

Update on EPA Clean Energy Policy Initiatives

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NARUC Winter Meeting/ERE Committee

Washington, DC

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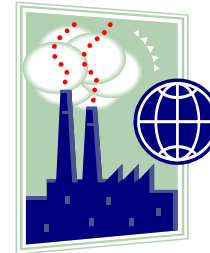


EPA's Voluntary Climate Programs

- 15 years of experience
- Broad range of issues
 - Energy efficiency
 - Renewable energy
 - State/local policy
- Overcoming market barriers to financially attractive technologies/practices
 - ENERGY STAR -- residential, commercial, industrial
 - Renewable energy
 - CHP and landfill gas recovery
- Broad set of partners: utilities, states, industry, NGOs

Overview

- EPA-State Energy Efficiency and Renewable Energy (EERE) Projects (“NARUC Pilots”)

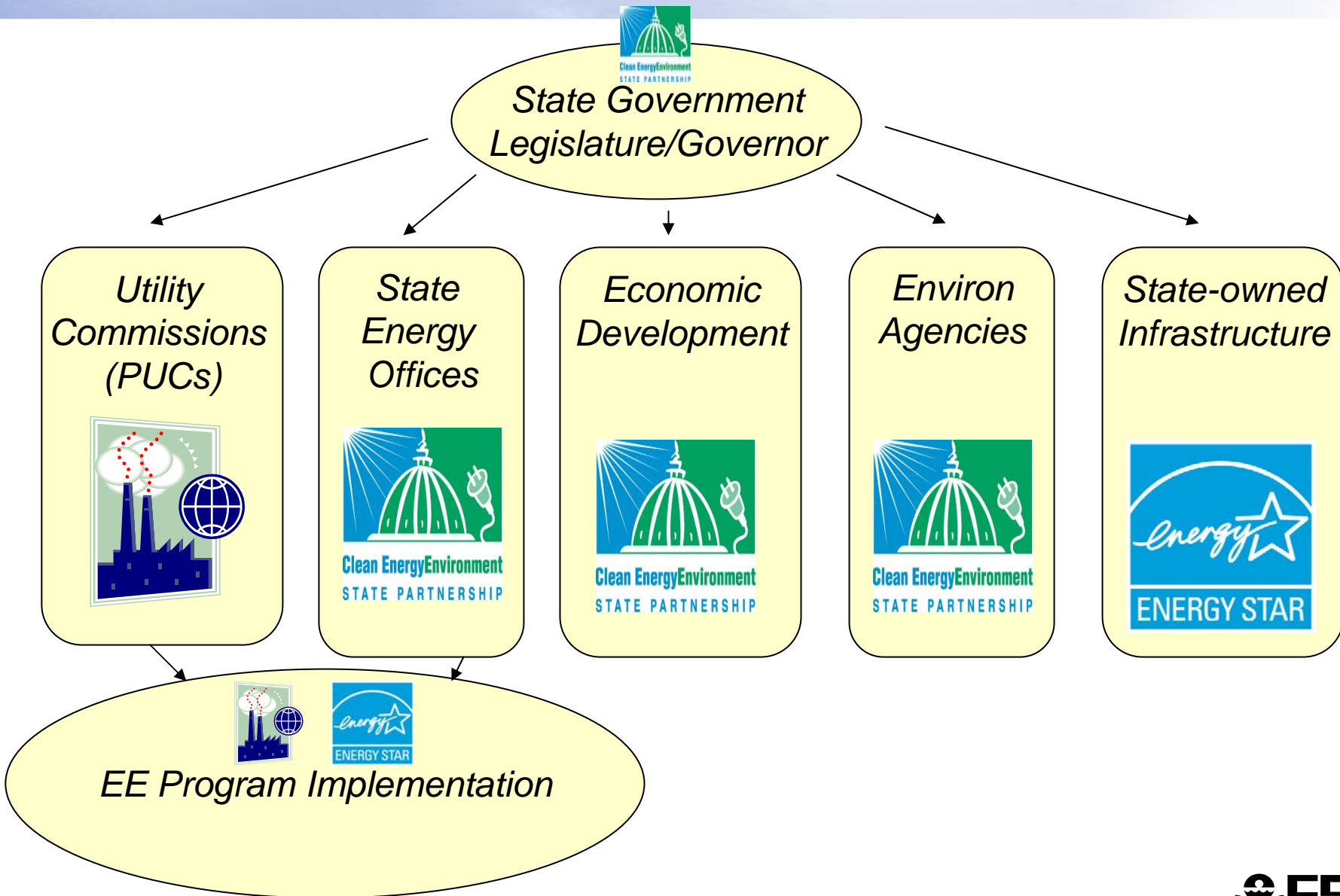


- Clean Energy-Environment State Partnerships



- EPA comments in state/federal proceedings
- Energy Efficiency Action Plan

EPA Clean Energy Policy Support



EPA-State EERE Projects ("NARUC Pilots")

- NARUC Annual Meeting/Nashville (Nov 2004):
 - Invited NARUC Member state commissions to work w/ EPA
 - "to implement innovative utility regulatory approaches that leverage clean energy resources to the benefit of ratepayers and the environment"
- NARUC Winter Meeting/Washington (Feb 2005)
 - Announced Seven Pilot States: AR, CT, HI, MN, NJ, NM, DC
- NARUC Winter Meeting/Washington (Feb 2006)
 - 2005 Activities/Results
 - 2006 Plans

EPA-State EERE Projects (“NARUC Pilots”)

Some Key Results in 2005

- Arkansas
 - Whitepaper re cost-effective EE potential in AR (June 2005)
 - Notice of Investigation (July 2005)
 - Little Rock, Workshop: Developing and Implementing Energy Efficiency Programs (February 22, 2006)
- Connecticut
 - TOU rate report
 - CHP technical assistance
- District of Columbia
 - Participation in new SBC for EE (“RETF”) Roundtable (Aug 2005)
 - RETF Workgroup: recommendations for new programs (Jan 2006)
 - RPS Workgroup: implementation of new RPS legislation (Dec 2005)
 - Work with DC Energy Office on RETF program implementation (ongoing 2006)
- Hawaii
 - Support Commission’s review of HECO DSM program proposals (ongoing 2006)
 - Support for RPS Collaborative Workshop (Oct 2005)
- Minnesota
 - Next Generation of Energy Efficiency Initiatives in Minnesota Workshop (Nov 2005)
 - Support innovative policy discussions (ongoing 2006)

EPA-State EERE Projects (“NARUC Pilots”)

Lessons

- Every state is unique: opportunities to assist are varied
 - Timing is important
 - Understanding commission’s priorities is critical
- EPA can support EE by:
 - Presenting case for focusing on EE opportunities/barriers
 - Structuring workshops
 - Bringing in national experts and leading states
 - Supporting followup
- EPA can assist in drawing in support from other state agencies
 - E.g., energy, environment, or economic development departments
- Need for EE implementation support is > anticipated
- RPS implementation is an opportunity

The Clean Energy-Environment State Partnerships



A voluntary state-federal partnership with leading states to advance clean energy policies that achieve economic, public health, and environmental goals

Partners take action:

- Foster collaboration among state agencies
- Establish 1 or more clean energy goals
- Conduct analyses, evaluate options and measure benefits
- Develop and implement clean energy-environment action plan

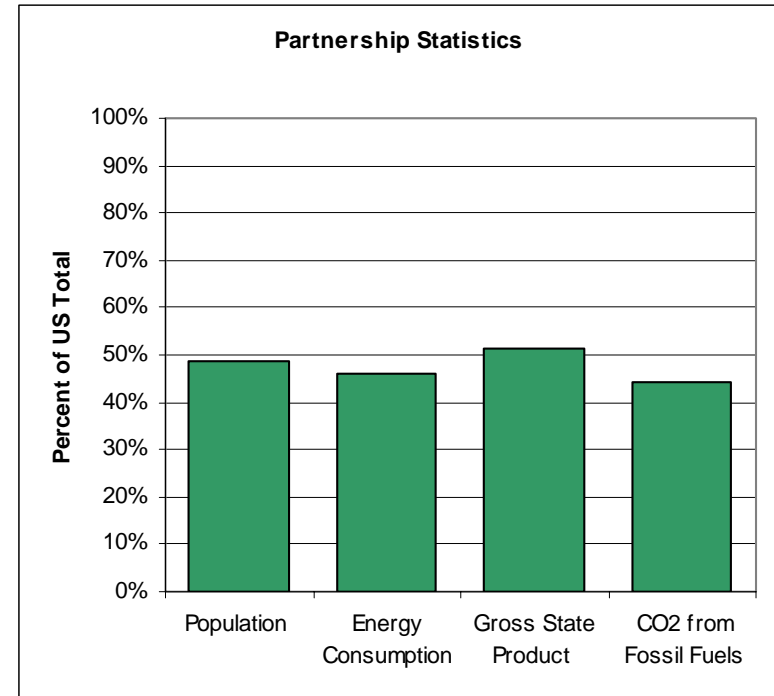
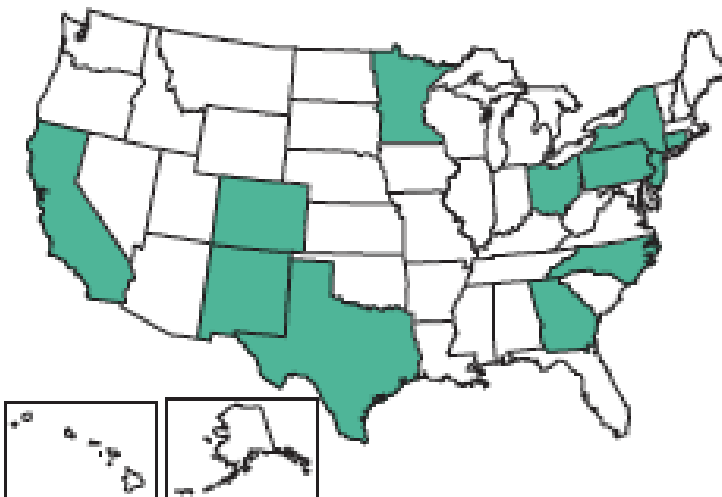
EPA provides:

- Dedicated, hands-on assistance evaluating strategic and programmatic options
- Targeted guidance and analysis
- State-to-state peer exchange and communication support
- Information about funding opportunities and related clean energy resources
- National recognition

Clean Energy-Environment State Partners

Together, EPA's 12 Partner States Represent...

- 49% of U.S. population
- 46% of U.S. energy consumption
 - 6 of 10 highest ranked states by overall energy consumption (TX, CA, NY, OH, PA, GA)
- 51% of total U.S. GSP
- 44% of total U.S. CO₂ emissions from fossil fuel combustion

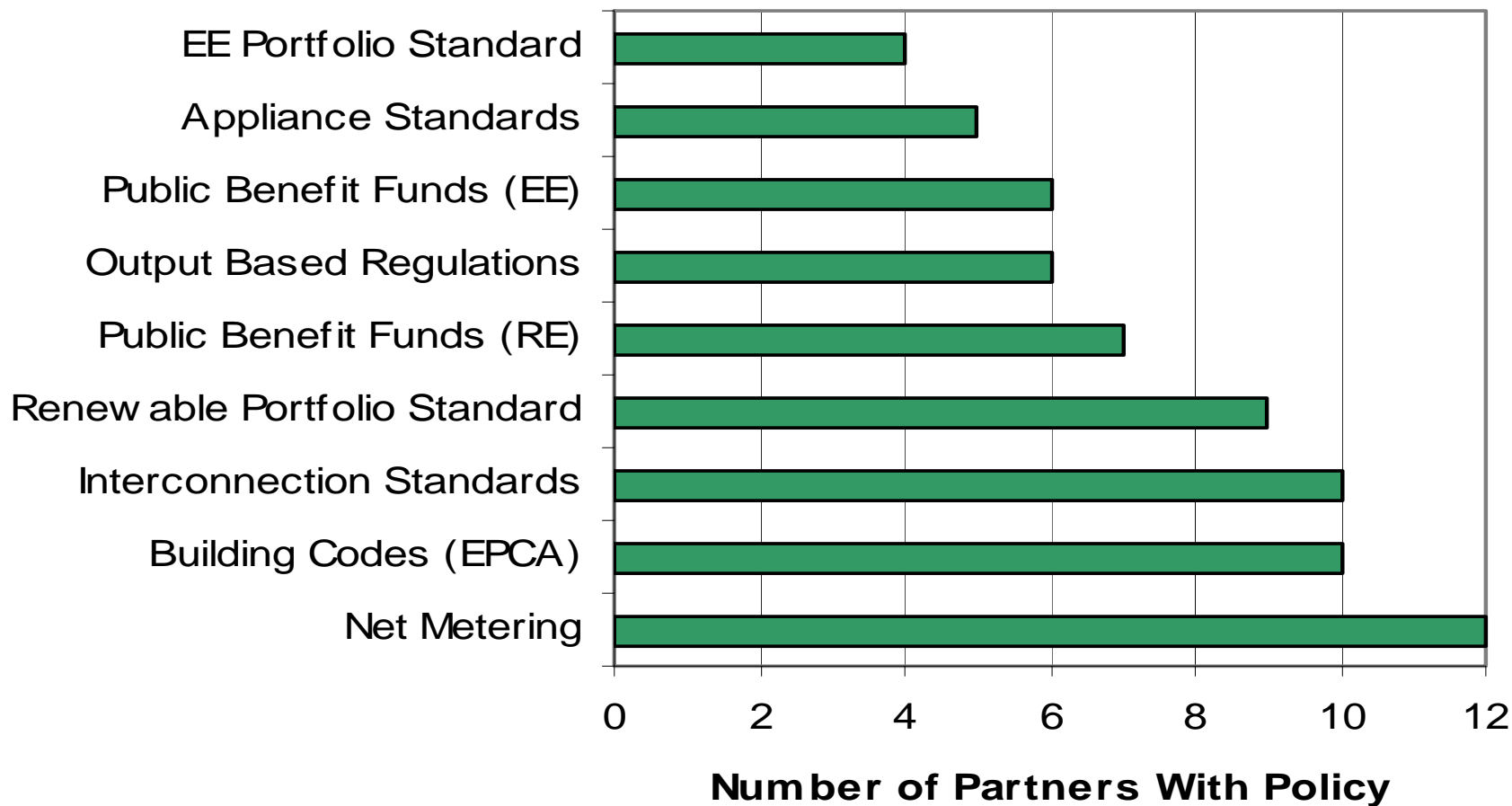


Participating States:

CA, CO, CT, GA, MN, NC,
NJ, NM, NY, OH, PA, TX

Partner States Are Pursuing Range Clean Energy Policies

Partner State Clean Energy Policies



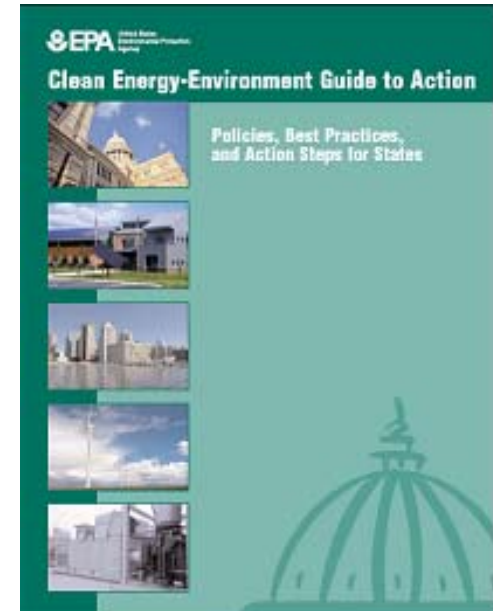
2005 Partner Accomplishments:

- Partnership, Collaboration and Planning
 - **Georgia** created a multi-agency collaborative, identified and is pursuing 5 clean energy priorities, and is now developing a comprehensive state energy plan.
 - **Ohio** completed analyses of clean energy options including public benefits fund enhancement and lead by example measures, and began implementation of an energy efficiency/renewable energy NOx allowance set aside.
- EE/RE Policy
 - **California** launched a \$3 billion solar energy initiative, doubled its energy efficiency program budgets for 2006-2008, and adopted new building and appliance standards
 - **Pennsylvania** began implementation of an Alternative Energy Portfolio Standard that encompasses renewable energy and energy efficiency.
 - **Texas** increased its renewable portfolio standard to 5,880 MW by 2015, equivalent to 5% of the state's projected electricity demand
 - **New Jersey** increased public benefit funding for energy efficiency and renewables and will use this to help meet a goal of meeting 100% of load growth with EE/RE
 - **New York** enacted appliance standards, expanded consumer ee education and incentive programs, extended ee/re public benefit funds and released a strategic energy action plan.
- Lead by Example
 - **Minnesota** issued an Executive Order 05-14 providing for energy conservation measures to reduce energy usage in state owned buildings by 10% by the end of 2006.
 - **Colorado** issued an Executive Order on Greening of the Government. The Greening Government Coordinating Council. defined five areas of focus: energy, water, transportation, recycling and waste management, and environmentally preferred purchasing.

EPA Clean Energy-Environment *Guide to Action (GtA)*

- **The *Clean Energy-Environment Guide to Action* describes 16 cost-effective clean energy policies that states have successfully implemented**
 - Builds on established state models and experiences in designing, implementing, and evaluating clean energy programs.
 - includes specific action steps, best practices and lessons learned
 - Designed to help states develop new clean energy programs or enhance existing ones
- **Designed for use by state energy and environmental policymakers.**
 - Identifies action steps for air and energy officials and utility regulators
 - Describes role of state legislatures, executive branch and other state agencies
 - Includes numerous state examples and federal, state and nonprofit resources
- **Available on EPA's Clean Energy Web site**
 - <http://www.epa.gov/cleanenergy/stateandlocal/>

New Report!



EPA Clean Energy-Environment GtA

Policy	EE	RE	DG/CHP
State Planning and Incentive Structures			
Lead by Example	X	X	X
State and Regional Energy Planning	X	X	X
Determining the AQ Benefits of Clean Energy	X	X	X
Funding and Incentives	X	X	X
Energy Efficiency Actions			
Energy Efficiency Portfolio Standards	X		
Public Benefit Funds for Energy Efficiency	X		
Building Codes for Energy Efficiency	X		
State Appliance Standards	X		
Renewable Energy and Combined Heat and Power			
Renewable Portfolio Standards		X	X
Public Benefit Funds for Clean Energy Supply		X	X
Output-Based Environmental Regulations		X	X
Interconnection Standards		X	X
Fostering Green Power Markets		X	X
Utility Planning and Incentive Structures			
Portfolio Management Strategies	X	X	X
Utility Incentives for Demand-Side Resources	X	X	X
Emerging Approaches: Removing Rate Barriers to Distributed Generation	X	X	X

EPA Resources for States – *Peer Exchange*

- **State-to-State Peer Exchange**
 - EE/RE State Technical Forums
 - Conferences and training sessions
 - Reports and white-papers
- **NGO Support (via EPA Grants)**
 - NARUC
 - NASEO
 - NCSL
 - Developing new cooperative agreement to provide direct CE analytical and stakeholder support

EPA Comments in State/Federal Proceedings

- FERC Qualified Facilities (EPAAct 2005)
- FERC Demand Response Resources (EPAAct 2005)
- Michigan Green Power
- Pennsylvania Alternative Energy Portfolio Standard
- Texas Renewable Energy Portfolio Standard

Energy Efficiency Action Plan

- Launch and 1st Meeting of Leadership Group (Dec 2005)
 - Leadership initiative to advance energy efficiency
 - EPA and DOE Support
 - Co-Chairs:
 - Diane Munns, NARUC President and Iowa Utilities Board Member
 - Jim Rogers, Chairman and Chief Executive Officer, Cinergy
 - Leadership Group includes Commissioners from CT, CA, DC, WA, and MN

For More Information

- EPA's "NARUC Pilots" and NARUC/ERE representative

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