

# “Identifying Opportunities for Effective Use of Energy and Climate Program Funding.”

Carsey Institute

Webinar Two

27 July 2009

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*The Regulatory Assistance Project*

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Vermont ♦ Maine ♦ New Mexico ♦ California

Website: <http://www.raonline.org>



# The Regulatory Assistance Project

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RAP is a non-profit organization providing technical and educational assistance to government officials on energy and environmental issues. RAP is funded by US DOE & EPA, and foundations. We have worked in 40+ states and 16 nations.

David Farnsworth is a Senior Associate of the Regulatory Assistance Project. From 1995 to 2008, he served as a Hearing Officer and Attorney on the staff of the Vermont Public Service Board. He served as a staff member of the NARUC Task Force on Climate Policy from 2007 to 2008. From 2003 to 2008, Mr. Farnsworth was a member of the Regional Greenhouse Gas Initiative Staff Working Group. Mr. Farnsworth received his J.D. and Master of Studies in Environmental Law from Vermont Law School, and his B.A. from Colby College.



# Goals of this Webinar

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- **This webinar is a follow up** to our June 29, 2009, webinar entitled: “A Framework for Understanding Cap-and-Trade Design.”
- Taking what we have learned about cap-and-trade, we will **identify opportunities** of importance to low income advocates in the context of federal and state activity on energy and climate issues;
- **Articulate strategy** for use of federal stimulus funds, RGGI funds, and other funding sources associated with upcoming energy and climate legislation; and
- **Facilitate a coherent conversation** to further explore relevant issues, including:
  - Identifying common challenges shared among states;
  - Sharing information about various state approaches, focusing on transferable lessons and mechanisms among participating states and programs;
  - Sharing best practices and winning strategies among states, to leverage advances in specific areas across the region; and
  - Recognizing potential connections between federal, state, and local programs.
- **This is about “transition” and getting results at lower costs.**



# Topics to be covered

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- **Part One:** Cap-and-Invest—a brief review of RGGI allowance allocation and the reasoning behind it.
- **Part Two:** Consider the Opportunities – Climate Action Plans, RGGI Implementation and Administration, and Where the Consumer Allocation Dollars are Going.
- **Part Three:** Consider the Opportunities (cont.) – the *American Recovery and Reinvestment Act* and the *American Clean Energy and Security Act*
- **Part Four:** Discussion



# I. Getting Electric Sector Greenhouse Gas (GHG) Reductions

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Power-sector CO<sub>2</sub> emissions can be significantly reduced in three ways:

- Reducing consumption;
- Re-dispatching the existing fleet; and
- Lowering the emissions profile of new generation (including repowering existing generation).



# I. Cap-and-Trade

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## ➤ Cap-and-trade

- A policy mechanism that places **emissions restrictions** on a certain **class of polluters** within a geographic area.
- Allowances are created in an amount that reflects the total tonnage of emissions within that area.
- That limit, also known as a “**budget**,” can remain **constant** or it can **change**; i.e., it can be lowered over time.
- **Polluters acquire allowances**, and **surrender** a number allowances to the regulatory authority at the end of each compliance period that reflects their emissions for that period, typically one allowance for one ton of emissions.
- So, for example, emitting a thousand tons of pollutant would require the surrender of a thousand allowances.



# I. Cap-and-Trade

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- The “**trade**” part of a cap-and-trade is designed to encourage emitters to **meet** their regulatory **requirements** at the **lowest cost** possible.
- The assumption: **some emitters** can control their emissions at a **lower cost than others**, and if so, then they will have allowances that they can sell to others who find it more expensive to reduce their emissions.
- The system encourages the lowest-cost solutions. And, as long as all the polluters in the class and geographic area stay “under the cap,” i.e., the total number of allowances does not exceed the budget, and the environmental goal is met.



# I. Cap-and-Trade

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- Allocation: the **distribution** or “allocation” of permits is perhaps the most contentious part of developing a cap-and-trade since allowances **monetize the ability to emit**.
- Under the Clean Air Act’s **Acid Rain Program**, allowances were **allocated freely**, thereby “grandfathering” polluters at their existing levels of pollution.
- Under that program, trading is allowed, but generally only necessary for emissions beyond individual baseline levels.
- The Regional Greenhouse Gas Initiative (**RGGI**)
  - **allocates allowances through auctions**, thereby requiring emitters to purchase allowances, either from an auction or from a third party that has acquired allowances; and
  - **enables strategic investment** of a large amount of allowance revenues for clean energy programs.



# I. Consumer Benefit Allocation

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- **Recycle auction revenues** and turn them back into improved state clean energy programs like energy efficiency, weatherization, and renewables development.
  
- **How much is allocated?**
  - RGGI States initially agreed in MOU to allocate **25% of allowances for consumer benefit** and to leave 75% for discretionary activities.
  
  - **In practice**, i.e., at their discretion, states have directed a much **larger amount of allowance value to efficiency and clean energy – > 70%**.
  
- **Question:** Why did they change their minds ?
- **Answer:** Modeling programmatic efficiency

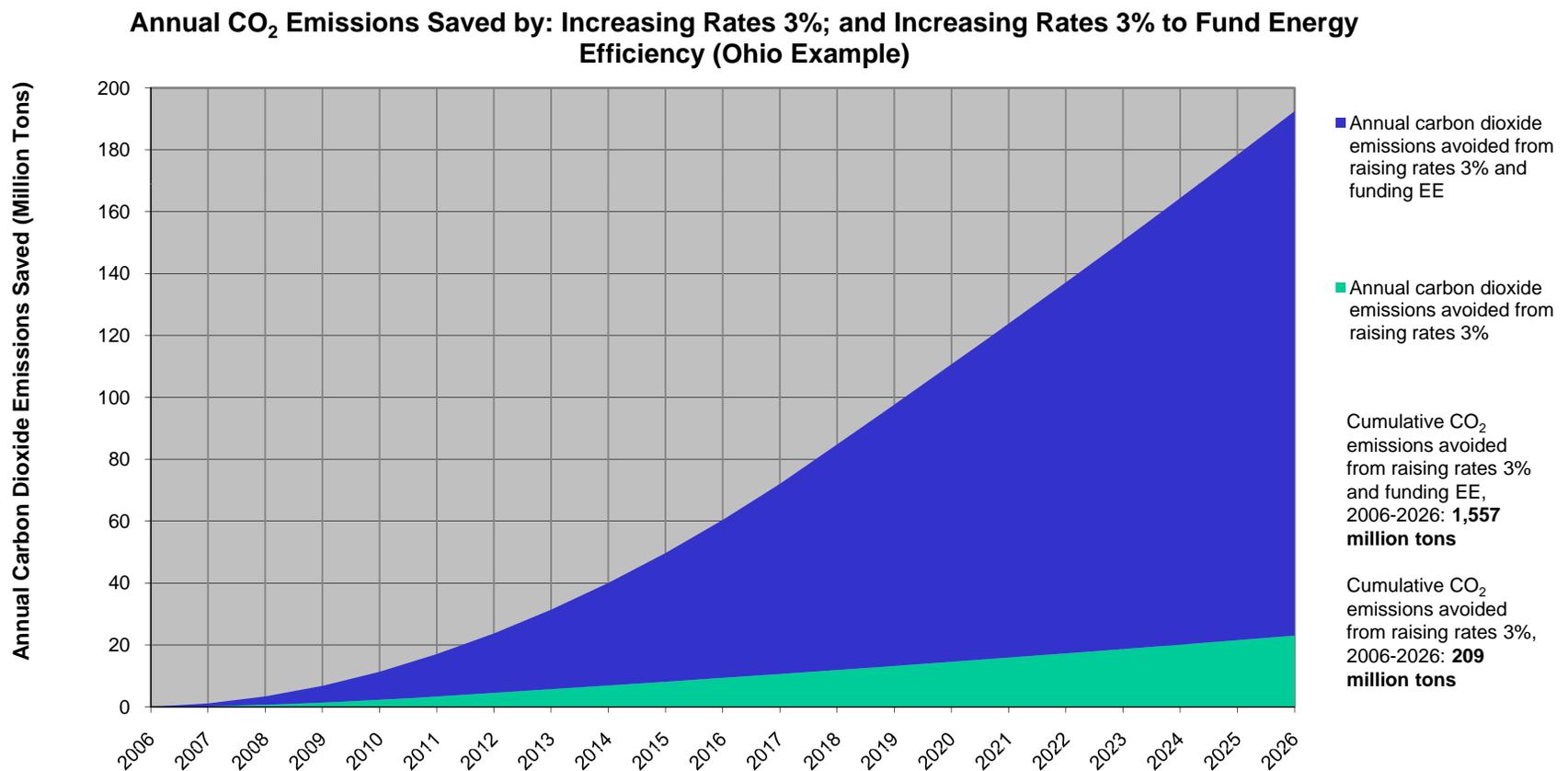


# I. Cap-and-*Invest*

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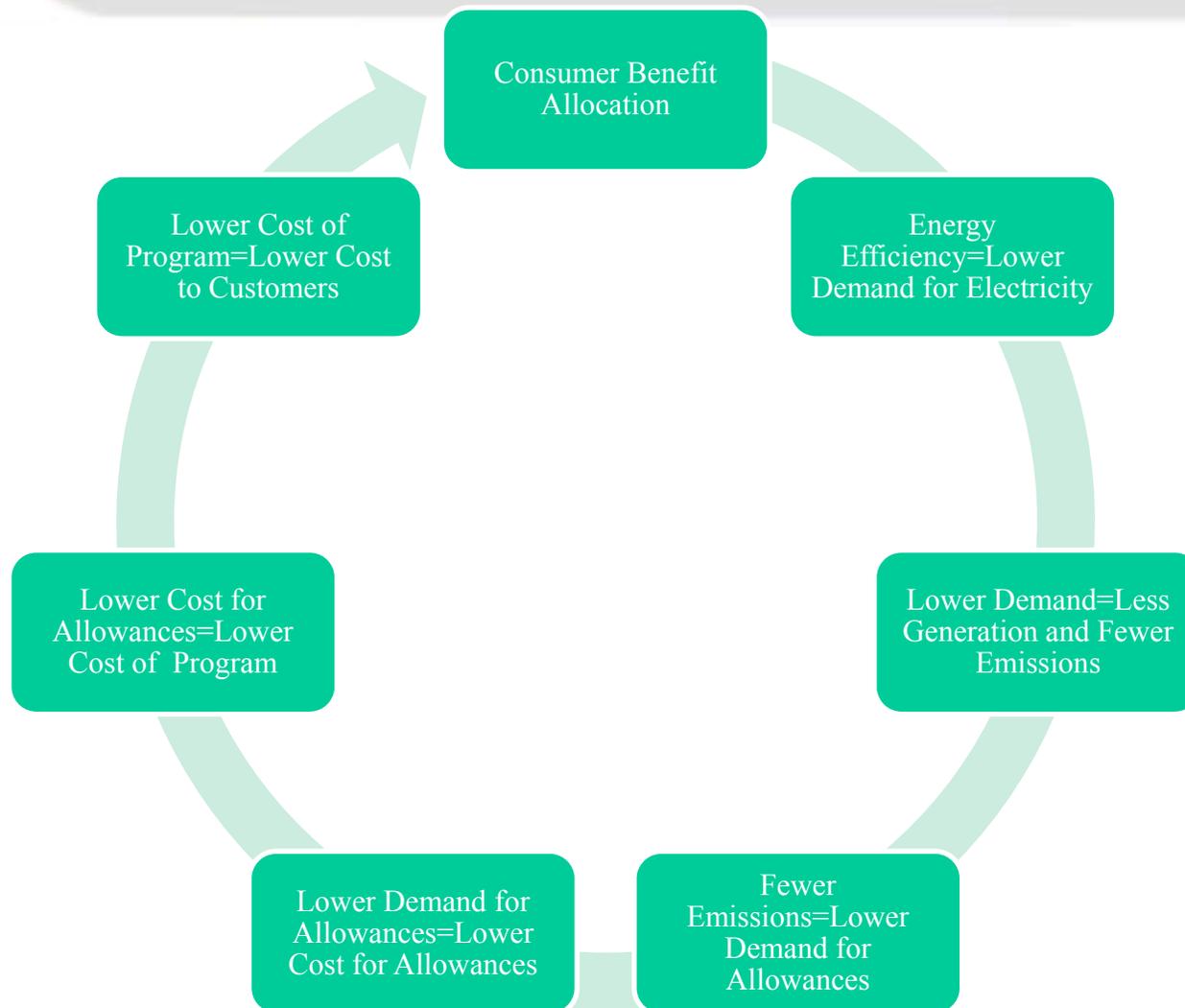
- What happens if we **double** efficiency **spending** in the RGGI States?
- RGGI found:
  - Allowance **prices drop 25%**
  - **Need for new fossil capacity drops 33%**
  - **Customer bills drop:**
    - 5% (Industrial),
    - 8% (Commercial), and
    - 12% (Residential)
  - And that even **greater EE investments** would yield **greater savings**

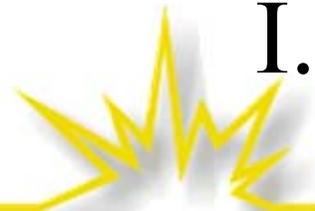
# Efficiency programs can save 7x more carbon per consumer \$ than carbon taxes or prices



Assumptions: Electricity use increases by 1.7% per year; Retail electric sales increase by 3%; Price elasticity is -0.25 (-0.75 for a 3% increase), distributed over 5 years; Carbon dioxide emissions are 0.915 tons per MWh in Ohio; Cost of EE is 3 cents per kWh; Average EE measure life is 12 years

# I. Why cap and invest?





# I. Consumer Benefit Allocation: Conclusions

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- RGGI states recognized that:
  1. price (alone) created by capping emissions does not get the job done. This is due, in part, to lack of abatement technology, barriers to deployment of energy efficiency etc. and
  2. auctioning allowances and strategically investing revenue to reduce electricity demand overcomes significant barriers and will result in significant additional benefits.

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  - Part Three: Consider the Opportunities (cont.) – the *American Recovery and Reinvestment Act* and the *American Clean Energy and Security Act*
  - Part Four: Conclusions and Discussion

## Part Two

# Opportunities – Climate Plans

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- Maine, New Hampshire and Vermont have developed climate action plans.
- They have in common an emphasis on:
  - the important role to be played by energy efficiency in meeting climate goals,
  - the need to take actions sooner than later, in order to achieve greater economic benefits, and
  - the need to integrate various efforts and to address climate change in a coordinated manner.



## II. Climate Plans - Maine

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- December 2004, Maine DEP issues Plan.
- Focus is on four sectors of Maine's economy:
  - Transportation and Land Use;
  - Buildings, Facilities, and Manufacturing;
  - Energy and Solid Waste; and
  - Agriculture and Forestry.
  
- Plan recognizes that “[m]any of the electricity demand management options, such as **energy efficiency** measures, will **save** Maine people and businesses **significant dollars**, while contributing to Maine's energy security.”
  
- Plan contains following recommendations regarding the role of efficiency:
  - Option 23, entitled, “Fossil Fuel Efficiency Measures” recognizes the need to “[i]ncrease **public expenditures for fossil fuel efficiency** measures for the residential, commercial and industrial sectors.” Notes need to raise public funding for fossil fuel efficiency measures, and enhance existing programs to promote weatherization and insulation measures.
  
  - Option 35, entitled, “Efficient Use of Oil and Gas: Home Heating,” recognizes the need to “**develop energy efficiency programs for heating and hot water systems of all fuel types**,” and to “replace inefficient boilers/furnaces with Energy Star rated” equipment.
  
- **Participation in RGGI** is identified by Maine's Plan as one of the most important actions Maine could take to reduce emissions of GHGs.

## II. Climate Plans – New Hampshire

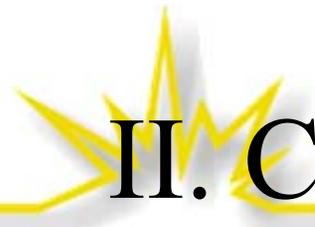
- March 2009, New Hampshire issues its Plan.
- Recognizes that the Plan presents an opportunity to:
  - **Spur economic growth** through investment in New Hampshire’s economy with monies currently spent importing energy
  - Create jobs and economic growth through development of in-state sources of energy from renewable and low emitting resources, and green technology development and deployment by New Hampshire businesses.
  - **Avoid the significant costs of responding to a changing climate** on the state’s infrastructure, economy, and the health of our citizens.
- In order to attain these goals, the New Hampshire Plan contains various recommendations including actions to:
  - **Reduce greenhouse gas emissions from buildings, electric generation**, and transportation.
  - **Support regional and national initiatives to reduce greenhouse gases**; and
  - Develop an integrated education, outreach and workforce training program.
- The New Hampshire Plan also recommends **continued RGGI implementation**.
- Many of these actions, according to the New Hampshire Plan, can be **implemented “immediately”** and “the sooner reductions are accomplished, the greater the economic benefit.” “Delays in achieving reductions,” according to the Plan, “would result in increased implementation costs, thus reducing their economic benefit and making it more difficult to reach the long-term goal.”



## II. Climate Plans – Vermont

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- October of 2007, Vermont’s Commission on Climate Change (Commission) issues Final Report.
- Its first recommendation, urges the Governor and Legislature to:
  - [E]xplore together ways to continue and **expand** the state’s nationally recognized demand-side management (**DSM**) **practices** for electricity and natural gas.
- The Report further urges the Governor to:
  - Cost-effectively **enhance energy efficiency** by developing mechanisms to extend Vermont’s existing and highly effective DSM efforts to **include additional fuels** beyond electricity and natural gas, especially **heating oil used in residential, commercial, and industrial establishments**.
- Commission acknowledges
  - the “inadequacy” of what it terms “**stovepipe**” approaches to public policy as it addresses climate change, and
  - the need for Vermont to “**comprehensively integrate its efforts** to address climate change, just as climate change comprehensively threatens the state’s traditional character and its extraordinary quality of life.”
- The Commission further urge the Governor to lead by example and “coordinate climate change efforts across all agencies ....”
- December 2007, the Vermont Agency of Natural Resources
  - develops a Climate Change Transition team (Climate Team) to further respond to proposals in the Report.
  - directed Climate Team to review the Report’s recommendations, and develop work plans for their implementation.
- The Climate Team is currently undertaking that work.



## II. Climate Plans – Conclusions

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- While being implemented differently, these climate plans reflect a recognition of the:
  - central role to be played by energy efficiency in cost-effectively achieving climate goals,
  - need to take quick action, and
  - increased effectiveness to be achieved through better coordinating efforts being made by different state agencies.
- All three states recognize the value in:
  - broadening the electric energy efficiency mandate to include buildings and thermal efficiency
  - operating in a cost-effective manner, and
  - building on the frameworks of existing programs.

## II. Opportunities – Where are RGGI Allowance Auction Revenues Going?

**ME: Auctioning 88%**

**\$ 75% EE**  
**15% fossil-fuel EE**  
**8%, CHP**  
**2% Voluntary Clean Energy**

**NH: Auctioning min. 69%**

**\$ 10% low-income EE**  
**89% EE**  
**1% Voluntary Clean Energy**

**VT: Auctioning 99%**

**\$ 95% all fuels EE**  
**1% Voluntary Clean Energy**

Source: Environmental Northeast

## II. Opportunities – **Who** recommends and decides how RGGI and other energy efficiency \$ should be used?



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- **Maine** – Efficiency Maine Trust, and PUC
- **New Hampshire** – Energy Efficiency and Sustainable Energy (EESSE) Board, and PUC
- **Vermont** – the Public Service Board, Department of Public Service and Efficiency Vermont



## II. Maine

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- June 2009 – **LD 1485** signed into law (effective immediately upon passage): *An Act Regarding Maine's Energy Future*.
- Establishes the **Efficiency Maine Trust** to administer programs for energy efficiency and alternative energy resources.
- Trust is directed to **develop a 3-year plan** providing **integrated planning**, program **design** and **implementation strategies** for **all energy efficiency** and **alternative energy** resources programs in the state, for all customer classes, for all fuels (**except MSHA's** energy programs).
- Consultative process: to legislature for review, to PUC for approval.



## II. Maine

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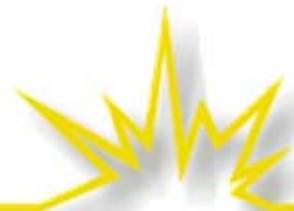
- **LD 1485 Plan** must advance certain “**targets**”
  - weatherizing 100% of Maine residences and 50% of Maine businesses by 2030,
  - achieving energy savings, at a minimum:
    - 30% of electric consumption,
    - 30% of natural gas consumption, and
    - 20% heating fuels consumption by 2020
- Capture **all cost-effective energy efficiency resources** available for electric and natural gas utility ratepayers, and
- **Reduce GHG emissions** from the heating and cooling of buildings **consistent with the statewide goals**:
  - at least 10% below 1990 levels by 2020 and
  - eventually 75-85% below 2003 levels.
- Programs supposed to address **electric and thermal** energy needs. However, no state-based funding source for programs directed at unregulated fuels.
- **Cost-effective energy efficiency** and **alternative energy investment** eligible for funding.
- Authorizes MSHA issuance of **revenue bonds** (\$30 million annually and \$200 million total) to support :
  - **Construction or substantial rehab of multifamily** affordable **rental housing** units and
  - **Replacement** of substandard **manufactured housing** units. (Note comparable Waxman-Markey provision).



## II. Opportunities - Maine

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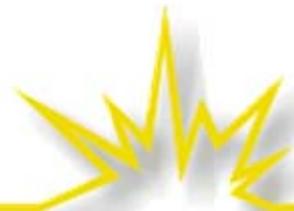
- Climate Action Plan:
  - Participation in implementation discussion
  - Developing comfort in citing to climate plan goals in discussions.
  - Educating decision-makers regarding the advantages of developing a GHG program that weds affordability, environmental, and energy goals.
  
- Helping decision-makers like the Efficiency Maine Trust and the PUC recognize the available GHG reductions in the housing sector.
  
- For unregulated fuels:
  - No prospects for a program beyond 2012 (stimulus bill funding horizon)
  - LD 1485 directs Trust to prepare and submit a report to the legislature by January 2011
  - Small *window*: Trust is new; Report due 1/11; and funding beyond 2012 uncertain
  - Participation in development of Trust Report to legislature, including providing recommendations on appropriate levels and mechanisms for continued and improved funding of programs sufficient to capture cost-effective thermal efficiency resources, including heating oil, kerosene and propane.



## II. New Hampshire

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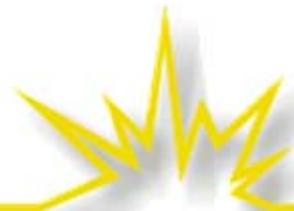
- New Hampshire's RGGI statute, HB 1434, created the **Energy Efficiency and Sustainable Energy Board (“EESE Board”)**, and the “Greenhouse Gas Emissions Reduction Fund” (“**RGGI Fund**”).
- RGGI funds are to be “used to support **energy efficiency, conservation and demand response programs to reduce greenhouse gas emissions generated within the state,**” and to **reduce energy bills for New Hampshire electric customers.**
- The **EESE Board** is required to “**provide recommendations at least annually to the public utilities commission on the administration of energy efficiency and renewable energy funds** under the commission’s jurisdiction.”



## II. New Hampshire

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- The **EESE Board**, is required to develop various plans, including a plan:  
for **energy efficiency and sustainable energy** that **builds on existing successful programs**, increases awareness of energy efficiency and sustainable energy, and **improves coordination** of these programs.
- The purpose of the plan is to:  
achieve the **state's energy efficiency potential for all fuels**, including setting goals and targets for energy efficiency that are meaningful and achievable.
- The EESE Board is directed to  
**Explore opportunities to coordinate programs** targeted at **saving more than one fuel resource**, including conversion to renewable resources and coordination between natural gas and other programs which seek to reduce the overall use of nonrenewable fuels.
- It is also directed to:  
Work with **community action agencies** and the **Office of Energy and Planning** to **explore ways to ensure** that all **customers participating in programs** for low-income customers and the Low Income Home Energy Assistance Program (LIHEAP) **have access to energy efficiency improvements**, and **where appropriate, renewable energy resources**, in order to reduce their energy bills.



## II. New Hampshire

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- The EESE Board is also tasked with providing:
  - Providing **recommendations to the PUC on the administration and allocation of energy efficiency and renewable energy funds** under the commission's jurisdiction.
  - Investigating **potential sources of funding for energy** efficiency and sustainable energy development and delivery mechanisms for such programs,
  - **Coordinating** efforts between **funding sources to reduce duplication and enhance collaboration**, and
  - **Reviewing** investment **strategies to increase access** to energy efficiency and renewable energy resources
  - **Encouraging municipalities and counties to increase investments** in energy efficiency and sustainable energy through financing tools....



## II. Opportunities – New Hampshire

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- Climate Action Plan:
  - Participation in implementation discussion
  - Developing comfort in citing to climate plan goals in discussions.
  - Educating decision-makers regarding the advantages of developing a GHG program that weds affordability, environmental, and energy goals.
- Helping decision-makers like the EESE Board and the PUC recognize the available GHG reductions in the housing sector;
- Educating decision-makers regarding the advantages of developing a GHG program that weds affordability, environmental, and energy goals, and helping them implement climate action plans, state Regional Greenhouse Gas Initiative (RGGI) programs, and other energy policies in a manner that best coordinates these goals;
- Generally, helping the EESE Board fill the role of “coordinating voice, both within the state and outside the state on all of the issues dealing with the vision of energy policy at all levels of government.”
- Encouraging EESE Board to access funding to enable it to accomplish its goals.



## II. Vermont

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- Under current law (30 V.S.A. § 235), proceeds from allowance sales go into a “fuel efficiency fund” that is used to support “energy efficiency services delivered pursuant to an RFP process overseen by the Vermont Department of Public Service (Department), and approved by the Vermont Public Service Board (Board).
  
- By law, the Board must:
  - ensure that carbon credits allocated under this program and revenues associated with their sale remain public assets managed for the benefit of the state's consumers, particularly benefits that will result from accelerated and sustained investments in energy efficiency and other low-cost, low-carbon power, or heating system or building envelope investments....
  
- In 2008, under this structure, the Department submitted a plan to the Board which was conditionally approved in February of 2009 in Board Docket No. 7495. The Board indicated that it approves the Department’s proposal for one year, and that the Department is required to submit further filings “regarding measures and compensation mechanisms” to address the relevant statutory goals for future years.



## II. Vermont

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- H. 313, passed in May, requires:
  - 50% of the RGGI revenues to go to the electric efficiency fund, which is regulated by the Public Service Board and administered by Efficiency Vermont; and
  - 50% to go to the fuel efficiency fund, which is administered by the Department of Public Service via an RFP process subject to PSB approval.
  - Efficiency Vermont will use its portion to serve non-residential customers, and residential customers above 80% of median income; and
  - The Department-administered portion will go to residential customers at or below 80% of median.



# Opportunities - Vermont

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- Climate Action Plan:
  - Participation in implementation discussion
  - Developing comfort in citing to climate plan goals in discussions.
  - Educating decision-makers regarding the advantages of developing a GHG program that weds affordability, environmental, and energy goals.
  
- Helping decision-makers recognize the available GHG reductions in the housing sector.
  
- Consider further participation in Public Service Board
  - Docket 7495, and
  - Workshop re: *Screening of Heating and Process-Fuel Efficiency Measures.*

## II. Climate Action Plans and RGGI Implementation - Conclusions



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- With what you know now about the RGGI model, energy efficiency, and cap-and-trade, educate others about wedding affordability with energy and environmental goals.
- Become comfortable with, and rely on, state climate plan goals.
- Participate and assist appropriate organization in planning activities, reporting to legislature, and working within PUC and other decision-making processes.



# Topics to be covered

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- Part One: Cap-and-Invest—a brief review of RGGI allowance allocation and the reasoning behind it.
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### III. The American Recovery and Reinvestment Act (ARRA);

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- Like cap-and-trade, ARRA is about **transitioning**
- Purpose: “an effort to jumpstart the weakened economy and to lay the groundwork for developing an economy that will be able to meet the challenges of the 21st century **through investment** in infrastructure, energy, education, and tax cuts.”
- **Three categories of ARRA funds** considered here:
  - State Energy Program,
  - Energy Efficiency and Conservation Block Grant, and
  - Weatherization Assistance Program.



### III. ARRA – State Energy Program

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- **SEP** provides **funding** (\$3.1 billion) for a wide variety of programs, projects and policies, including, **energy efficiency** and **renewable energy**.
  
- The following agencies are responsible for administering SEP funds:
  - the Maine Public Utilities Commission;
  - the New Hampshire Office of Energy Planning, and
  - the Vermont Department of Public Service.



### III. ARRA – Block Grants

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- The Energy Efficiency and Conservation Block Grant Program is designed to assist **local governments** in implementing **energy efficiency** and **conservation programs**.
- Part of the funding (\$2.8 billion) - automatically distributed on the basis of a formula that takes population and other factors into account;
- Remaining amounts (\$400 million) - a competitive grant program.
- Funding can be used to conduct energy **audits**, perform energy efficiency **retrofits**, implement more efficient energy distribution technologies, develop or install **renewable energy technologies** and incent energy efficiency improvements in the private sector.
- Grantees may use the greater of either 2 percent or \$250,000 of funds to establish revolving **loan funds** and the same amount to provide subgrants to assisting non-government organizations.



### III. ARRA and Weatherization

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- **Grants** to states for distribution to low income homes to purchase and install materials and to **implement other weatherization** measures to improve energy efficiency.
  
- ARRA **expands the program** by increasing:
  - **Number of households eligible** for assistance (expanding eligibility levels to households at or below 200 percent of federal poverty level), and
  
  - Maximum **assistance** to \$6,500.
  
- States can also receive **funding for administrative costs** of retaining **technical support** to further develop weatherization strategies.

# III. The American Clean Energy and Security Act (ACES)



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- Currently, this bill:
  - Establishes a cap-and-trade program for GHGs,
  - Establishes a combined RE and EE standard,
  - Develops a strategy for promoting CCS,
  - Imposes performance standards on new coal-fired power plants,
  - Promotes investment in EE, e.g., building retrofits, and adoption of advanced building codes.



## III. ACES

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- **Our focus:** Energy Efficiency, Affordability, and Improving Housing Stock
- **Some sections** of the bill are **specific** in stating that **allowance value** should be used for EE.
- **Other sections authorize the use of allowances** for funding EE, **but do not necessarily dedicate** the funding.



## III. ACES – Section 131

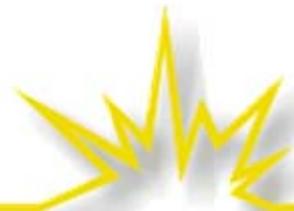
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➤ SEED Fund

- States and DOE develop create a SEED **Fund** for managing and **accounting for** federal financial **assistance to states** designated primarily for **clean energy, energy efficiency,** and climate change purposes.

➤ Allowances are provided to the SEED accounts according to the following schedule:

|                                      |                                 |
|--------------------------------------|---------------------------------|
| <b>2012 thru 2015 -- 9.5 percent</b> | <b>of total allowance value</b> |
| 2016 thru 2017 -- 6.5                | “                               |
| 2018 thru 2021 -- 5.5                | “                               |
| 2022 thru 2025 -- 4.6                | “                               |
| 2026 thru 2050 -- 4.5                | “                               |



# III. Section 132 -- Support of State Renewable Energy and Energy Efficiency Programs

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- Allowances allocated to states under section 782(g)(1) of the Act (i.e. SEED Accounts) shall be distributed to the states as follows: 1/3<sup>rd</sup> equally among states; 1/3<sup>rd</sup> based on population; 1/3<sup>rd</sup> based on energy use.
- At least **12.5%** of allowance value shall be distributed to **local governments**.
- At least **20%** of allowance value to be used for **EE** purposes related to (A) building **codes** (section 201); (B) **manufactured homes** (section 203); (C) energy performance **labeling** (section 204); (D) low-income **community energy efficiency programs** (section 264); and (E) the Retrofit for Energy and Environmental Performance, **REEP** program (section 202).
- At least **20%** shall support renewable energy through **other financial mechanisms**, e.g., capital grants, tax credits, production incentives, loans, loan guarantees, forgivable loans, and interest rate buy downs for (ARRA-funded manufacturing facilities producing RE and storage systems, and for other RE development.
- The remaining **47.5%** for A-E, plus other things, including RE and smart grid.



## III. ACES – Section 264

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- Section 264 Low Income Community Energy Efficiency Program
  - DOE authorized to make grants to private, nonprofit, mission driven community development organizations including community development corporations and community development financial institutions to provide financing to businesses and projects that improve energy efficiency; identify and develop alternative, renewable, and distributed energy supplies; provide technical assistance and promote job and business opportunities for low-income residents; and increase energy conservation in low income rural and urban communities.



## III. ACES – Section 202

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- **Building Retrofit Program: Retrofit for Energy and Environmental Performance Program (REEP).**
  - Federal financial assistance to states to retrofit existing buildings for improvements in energy efficiency, water use, and other environmental attributes.
  - The program will include detailed descriptions of funding options for state and local governments, along with model forms, accounting aids, agreements and guides to best practices; and will support up to 50% of the costs of retrofits, with funding increasing in proportion to efficiency achievement.
  - As a condition of receiving funding for REEP, states must adopt the standards for training, certification of contractors, certification of buildings, and post-retrofit inspection developed by DOE for residential and commercial buildings; and establish fiscal controls and accounting procedures sufficient to ensure proper accounting.



## III. ACES – Section 203

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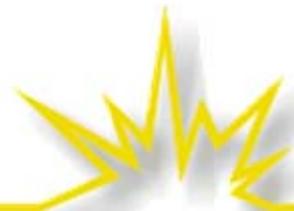
- **Energy Efficient Manufactured Homes.**
  - States may provide owners of pre-1976 manufactured homes with rebates to use towards purchases of new Energy Star-qualified manufactured homes.



## III. ACES – Section 782

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- Natural Gas Utilities receive allowances according to the following schedule:
  - 2016-2025 -- 9 percent of total allowance value
  - 2026 -- 7.2 “
  - 2027 -- 5.4 “
  - 2028 -- 3.6 “
  - 2029 -- 1.8 “
- Gas Utilities must spend at least 1/3 of their allowances on EE



### III. ACES – Sections 783, 784, 785, and 721

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- Allocations for the benefit of consumers:
  - allocations to electricity local distribution companies (Sec. 783),
  - and states for the purpose of mitigating home heating oil and propane cost increases (Sec. 785).
  - In addition, a total of 15% of allowance value will be distributed to low- and moderate-income families (Sec. 721(a)).
- **Question:** How can consumers most benefit from allowance value?



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- Part One: Cap-and-Invest—a brief review of RGGI allowance allocation and the reasoning behind it.
- Part Two: Consider the Opportunities – Climate Action Plans, RGGI Implementation and Administration, and Where the Consumer Allocation Dollars are Going.
- Part Three: Consider the Opportunities (cont.) – the *American Recovery and Reinvestment Act* and the *American Clean Energy and Security Act*
- **Part Four: Some Conclusions and Discussion**



# Some Conclusions

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- Remember the RGGI model:
  - a successful cap-and-trade program for GHGs should “**recycle revenue**” via allowance auction, and **invest** proceeds **in end-use measures**.
- Maine, New Hampshire and Vermont **climate action plans** and **state RGGI statutes** recognize the:
  - central role to be played by energy efficiency in cost-effectively achieving climate goals,
  - need to take quick action, and
  - increased effectiveness to be achieved through better coordinating efforts being made by different state agencies.
- All three states recognize the value in:
  - **broadening the electric energy efficiency mandate** to include buildings and thermal efficiency
  - operating in a cost-effective manner, and
  - building on the frameworks of existing programs.
- The **same lessons apply** to potential **federal climate proposals** like Waxman-Markey:
  - Consider educating Congressional delegations from respective states regarding the advantages of developing a GHG program that weds affordability, environmental, and energy goals.
  - Develop familiarity with federal proposals and be willing to point out need for support (in climate legislation) that would continue support started under state climate action plans, RGGI, and federal stimulus legislation.
- **Other conclusions**



## IV. Discussion

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