



**Clean Power Plan: EIA, EPA, and State and Regional Perspectives**

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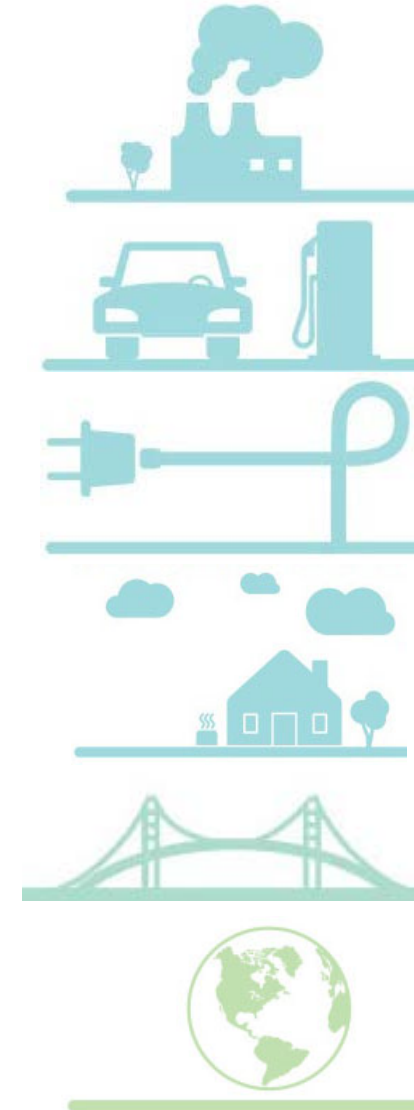
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# Climate Action Plan

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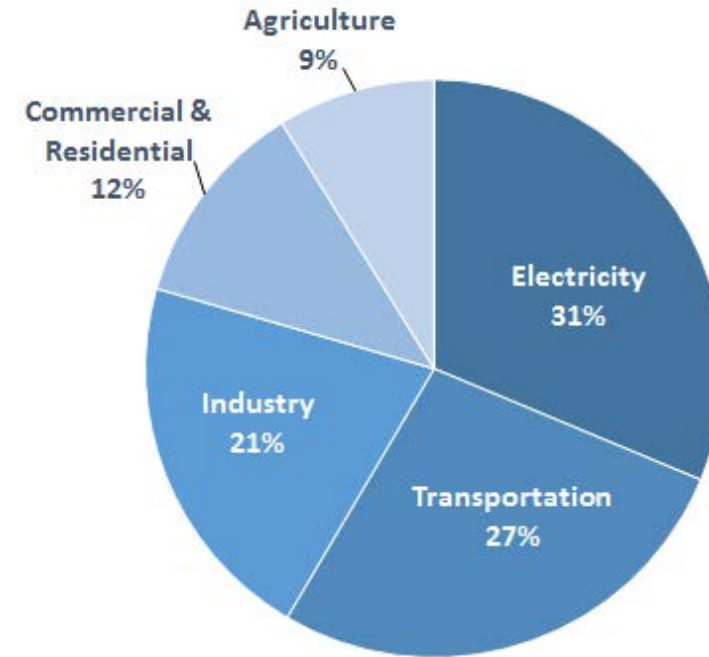
- Building a 21<sup>st</sup> century transportation sector
- Cutting energy waste in homes, businesses, and factories
- Reducing methane and HFCs
- Preparing the U.S. for the impacts of climate change
- Leading international efforts to address global climate change
- **Reducing carbon pollution from power plants**





# Cutting Carbon Pollution in the United States

- In December 2009, U.S. EPA determined that the science shows that greenhouse gases threaten the public health and welfare.
- U.S. Courts have upheld EPA's 2007 finding and have recognized EPA's authority to issue national rules limiting carbon pollution from stationary sources.
- The President's Climate Action Plan calls for U.S. EPA to set carbon pollution standards, regulations or guidelines using Section 111 of the Clean Air Act.





# The Clean Power Plan: Overview

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- On August 3, 2015, EPA announced three actions that will significantly reduce carbon pollution from the power sector, the largest source of carbon pollution in the United States.
- The final Clean Power Plan:
  - Is shaped by more than two years of outreach and public engagement
  - Relies on a federal-state partnership to reduce carbon pollution from the biggest sources – power plants
  - Reduces carbon pollution from existing power plants by 2030 to levels 32 percent below 2005, or 870 million tons less carbon pollution – securing progress and making sure it continues.
  - Leads to health and climate benefits worth an estimated \$34 billion to \$54 billion in 2030.
- The states have the ability to develop their own plans for power plants to achieve either the performance rates directly or the state goals, with guidelines for the development, submittal and implementation of those plans



# Clean Power Plan Update

- **February 9, 2016** – The Supreme Court stayed the Clean Power Plan pending judicial review
  - The Court expressed no view on the merits of the rule.
- EPA firmly believes the Clean Power Plan will be upheld when the merits are addressed because the rule rests on strong scientific and legal foundations
- Outside organizations continue to analyze the potential impacts of the final Clean Power Plan
- For the states that choose to continue to work to cut carbon pollution from power plants and seek the agency's guidance and assistance, EPA will continue to provide tools and support, including the model rules and optional Clean Energy Incentive Program (CEIP)

## Key Points

- **No one has to comply with the Clean Power Plan while the stay is in effect**
- **The September 2016 submittal deadline is no longer effective**
- **Litigation is currently in the D.C. Circuit Court of Appeals**
- **Oral argument will be presented to the court en banc on September 27**



# Proposed Model Rules

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- EPA proposed two model rules on August 3, 2015
  - A rate-based trading approach using emission rate credits (ERCs)
  - A mass-based trading approach using allowances
- EPA held four public hearings and received more than 60,000 public comments. The comment period closed on January 21, 2016.
- We received feedback regarding:
  - The scope of the model rules
  - Approaches to address equivalency (aka leakage)
  - The process for issuance of credits under a two-rate approach
- Many states have said they would benefit from additional information to help them develop state plans.
- EPA will move forward developing the model rules in a way that is consistent with the stay while providing states the tools they have asked for to help address carbon pollution from power plants.



# The Clean Energy Incentive Program (CEIP)

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- The CEIP is an **optional** early-action program, designed to provide multiple benefits, including:
  - Helping states, tribes, and affected sources meet their emission goals under the Clean Power Plan;
  - Providing incentives for investment in demand-side energy efficiency measures and solar power generation in low-income communities; and
  - Encouraging early investment in renewable energy generation from wind, solar, geothermal, and hydropower.
- Key parts of the program were finalized on October 23, 2015 in the Clean Power Plan, EPA also committed to providing design details of the CEIP in a later action.
- On June 16, 2016, the EPA provided these CEIP design details in a proposed rule



# How Does the CEIP Work?

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- A state that chooses and is approved to participate in the CEIP may make “early action” awards -- either allowances or emission rate credits (ERCs) -- to eligible CEIP RE and low-income community projects
- After a state makes such an early action award, the project may then receive a “matching” award from the EPA, which the state may distribute on the EPA’s behalf
- ***Matching awards*** are made from an EPA matching pool that is limited to a number of allowances or ERCs equal to 300 million short tons of CO<sub>2</sub>
  - A portion of the matching pool will be reserved for renewable energy projects, and a portion will be reserved for low-income community projects
  - **Renewable energy projects will receive a 1:1 award;**  
**low-income community projects will receive a 2:1 award**





# CEIP Design Details Proposal

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- This proposal is an opportunity for the public to provide further feedback on several design elements of the CEIP
- Significant pre-proposal stakeholder input informed this proposal
  - Dozens of stakeholder meetings, trainings and Q&A sessions on the CEIP, four listening sessions attended by more than 750 participants, and a non-regulatory docket that received more than 5,000 public comments
- Key proposed provisions include:
  - Eligibility requirements for CEIP projects
  - Requirements for definition of “low-income community”
  - Apportionment of the matching pool of 300 million short tons of CO<sub>2</sub> emissions among the states and tribes with affected power plants



# CEIP Public Comment Period

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- The proposal was published in the *Federal Register* on June 30, 2016
- Public hearing in Chicago on August 3, 2016
- Comment period open through September 2, 2016.
- Comments, identified by Docket ID No. EPA-HQ-OAR-2016-0033, may be submitted by one of the following methods:
  - **www.regulations.gov:** follow the on-line instructions for submitting comments
  - **Email:** Comments may be sent by electronic mail (email) to [a-and-r-Docket@epa.gov](mailto:a-and-r-Docket@epa.gov). Include Docket ID No. EPA-HQ-OAR-2016-0033 in the subject line of the message
  - **Mail:** Environmental Protection Agency, EPA Docket Center (EPA/DC), Mail Code 28221T, Attention Docket ID No. EPA-HQ-OAR-2016-0033, 1200 Pennsylvania Avenue, NW, Washington, DC 20460
  - **Fax:** Fax your comments to: (202) 566-9744. Attention Docket ID No. EPA-HQ-OAR-2016-0033
  - **Hand/Courier Delivery:** EPA Docket Center, Room 3334, EPA WJC West Building, 1301 Constitution Avenue, NW, Washington, DC 20004, Attention Docket ID No. E EPA-HQ-OAR-2016-0033. Such deliveries are only accepted during the Docket's normal hours of operation, and special arrangements should be made for deliveries of boxed information



Thank you!

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