

## CPP Compliance Options: *Reliability, Affordability, and Sustainability – June 2015*

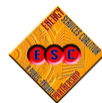


# ***About NASEO and State Energy Offices***

- **NASEO represents the 56 governor-designated energy offices from each state and territory. *State Energy Directors:***
  - Advise governors, legislatures, and regulators
  - Advance practical energy policies and support energy technology research, demonstration, and deployment
  - Partner with the private sector to accelerate energy-related economic development and enhance environmental quality
  - Engage in the development of state energy policies and the oversight of billions of dollars in state-based energy funding
  - Lead state energy policy planning in most states

# +NASEO's Affiliates

*A robust and engaged network of +60 private-sector partners, including representatives from business, trade associations, nonprofit organizations, educational institutions, laboratories, and government.*



# + NASEO CPP Approach

- NASEO has not taken a position on 111(d)
- Support inter- and intra- State Energy Office, Air Agency, and Utility Commission discussions
- If CPP moves forward NASEO seeks to:
  - maintain electricity system reliability and affordability
  - ensure maximum compliance flexibility for states
  - enable least cost compliance (e.g., EE – supply and demand, distributed resources, voluntary actions)
- EPA should provide states the opportunity to use both state-overseen investor owned utility ratepayer efficiency programs **and** public and private non-ratepayer approaches (e.g., ESPC, Superior Energy Performance, CHP, building energy codes, ENERGY STAR, C-PACE, Weatherization)



# NASEO's Key CPP Takeaways

- Recognize the electricity system is changing rapidly and already faces multiple challenges (technology disruption, environmental quality, economic sustainability), and must also deliver reliable, affordable power to support state economic goals
- Advance options for states that leverage private existing energy efficiency (demand and supply) and distributed energy investments to ensure a “true” least cost approach that supports system reliability, generation fuel diversity, and affordability
- Ensure that necessary efficiency program EM&V is as streamlined as possible (i.e., don’t let perfect be the enemy of the good) while providing environmental agencies verifiable emissions reductions
- Assist states in working with the private sector to accelerate “no-regrets” efficiency actions (ESPC, codes, EE financing)
- Continue State Energy Office, State Air Agency, and State Utility Commission collaboration through inter-state, multi-state, and the 3Ns. Energy and air issues are complex and need all of our ideas, efforts, and solutions

# + NASEO CPP Activities

- Ongoing cooperation with the National Association of Clean Air Agencies (NACAA) and National Association of Regulatory Utility Commissioners (NARUC) to coordinate state assistance efforts
  - Hosted “3N” consensus process “Energy Efficiency Principles”: [http://www.naseo.org/Data/Sites/1/principles\\_3n\\_2014.pdf](http://www.naseo.org/Data/Sites/1/principles_3n_2014.pdf)  
(e.g., reliability, national energy efficiency registry, credit for early action)
  - 3N Efficiency Case Studies Meeting: December 2015
  - 3N Efficiency Plan Language Meetings: March 2015
  - Engage States, Utilities, Energy Industry, advocacy groups, federal agencies on reliability, cost and EE compliance (ongoing)
- 111(d) planning sessions at NASEO Annual Meeting September 2015
- State 111(d) Resource Hub: [www.111d.naseo.org/](http://www.111d.naseo.org/)



# Energy Efficiency Opportunities – “No Regrets” Actions



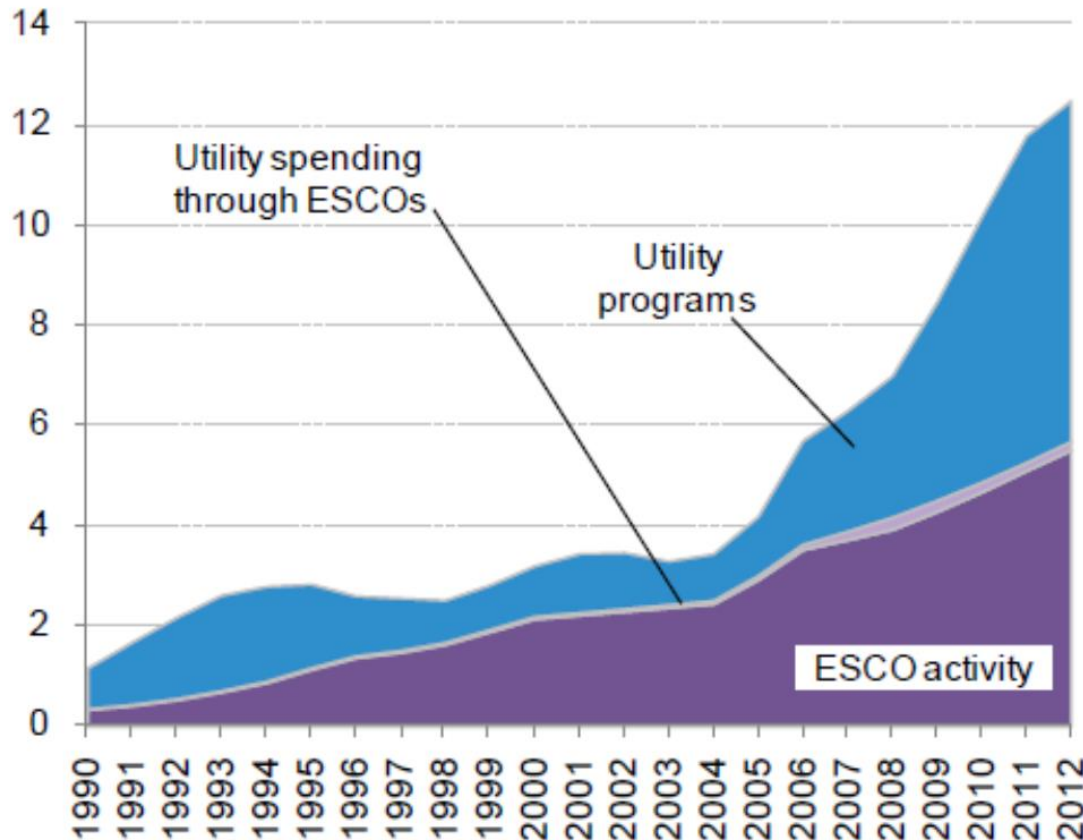
- State-overseen, Investor Owned Utility Ratepayer Efficiency Programs . . . About \$7 billion annually (portion of project costs)
- Public Facilities Retrofits and ESPC . . . About \$6B of private investment annually (total project cost)
  - NASEO developed multi-state ESPC tracking project (e.g., VA, GA, KY) to leverage broad energy, economic, environmental benefits
- Building Energy Code Compliance
  - NASEO-led pilot code compliance program (e.g., TX)
- Potential private industrial efficiency aggregation (e.g., Superior Energy Performance / ISO 50001; CHP)
- Energy financing programs (e.g., WHEEL, C-PACE) (States oversee >\$5B in EE and RE financing programs)
- Statewide comprehensive energy planning that supports, for example, evolving utility business model policies, distributed generation, storage, micro-grids





# Privately-Delivered Energy Efficiency

Investment in Energy Efficiency Through ESPC  
1993-2012  
(\$ billion)



- ESPC doesn't rely on taxpayer or ratepayer investment
- ~\$7B+ U.S. market investment annually
- Projected to grow to \$10-15 billion by 2020
  - Scalable for CPP compliance

Slide Source: RAP;  
Bloomberg New Energy  
Finance



# + NASEO Ongoing/Upcoming CPP Activities

- Ongoing cooperation with the National Association of Clean Air Agencies (NACAA) and National Association of Regulatory Utility Commissioners (NARUC) to coordinate state assistance efforts
- Create EE compliance case studies and plan language for state consideration and submission to EPA (Summer 2015)
- Advance voluntary national energy efficiency registry concept (e.g., 3N comments 2014; engage states and industry 2015)
  - Support multi-state collaboration proposing work with the Climate Registry and NASEO to create a national energy efficiency registry to use for existing and future state and federal air rules and energy planning (2015 – pending funding)
- Promote multi-state and intra-state dialogue among State Energy Offices, air agencies, and utility commissions
  - NASEO will provide increased assistance and support to State Energy Offices in plan input and analysis (Sept. 2015 - ongoing)
- NASEO multistate meetings with EPA regional officials (Sept. 2015 - ongoing)
- Establish a CPP energy efficiency compliance coordination calls (various DC and regional groups) and NASEO State Energy Office task force (2015)
- State 111(d) Resource Hub: [www.111d.naseo.org/](http://www.111d.naseo.org/)



## Next Steps . . .



- 1. Continue work with States, NARUC and NACAA**, as well as ECOS, NASUCA, utilities, trade associations
- 2. Complete Efficiency Pathways** – NASEO is working with private sector partners (JCI, Honeywell, Schneider Electric, NEMA, AGA, NAIMA, USGBC) in developing case studies on programs for consideration by States and submission to EPA:
  - State, local and federal public facility retrofits – ESPC
  - Building energy codes (residential and commercial)
  - CHP and Industrial EE / Superior Energy Performance
  - Other Areas: C-Pace, Multifamily, Supply Side EE
- 3. Work with TCR and states to create a National Energy Efficiency Registry** - broad energy/air program value
- 4. Support State-Industry CPP Coordination** meetings/calls
- 5. Provide assistance to states on EE and reliability issues** and support multi-state efforts



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