



CEIP Design Details Proposal

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- EPA's Justification for Proposal
- Review of Clean Power Plan Basics
 - Standards
 - Compliance Period
- CEIP in Final Rule
- Design Details Proposal – Issues for Comment

- Supreme Court stay prohibits agency from enforcing CPP
- Not from adopting related rules or providing assistance to states that are pursuing implementation despite the stay
- Deadline for comments: 9/2/2016

- Rate-Based

- Separate, nationally uniform, “performance rates” for fossil fuel steam (FFS) and NGCC

National Performance Rates (lbs CO ₂ /MWh)		
Subcategory	Interim	Final
Fossil Steam	1,534	1,305
NGCC	832	771

- State “rate-based CO₂ goals” based on application of performance rates to each state’s 2012 generation mix

Arizona Rate-Based Goals (lbs CO ₂ /MWh)	
Interim	Final
1,173	1,031

- Mass-Based
 - For existing EGUs only

Arizona Mass-Based Goals (short tons CO ₂)	
Interim	Final
33,061,997	30,170,150

- For existing EGUs with “new source complement”

Arizona Mass-Based Goals with New Source Complement (short tons CO ₂)	
Interim	Final
34,486,994	32,380,196

- State plan must demonstrate achievement of one of these goals

- 2022+ (2020 in proposal)
- Interim Compliance Period = 2022-2029
- Final Compliance Period = 2030+

- Goal: Provide incentive for early implementation (i.e. 2020-2021) of RE and EE by awarding ERCs or allowances to eligible projects
- Eligible Projects
 - Located in or benefit a state implementing CEIP
 - Commence construction (RE) or operation (EE) after submission of final plan or 9/6/2018 if none submitted
 - During 2020-2021, either (a) generate metered MWh from any wind or solar resource or (b) result in quantified and verified electricity savings through demand side EE *in low-income communities*

■ Credits

- Allocated from state budget for 2022-2029 interim compliance period; EPA provides matching credits as the incentive for participation
- RE Projects: For every 2 MWh generated, project receives 1 ERC from state and 1 matching ERC from EPA
- EE Projects: For every 2 MWh generated, project receives 2 ERCs from state and 2 matching ERCs from EPA
- For mass-based program, project receives ERC equivalent in allowances; in TSD EPA applies emission factor of 0.8 short tons CO₂ per MWh FF generation
- EPA matching awards are extra; state's must not reduce stringency of program

- Size of Pool in ERCs
 - 300,000,000 allowances (tons CO₂)
 - Factor of 0.8 tons CO₂ per MWh
 - 375,000,000 ERCs
 - **TWG: no objection**
- Award Ratio for Mass-Based States
 - Have to convert MWh of RE generation or EE savings to ton CO₂
 - Again 0.8 tons CO₂ per MWh
 - E.g. 1,000,000 MWh of EE savings in 2020-2021 = 800,000 allowances
 - **TWG: no objection**

■ Expansion of Eligible Projects

– RE

- Final CPP: Solar and wind only
- Proposal: Expand to include hydropower and geothermal
- **TWG: no objection**

– Low Income Community Projects (LICP)

- Final CPP: EE only
- Proposal: Expand to include solar projects that provide “direct bill benefits” to low income communities
- **TWG: No objection to expansion; concern about requiring bill benefits**

■ Timing of Eligibility

– Final CPP

- Test

- ❖ Commence construction for RE
- ❖ Commence operation for EE (LICP)

- Date

- ❖ After final plan submittal
- ❖ After 9/6/2018 if none (federal plan)

– Proposal

- Change test for RE to commence commercial operation on or after 1/1/2020
- Change date for EE to 9/6/2018

– TWG: oppose

- Division of Pool Between Eligible RE and LICP
 - Proposal
 - Divide evenly (i.e. 150,000,000 for RE; 150,000,000 for LICP)
 - Do *not* allow redistribution if one or other is undersubscribed
 - TWG
 - More flexibility, but not unlimited
 - Include protections to assure LICP not disadvantaged
 - Should not be limited to solar

- Division of Pool Among States
 - Final CPP: based on relative stringency of goal
 - Proposal: retain
 - **TWG: Comment in favor**
- Reapportionment among states
 - Possibilities
 - States that do not adopt CEIP
 - Undersubscribed states
 - Proposal: none allowed
 - **TWG: Reapportionment should be possible under some circumstances**

- Maintaining Stringency
 - I.e. state CEIP awards do not increase total awards otherwise available under program (EPA matching awards do)
 - Problem for ERCs: no preexisting pool or budget to allocate from, as in case of allowances; ERCs must be created
 - EPA solution: Deduct from future awards to ERC generators
 - **TWG: oppose**