or savings

ERCs are created for EE measures installed after January 1, 2013 that are in place when the compliance period begins in 2022

EM&V plans required

Allowances

Mass-based states

1 short ton CO₂

Functions similar to existing carbon markets (RGGI, CA)

EM&V plans are not required in the plan as compliance is measured at stack

Who can trade?

3 options for rate-based states:

- Sub-categorized rates approach (model rule, trading-ready)
- State-wide rate goal (multi-state plan required OR intra state)
- Varied CO2 emissions rates (only intra state)

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Rate and mass cannot trade with each other

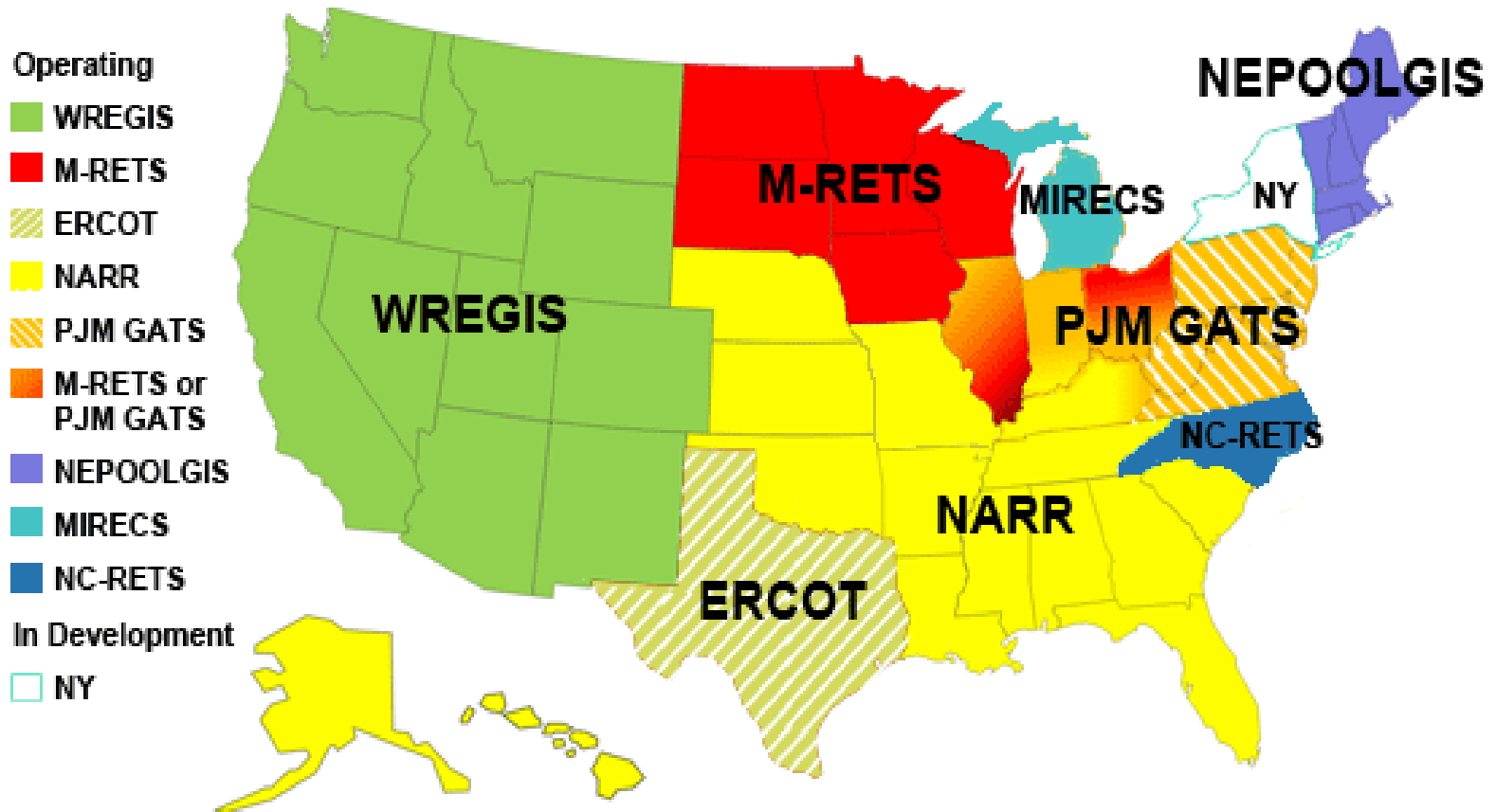
3 options for mass-based states:

- Existing units only (model rule, trading-ready)
- Existing units + new source complement (trading-ready)
- State measures approach (not trading-ready, but can be made so)

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Inter and intra state trading are both allowed

Where will trading take place?



WIEB Project Objectives

Identify gaps between expected 111(d) compliance requirements for RE and EE tracking, trading, and reporting and what is available today.

Determine what data, analysis, and reporting functions are needed for RE and EE compliance

Determine what data, analysis, and reporting functions are currently available through WREGIS and other REC tracking systems and/or through existing EE tracking systems

Identify the gaps

Project Approach

Reviewed EPA's proposed rule and the supporting documents for the Clean Power Plan

Interviewed key stakeholders in Western states including:

- Public utility commissions
- State energy office staff
- State policy experts
- Utility staff
- Non-governmental organizations

Interviewed tracking system administrators and users of WREGIS and M-RETS. Also interviewed APX

Reviewed comments from key stakeholders on the proposed ruling

Applied industry expertise and experience

Anticipated 111(d) Feature Categories

Essential features:

the minimum requirements to enable states to track, trade, and report ERCs/allowances for 111(d) purposes

Beneficial features:

tracking system features and/or functionalities that are not required for basic tracking, but would enhance the system usability for states trading ERCs/allowances for 111(d) purposes and/or managing compliance against the level of EE projected in the state plan

WREGIS

Administrator:

WECC is responsible for day-to-day operations, user registration, data control, and payments

Developer:

APX is the software provider, responsible for operating and maintaining the system. Also makes system modifications when new functionalities are requested by WREGIS Committee

Primary functionalities:

track, trade, and retire WREGIS certificates (MWh generation bundled with environmental attributes)

Existing Systems for EE Tracking

Tracking System Feature	NAR	NC-RETS	NEPOOL GIS
Allows self-reporting of energy saved		■	
Requires third-party verification of energy saved	■		■
Requires third-party submission of energy saved to tracking system	■		State dependent
Requires keeping annual documentation of savings and methods for audit purposes	■	■	■
Certificate data contains MWh of avoided generation	■	■	■
Certificate data contains emissions avoided			■

EE Gap Analysis Findings

Essential Features	Offered by WREGIS?
Account details (fuel type, vintage, reporting capabilities, ownership transfer)	√
111(d) eligibility marker	TF
Beneficial Features	
Calculate avoided emissions	TF
Track ERC/allowance indicators (EM&V protocols, net or gross savings)	GAP
Track progress against EE component of state 111(d) compliance plan	GAP

TF = Technically Feasible

Considerations

EM&V consistency

Uniform Methods Project

Regional Technical Forum

EM&V contractor certifications?

Double counting

Linked registries

Timing of EM&V

Needs to be done prior to
ERC creation

Trading internationally

EPA will work with states who
want to consider this option

Conclusions

EE trading under the CPP is a viable option:

Final CPP supports trade with options of individual, specified trading partner, or joint plans

Consistency of EM&V is something to be aware of in rate-based states

Concept is much further developed than draft rule (i.e. currencies established: ERCs, allowances)

Conclusions

REC Platform Feasibility for EE:

- Existing REC platforms have the capability to accommodate 111(d)'s EE compliance requirements
- WREGIS requires minimal enhancements to offer the essential features needed for EE

Alternative Options:

- RGGI?
- CA ARB?
- EPA platform?
- The Climate Registry, NAR, LBNL (eProject builder), ?, ?, ?

Report link: <http://www.cadmusgroup.com/papers-reports/clean-power-plan-west/>



CADMUS



Kate Swayne Wilson

GHG & Sustainability Reporting Practice Lead

Boulder, CO

303.389.2530

Kate.Wilson@cadmusgroup.com

