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for a changing world

# *Western Advocates Technical Meeting*

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# Remarks

- A Perspective on 111(d) Compliance
- The Role for Renewables
- Environmental Advocates, Consumer Advocates, and the States

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# U.S. Climate Regulation—2008/2009

- Conventional Wisdom—Congress Failed to Adopt a Climate Policy
  - McCain/Lieberman
  - Waxman Markey
  - Cantwell Collins

# U.S. Climate Regulation—2008/2009

- Valuable Takeaway—States Identified Power Sector Carbon Compliance Measures:
  - *Complementary Measures* (circa 2009)
  - *Beyond the Fence Measures* (2014)



Task Force on  
Climate Policy  
July 2009

# *Climate Issue Brief*

Climate Issue Brief #4

## **State Clean Energy Policies: The Foundation for an Electric Sector Cap-and-Trade Program**

[http://www.naruc.org/Publications/ClimateIssueBrief4\\_Jul2009.pdf](http://www.naruc.org/Publications/ClimateIssueBrief4_Jul2009.pdf)

# NARUC *Climate Issue Brief #4*

*For decades, the goals of State **clean energy investment** have been consistent with initiatives that only now are being explicitly described as “**carbon policies.**”*

## *Climate Issue Brief #4 cont.*

*Recent experience demonstrates that such policies as programmatic end-use energy efficiency and renewable portfolio standards are **not merely** “**complementary**” to the price signal established by a carbon policy, but could constitute the **primary means** for reducing CO<sub>2</sub> emissions in the energy sector.*

# Advocates Might Consider

- 2009 as the “starting point” of the compliance conversation with States.
- Remember NARUC’s position on this from 5 years ago.
- Instead of asking for something to “start from zero” today, think of it asking for “more of what is already underway.”

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# The Clean Power Plan

## Establishes a Big Role for Renewables

- RE significant compliance option
- RE production is tracked by the MWh through robust and transparent tracking systems
- Tracking systems developed out of stakeholder processes with the help of air and energy regulators, regional transmission operators, generation owners, and utilities.
- States can rely on these systems to support the use of RE for power sector carbon policy compliance.
- Existing REC tracking systems and tracking protocols can ensure the proper accounting for renewable energy generation, and increase the likelihood of cost-effectively achieving emission-reduction goals under 111(d) Plans.

# Tracking Renewable Energy for the U.S. EPA's Clean Power Plan

Guidelines for States to Use  
Existing REC Tracking Systems  
to Comply with 111(d)



June 25, 2014

**Robin Quarrier**  
Chief Counsel  
Center for Resource Solutions

**David Farnsworth**  
Senior Associate  
Regulatory Assistance Project



## A Brief *101 Text* on Tracking Systems and 111(d) Compliance

[http://www.resource-solutions.org/pub\\_pdfs/Tracking%20Renewable%20Energy.pdf](http://www.resource-solutions.org/pub_pdfs/Tracking%20Renewable%20Energy.pdf)

# The Big Role for Renewables

- U.S. tracking systems work fine, but...
- Renewable Attribute (REC) will need an “appropriate” carbon value to properly reflect displaced carbon.
- Beware, however, of policies that would put renewable energy and accounting for renewable energy at risk.

## CORPORATE RENEWABLE ENERGY BUYERS' PRINCIPLES: INCREASING ACCESS TO RENEWABLE ENERGY

Sixty percent of the largest US businesses have set public climate and energy goals to increase their use of renewable energy.<sup>1</sup> Companies are setting these goals because reducing energy use and using renewable energy have become core elements of business and sustainability strategies.

Businesses are actively and successfully adding renewable energy to their own facilities and increasingly entering into contracts to buy or invest in offsite renewable energy. Even though cost-effective project opportunities currently exist, with billions of kilowatt hours still needed to meet their renewable energy goals, businesses face a variety of challenges accessing cost-effective projects on favorable terms.

The following principles frame the challenges we are facing and our common needs as large renewable energy buyers. We developed these principles to help facilitate progress on these challenges and to add our perspective to discussions underway across the country on the future of our energy and electricity system.

We hope these principles will open up new opportunities, choices and collaborations that will help businesses meet their public goals to increase the use of renewable energy.<sup>2</sup> We encourage others to join us in supporting these principles to expand and streamline the opportunities for renewable energy procurement.

It is good news that there is a growing market for renewable resources.

New Terminology: *Parallel Accounting.*



Walmart



Johnson & Johnson



P&G

Bloomberg



MARS



[http://www.wri.org/sites/default/files/Corporate\\_Renewable\\_Energy\\_Buyers\\_Principles.pdf](http://www.wri.org/sites/default/files/Corporate_Renewable_Energy_Buyers_Principles.pdf)

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Consumer Advocates, and the States**

# Preparing for 111(d): 10 Steps Regulators Can Take Now

Authors

**Kenneth Colburn and Christopher James**

## Introduction

The publication of the U.S. Environmental Protection Agency's (EPA) proposed rule to reduce greenhouse gas (GHG) emissions from existing power plants under section 111(d) of the federal Clean Air Act in the *Federal Register* on June 18, 2014, marks the official launch of a multi-year engagement between EPA and state regulators.<sup>1</sup> EPA's proposal reflects a comprehensive and flexible integration of energy and environmental policy. State regulators have long called for EPA to link these two important policy areas more directly.<sup>2</sup> EPA further extended the rule's flexibility by setting state-specific targets that allow each state to measure progress against itself. Moreover, it accepts policies that reduce GHG emissions both at the power plant level and more broadly through demand-side and renewable programs that reduce the need to utilize fossil-fueled supply resources.<sup>3</sup>

EPA's flexibility offers great freedom, but also attaches unusual responsibility. The proposal provides little specific guidance for state implementation, and in numerous places requests parties' comments on the approaches used in developing it. Following the release of the proposed rule, numerous parties published summaries and opinions.

Sound advice for the state energy and environmental regulators charged with developing and implementing state compliance plans, however, remains the exception. This paper focuses on what state officials can do now, and over the coming year, to lay the groundwork for developing an effective, approvable 111(d) plan.

## What Can State Regulators Do Now?

The typical response to a new federal regulation is to try to analyze all the options in order to determine the most cost-effective approaches for possible implementation. For the 111(d) proposal, however, the number of options is too great, the available economic models are generally too limited or otherwise inadequate, the time window is too short, and states have too few resources to consume them analyzing rule provisions that may never take effect. States will be better served if regulators instead consider these actions:

- 1. Engage with fellow state regulators.** State utility regulators, environmental regulators, consumer advocates, and state energy officers serve the same jurisdiction and their actions often impact each other, but routine communication among them remains rare.

## Thinking About EPA's Clean Power Plan from the Point of View of the Energy Regulator

[RAP ColburnJames PreparingFor111dStepsRegulatorsCanTakeNow 2014 JUL 07](#)

# Good Advocacy—One Opinion

- Successful Advocates:
  - Recognize the decision-makers goals/constraints; and
  - Help the decision-maker reach her goals.
- This is especially the case in “un-mapped” or unclear circumstances.

# Regulatory Authority to look at cost-effective resources as part of 111(d) Plans

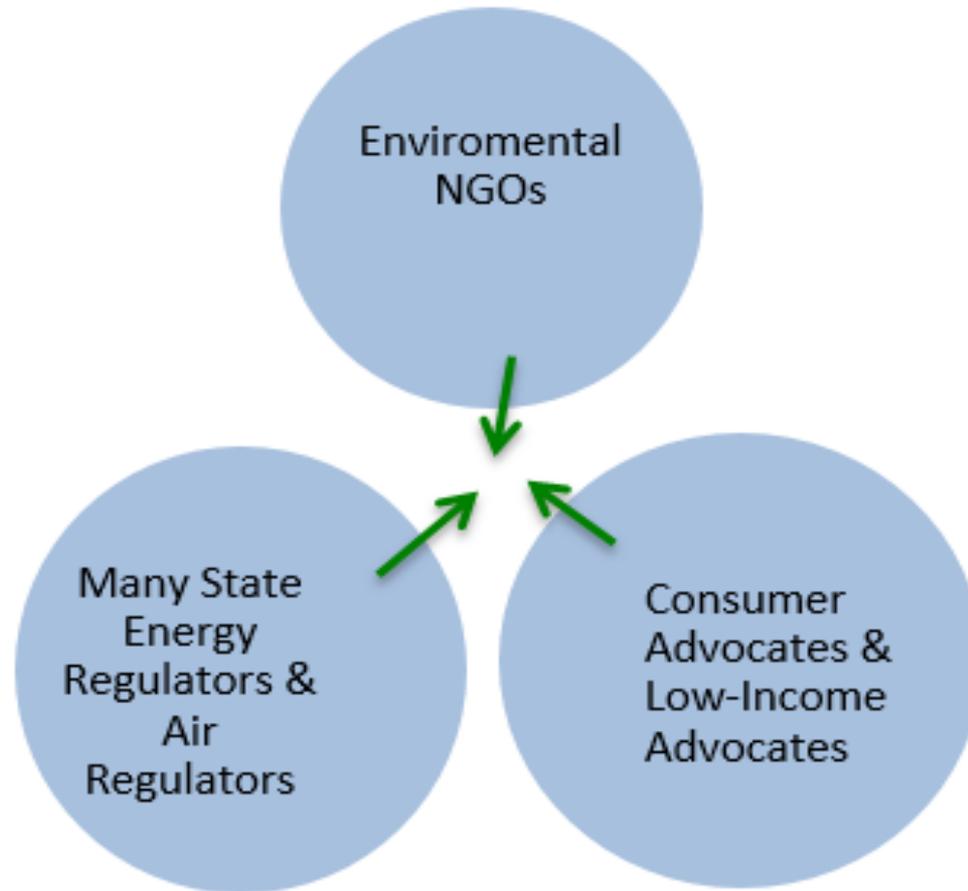
	<b>Authority to Adopt Emission-Reduction Requirements ?</b>	<b>Authority to Adopt Least-Cost Environmental Compliance Solutions and to Recover Costs?</b>
<b>State Env. Regulators</b>	<b>Yes</b>	<b>No</b>
<b>State Energy Regulators</b>	<b>No</b>	<b>Yes</b>

Ken Colburn, RAP

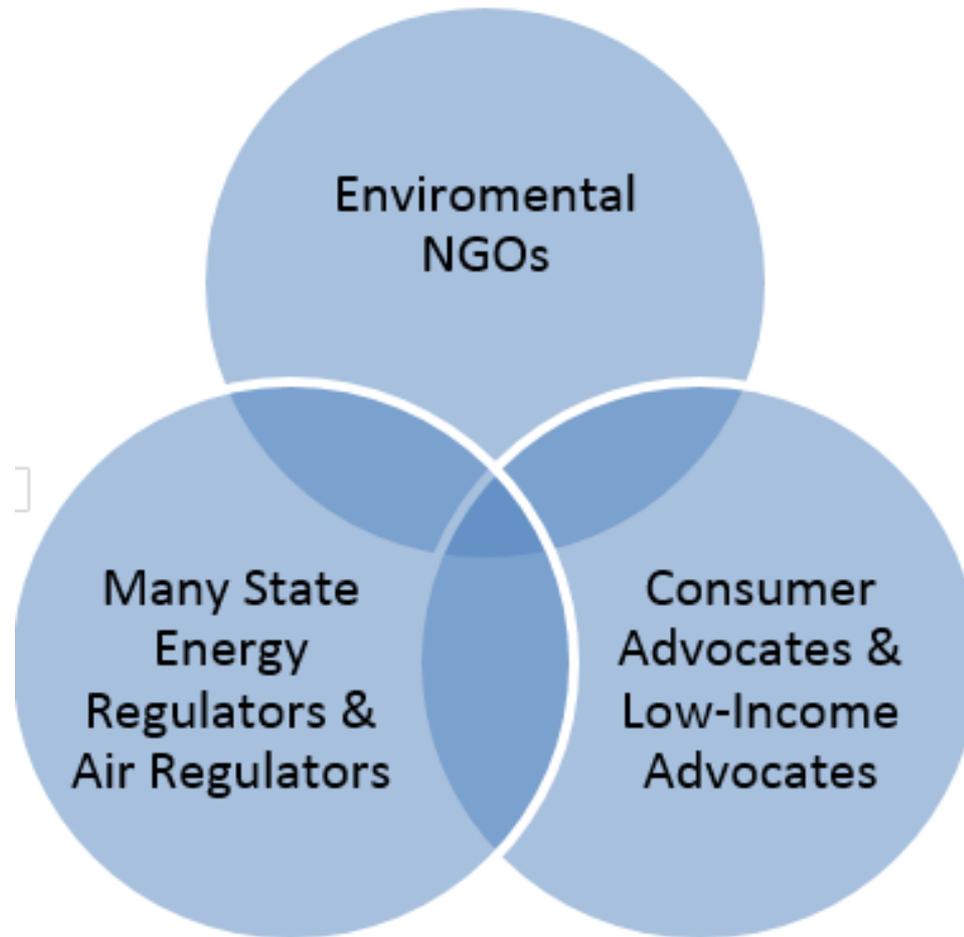
# A Role for Consumer Advocates

- Can they help talk emission reductions to energy regulators?
- Can they help talk least-cost environmental solutions to environmental regulators?
- Can environmental advocates work more closely with consumer advocates to help them?

# Shared Interests: Low-cost solutions



# Shared Interests: Low-cost solutions



# Colburn and James

- Engage with fellow state regulators.
- Engage with other states.
- Engage and strengthen relationships with EPA regional offices.

# Colburn and James

- Initiate or deepen engagement with the ISO/RTO or those responsible for managing the regional electricity grid.
- Evaluate the state's evaluation, measurement, and verification (EM&V) protocols for energy efficiency (EE) programs.
- Update or conduct maximum potential studies for EE and renewable energy.

# Colburn and James

- Determine if additional value can be obtained from state EE and RE programs.
- Incorporate GHGs in relevant energy and environmental planning and regulatory processes.
- Consider the staging of actions to reduce GHG emissions.
- Eliminate “silos” that segregate multiple pollutants (e.g., CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>) and media impacts (e.g., air, water, waste).

Thanks for the invitation.  
I look forward to your questions.

## About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power sector. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

Learn more about RAP at [www.raponline.org](http://www.raponline.org)

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