



# Low-Income Forum on Energy

**Welcome!**  
**We will be starting soon.**



## Low-Income Forum on Energy

The Low-Income Forum on Energy Presents:

# Implications of Section 111(d) of the Clean Air Act on Low-Income Communities

**Emily Fisher, Chris Hickling – Edison Electric Institute**  
**Jennifer Gremmert, Skip Arnold – Energy Outreach Colorado**

August 19, 2015  
1:30 p.m. – 2:30 p.m. ET



## Low-Income Forum on Energy

### Working to help low-income New Yorkers address energy issues.

LIFE, the Low-Income Forum on Energy, is a unique statewide dialogue that brings together organizations and individuals committed to addressing the challenges and opportunities facing low-income New Yorkers as they seek safe, affordable and reliable energy.

Supported by the New York State Public Service Commission and the New York State Energy Research and Development Authority (NYSERDA), the LIFE dialogue encourages an interactive exchange of information and collaboration among the programs and resources that assist low-income energy consumers.



## Low-Income Forum on Energy

### → Monthly webinars

**Wednesday, September 16, 2015 @ 1:30-2:30 p.m. ET**

***Best Practices for Maintaining an Anti-Poverty Network***

Serena Rice, New Jersey Anti-Poverty Network

Jim Jacob, New Jersey SHARES

### → Monthly email newsletter

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# Asking and Responding to Questions

The screenshot displays the Cisco WebEx Event Center interface. The main content area shows a slide with the New York State logo and the text "NEW YORK STATE OF OPPORTUNITY. Low-Income Forum on Energy". Below the slide, it says "Welcome! We will be starting soon." The right-hand sidebar contains a "Participants (1)" list with "NYSERDA Events (Host, me)" listed as the host. Below the participants list is a "Q&A" section, which is circled in red. The Q&A section shows "All (0)" questions and a text input field with the instruction "Select a question, and then type your answer here. There is a 256-character limit." Below the input field are "Send" and "Send Privately..." buttons. Two yellow arrows point to the Q&A section from the right side of the screen.

Type into the text field and click “send.”

# Technical Difficulties or Contacting the Host

The screenshot displays the Cisco WebEx Event Center interface. The main content area shows a slide with the text: "NEW YORK STATE OF OPPORTUNITY. | Low-Income Forum on Energy" and "Welcome! We will be starting soon." The right-hand sidebar contains several panels: "Participants (1)", "Speaking:", "Panelists: 1" (listing "NYSERDA Events (Host, me)"), "Attendees: 0 (0 displayed)", "Chat", and "Q&A". The "Chat" icon in the top toolbar is circled in red, and the "Chat" panel is also circled in red. Two yellow arrows point to the "Chat" icon and the "Chat" panel. The bottom status bar shows "Connected" and "Speakers: 100%".

Click on the “Chat” icon to activate the chat function.

# **Implications of Section 111(d) of the Clean Air Act for Low- Income Communities: Final Clean Power Plan Overview**

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LIFE Webinar Series  
August 19, 2015

Emily Fisher & Chris Hickling  
Edison Electric Institute

# What is the Clean Power Plan?

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- “Guidelines” for states to regulate GHG emissions from existing fossil fuel-based power plants
  - EPA sets emissions standards for plants
  - States design plans to implement the standards
- GHG emissions expected to decrease 32 percent from 2005 levels by 2030
- EPA expects national emissions trading program to develop

# EPA Sets Emission Standards

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- Clean Air Act: standards must reflect emissions achievable through application of “best system of emission reduction” (BSER)
- Final BSER:
  - Heat rate improvements at coal power plants
  - Increased use of natural gas combined cycle units
  - Increased deployment of renewable generating technologies
- End-use efficiency (EE) part of proposed BSER, but not final BSER

# Standards for Units

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	Interim Rate (lb CO <sub>2</sub> /MWh)	Final Rate (lb CO <sub>2</sub> /MWh)
Coal-based Units	1534	1305
NGCCs	832	771

# Goals for States

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State	Interim Goal (2022-2029) (lb CO <sub>2</sub> /MWh)	Final Goal (2030 and on) (lb CO <sub>2</sub> /MWh)
New York	1025	918
New Jersey	885	812
Connecticut	852	786
Pennsylvania	1258	1095

# End-Use Efficiency and BSER

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- Why does final BSER not include end-use efficiency?
  - Clean Air Act regulates how products are made, not how they are used
  - Power plants (or power plant owners) can improve heat rates, rely on natural gas more and deploy additional renewable technologies
    - Power plants (or power plant owners) cannot ensure that end-users reduce electricity usage
    - This creates enforceability concerns – compliance measured by what comes out of the stack!

# States Create Compliance Plans

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- States have broad flexibility when creating compliance plans for power plants
  - Not limited to BSER measures to help power plants achieve reductions
  - Can rely on other measures, including EE, for compliance
  - EPA projects EE will play large role in compliance

# End-Use Efficiency and Compliance Plans

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- State plan structure will affect role of EE in compliance
  - Rate- or mass-based compliance?
  - State or federal plan?
  - Clean Energy Incentive Program (CEIP)?

# Rate or Mass?

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- EE credited differently depending on form of state goal
  - Rate-based: measured in lb CO<sub>2</sub>/MWh
  - Mass-based: measured in short tons of CO<sub>2</sub>
- Tradeable credits for EE?
  - Rate-based: Yes
  - Mass-based: Depends

# State or Federal Plan?

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- State plan
  - Rate-based: EE can earn compliance credits to sell to power plants
  - Mass-based: States can choose to allocate tradeable allowances to EE programs
    - Allowance pool is limited
- Federal plan
  - Rate-based: EE can earn compliance credits to sell to power plants
  - Mass-based: EPA does not propose to allocate allowances to EE projects
    - No EM&V (pro)
    - No saleable credits (con)

# Clean Energy Incentive Program

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- Part of proposed federal plan (rate & mass)
- May be included in state plans (rate & mass)
- Early action credits for some renewable generation and low-income EE
  - Programs commenced after final plans filed
  - Generate reductions in 2020 and 2021
  - EPA matching credits: 1-1 for renewables; 2-2 for low-income EE projects
  - Low-income not defined
  - Not clear if limited to residential projects
- CEIP design elements open for comment!

# CPP Timeline

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End of  
2015

- Comments on federal plan due
- Includes CEIP design/structure

Sept. 6,  
2016

- State plans due
- 2-year extension possible

2022-2030

- Interim compliance period (2022-2029)
- Final compliance period (2030 and on)

# EEI Contacts

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# Low-income Forum on Energy

## August 19, 2015



[www.EnergyOutreach.org](http://www.EnergyOutreach.org)

# Impact of CPP on Low-income Families

- Page 7 – Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-income Populations
- Page 36 – meaningful engagement of all stakeholders, including low-income communities
- Page 43 – Clean Energy Incentive Program – encourages early investment and special incentives for working in low-income communities

# Impact of CPP on Low-income Families

- 66 mentions of low-income throughout the document
- Specific mention of low-income programs
  - Maryland's EmPOWER Low-income Energy Efficiency Program (LIEEP)
  - Maryland's coordination of EE and Cash Assistance
  - EmPower New York
  - Energy Outreach Colorado
  - Coordination of DOE, HUD and USDA

# Clean Energy Incentive Program (CEIP)

- Incentives deployment of EE and RE to low-income communities
  - Drive new technologies
  - Create delivery mechanisms
  - Benefits of final rule are “shared broadly across society”
  - “Potential adverse impacts on low-income ratepayers are avoided”

# Clean Energy Incentive Program (CEIP)

- Matching fund that states can use to incent
  - Early investment in EE and RE
  - Demand side management in low-income communities
- Key elements
  - Optional; state must expressly commit to participate
  - Focus on 2020 and 2021
  - Matching up to 300 million short tons of CO<sub>2</sub> (Colorado's goal is 1,174 reduction so that is significant)
  - Low-income communities receive 2 credits for 1 MWh of avoided generation
  - Plan to be submitted by 2016 or 2018 with extension

# Clean Energy Incentive Program (CEIP)

## Stated Policy Goals

- Help to sustain momentum toward greater EE and RE investment between now and 2022 so as to offset any dampening effects that might exist by setting the mandatory reductions to begin in 2022
- Aligns with flexible compliance pathways that states can choose
- Allowances and credits can be banked within and between compliance periods
- Still available to states using Federal plan option

# Key Issues Mentioned

- Economic Development
- Jobs
  - Creation due to increased EE and RE
  - Benefits of transition from high to low emitting power generation
- Impact on rates
  - Bill cutting
- Environmental justice
- Communities of color

# Impacts of Climate Change on Low-income Families

- Less resilient to adapt or recover from impacts
- Pollutants near power plants
- Heat waves
- Air quality
- Extreme weather
  - Floods
  - Droughts
  - Property losses
- Health impacts

# Collaborative Funding for EE and RE for Affordable Housing

- Energy Efficient Mortgage Program
- PACE – Property Assessed Clean Energy Pilot
- CDBG – Section 108
- New Markets Tax Credits
- Low-income Housing Tax Credits
- PowerSaver Program
- Green Power Partnership (EPA program)
- Energy Star (EPA program)

# Colorado Programs

- Low-income Demand-side Management
  - Carve out funding specifically for low-income households
    - Single-family
    - Multi-family
    - Nonprofits serving populations (shelters, administrative offices)
  - Leverage other funds
    - State weatherization funds
    - Cities, CDBG, HUD, Private funders

# Ultimate Community Impact



# Advocacy Steps

- Positioning low-income communities in a state
  - Is there a central coordinating body or voice?
  - Does it represent all interests?
  - Building new partnerships/trust with a quick timeline
  - Devil is in the details

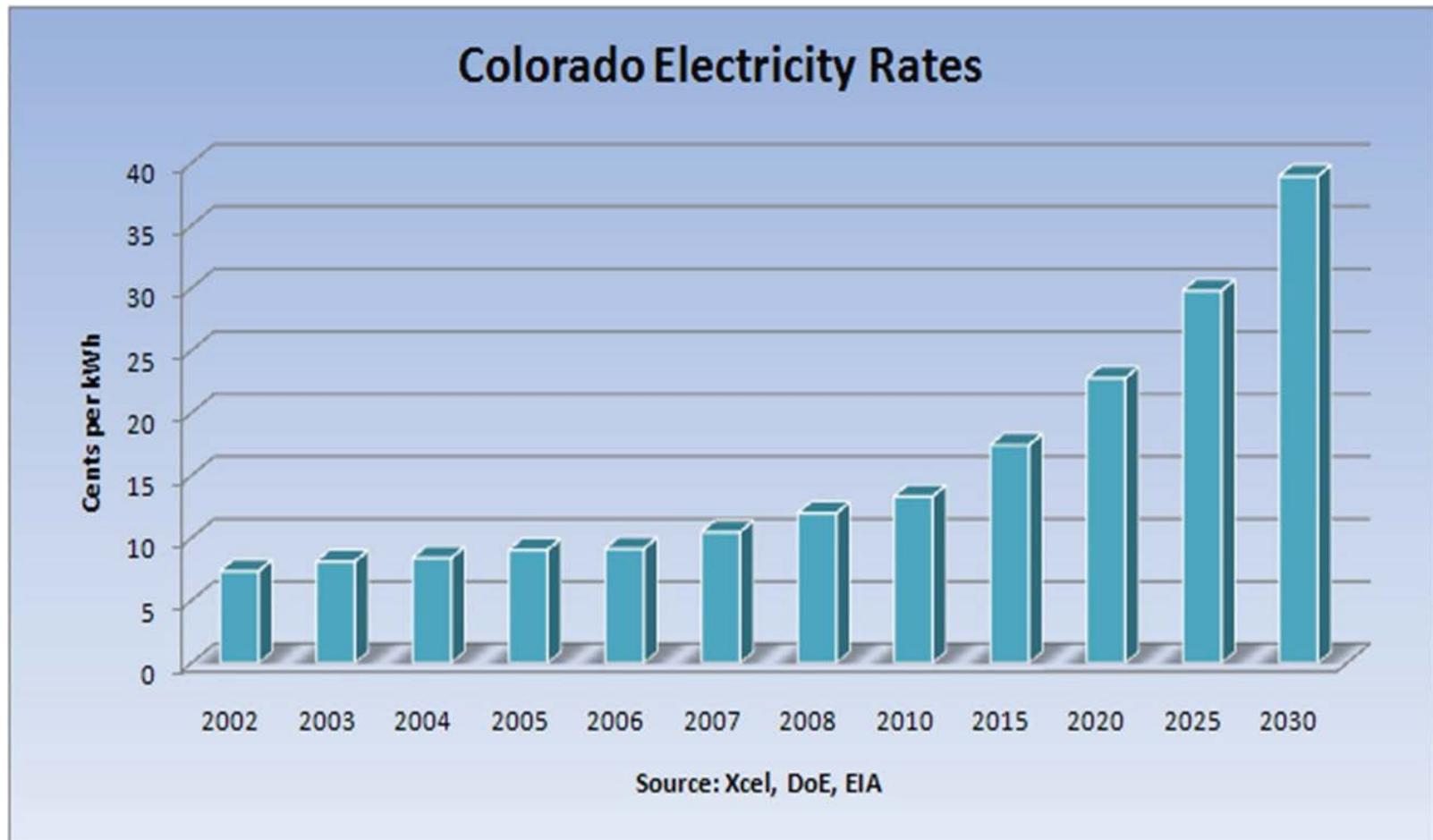
# Opportunities

- Ensure carve out for low-income programs
- Legislation
  - Any bills dealing with CPP
- Regulatory
  - Rulemaking
  - Utility Demand side management plans
  - Renewable portfolio standards

# Colorado – Early Action

- Renewable Energy Standard (2004)
  - QRUs 20% by 2020; 30% beyond
  - Maximum 2% Retail Rate Impact
- DSM Legislation (2007)
  - Opportunity to be “at least as profitable” as supply side
  - Mandated low-income programs
- Clean Air Clean Jobs Act (2010)
  - Retire/retrofit a minimum of 900 MWs of coal-fired generation
  - Reduce NOx by >70%
  - “Reasonable rate impacts” Estimated \$1.3 Billion, +/- 20%
  - “Fully recover” prudently incurred costs
  - Current recovery of CWIP in rate base
  - Required CPCN filings, no Cost Recovery rider until 2015

# Before CPP



# Potential Dangers to Low-income Rate Payers

- Incentive Mechanisms or Bonuses
- Automatic, unchecked pass through costs
- Accelerated cost recovery
- Stranded costs
- Ratemaking outside of rate cases
- Current utility incentives to spend capital

# Layers of Consumer Protection

- Competitive bidding of resources
- Pre-spending Certificate of Public Convenience and Necessity (CPCN) requirements
- Ongoing prudence review of spending
- Cost caps and collars
- Reporting requirements
- Contingency plans
- Exit ramps
- Transparent analytics and modeling
  - NOTE : Information from Pomeroy presentation, Holland & Hart LLP

# Other Considerations

- Air Quality Departments versus Public Utilities Commissions – different players; processes
- Aggressive timelines
- Effects on multi-state utilities – multiple state plans could challenge utility program integration
- Moving from least cost regulation to carbon based – requires different measurement and verification
- Potential trading system opening up – who gets the credits?

# Contact Information

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## Low-Income Forum on Energy

Join us for the next webinar:

**September 16, 2015 @ 1:30 p.m. – 2:30 p.m. ET**

## **Best Practices for Maintaining an Anti-Poverty Network**

**Serena Rice, New Jersey Anti-Poverty Network**

**Jim Jacob, New Jersey SHARES**

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