EPA's Final Clean Power Plan (CPP) Rule: Changes and Implications for Energy Efficiency

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The role of RGGI as a means of compliance for the CPP

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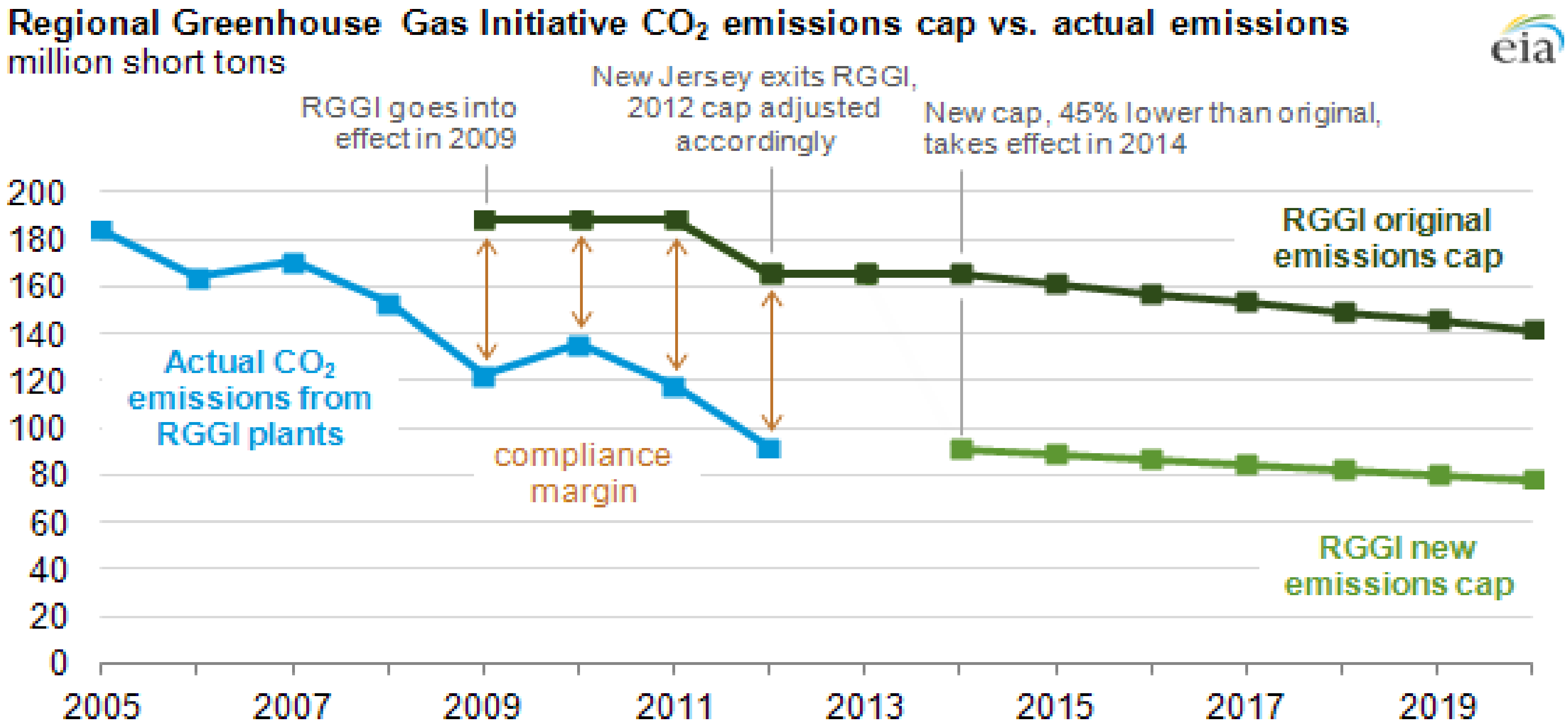
- A cooperative effort by initially 10 Northeast and Mid-Atlantic states to establish a regional cap-and-trade program for power plant emitted CO_2. NJ withdrew from the program in 2012
- Applies to electric generating units greater than 25MW
- States signed Memorandum of Understanding and developed a model rule for state program development
- Designed to be a template for a federal program

RGGI Annual CO_2 Emissions Cap



Source: Regional Greenhouse Gas Initiative
Note: States participating in the current program include Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Delaware, and Maryland. New Jersey withdrew from the RGGI program in 2012. As a result, the program cap and associated emissions declined starting in 2012.

Source: http://www.eia.gov/todayinenergy/detail.cfm?id=14851

RGGI Annual CO_2 Emissions Cap – State Specific

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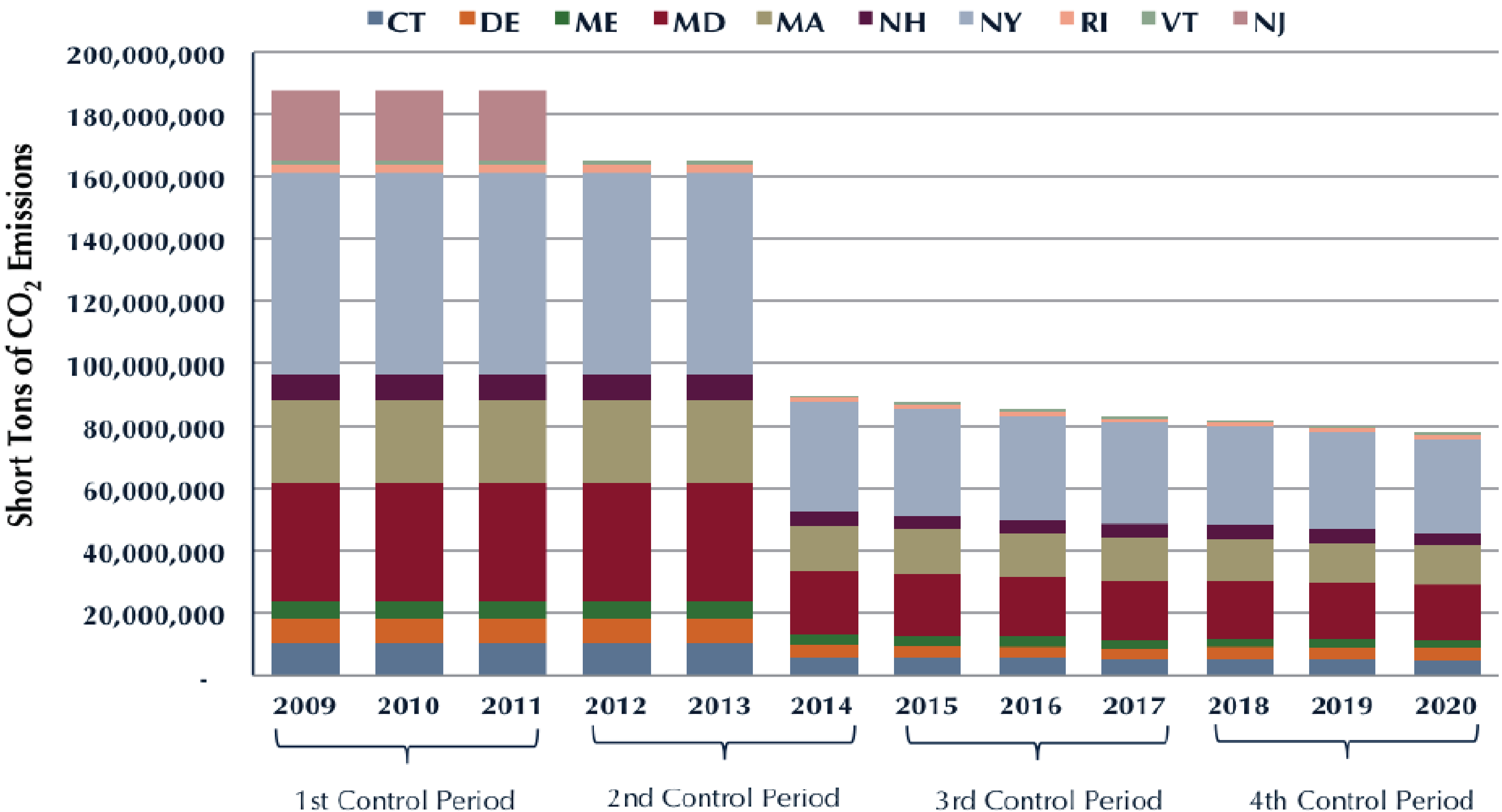

Source: RGGI, Allowance Allocation, http://www.rggi.org/design/overview/allowance_allocation

CPP RGGI Summary View

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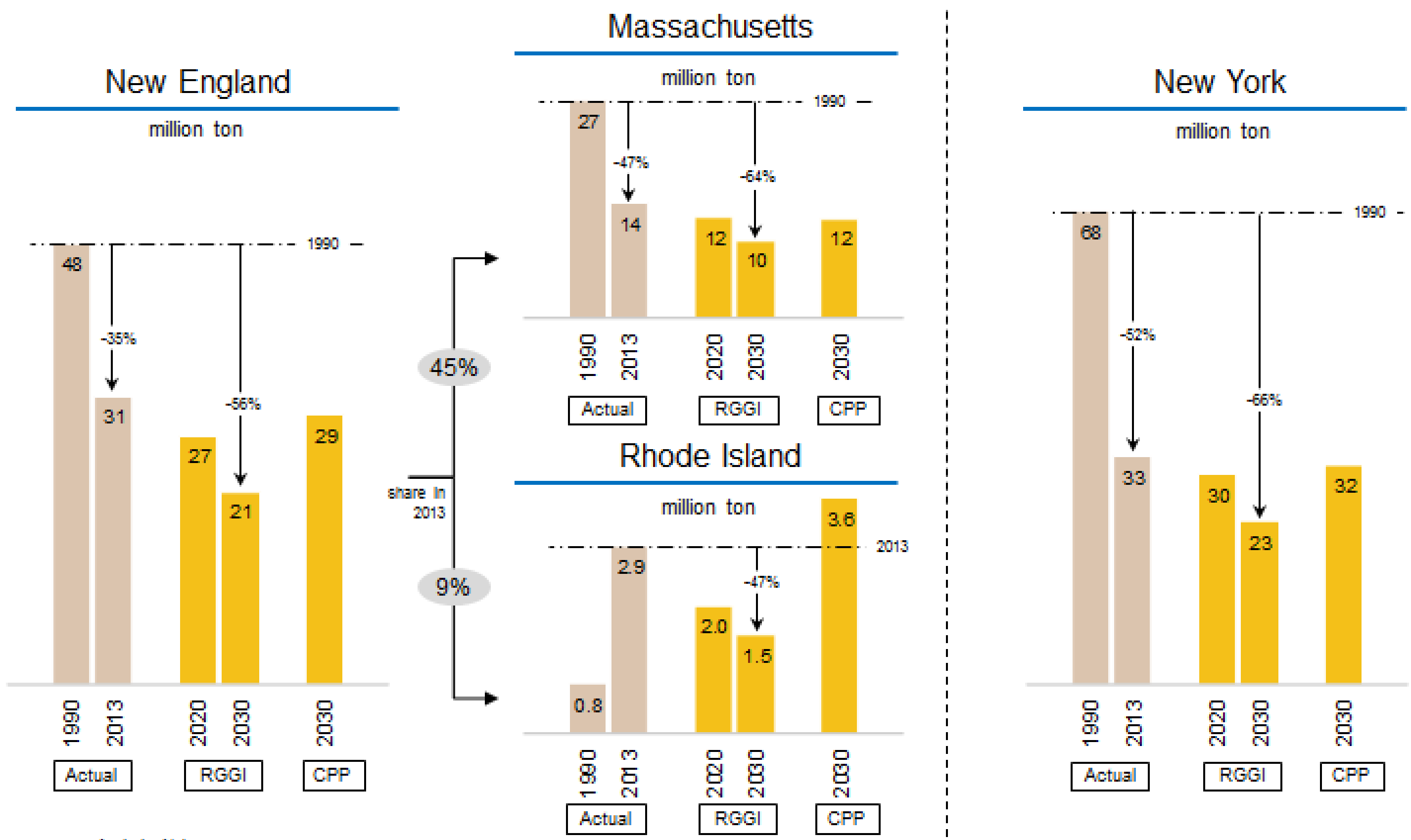

Analysis Notes:

1. RGGI 2030 cap is calculated by applying a 2.5% annual decline rate to the 2020 RGGI cap
2. The CPP mass-based cap for 2030 includes affected and new sources

Value from RGGI

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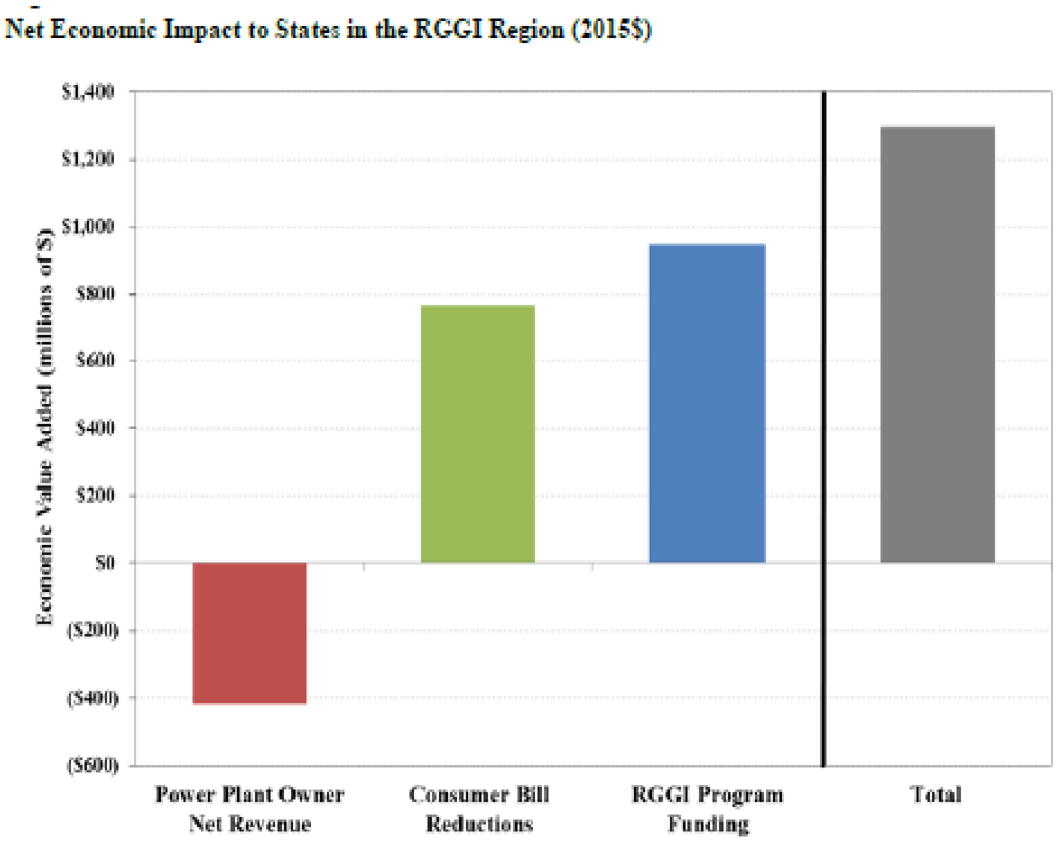
"Since 2009, the RGGI states have received and disbursed virtually all of nearly $2 billion in proceeds from CO_2 -allowance auctions back into the economy for -

- Energy efficiency
- Renewable power projects
- Credits on customers' bills
- Assistance to low-income customers
- Education and job training programs



Source: The Analysis Group July 2015 http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf

Value of RGGI

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"RGGI investment in energy efficiency leads to lower regional electrical demand, lower power prices, and lower consumer payments for electricity. This benefits all consumers through downward pressure on wholesale prices, yet it particularly benefits those consumers who actually take advantage of such programs, implement energy efficiency measures, and lower both their overall energy use and monthly energy bills. These savings stay in the pocket of electricity users. But positive macroeconomic impacts exist as well: the lower energy costs flow through the economy as collateral reductions in natural gas and oil consumption in buildings and increased consumer disposable income (from fewer dollars spent on energy bills), lower payments to out-of-state energy suppliers, and increased local spending or savings. Consequently, there are multiple ways that investments in energy efficiency lead to positive economic impacts, and this reinvestment stands out as the most economically-beneficial use of emission allowance revenues." Pages 13-14

Source: The Analysis Group July 2015 http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf