

# Compliance Options and Considerations Under the Clean Power Plan

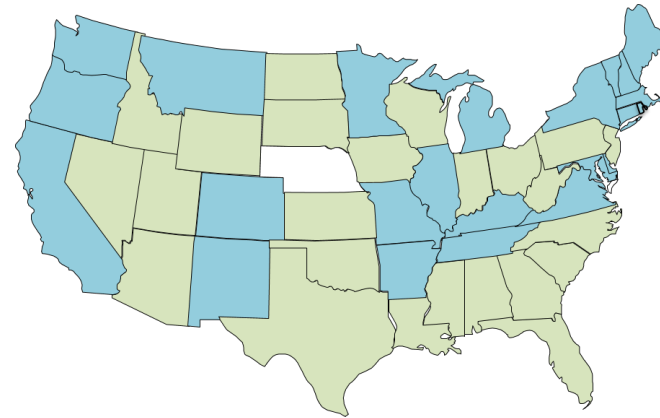
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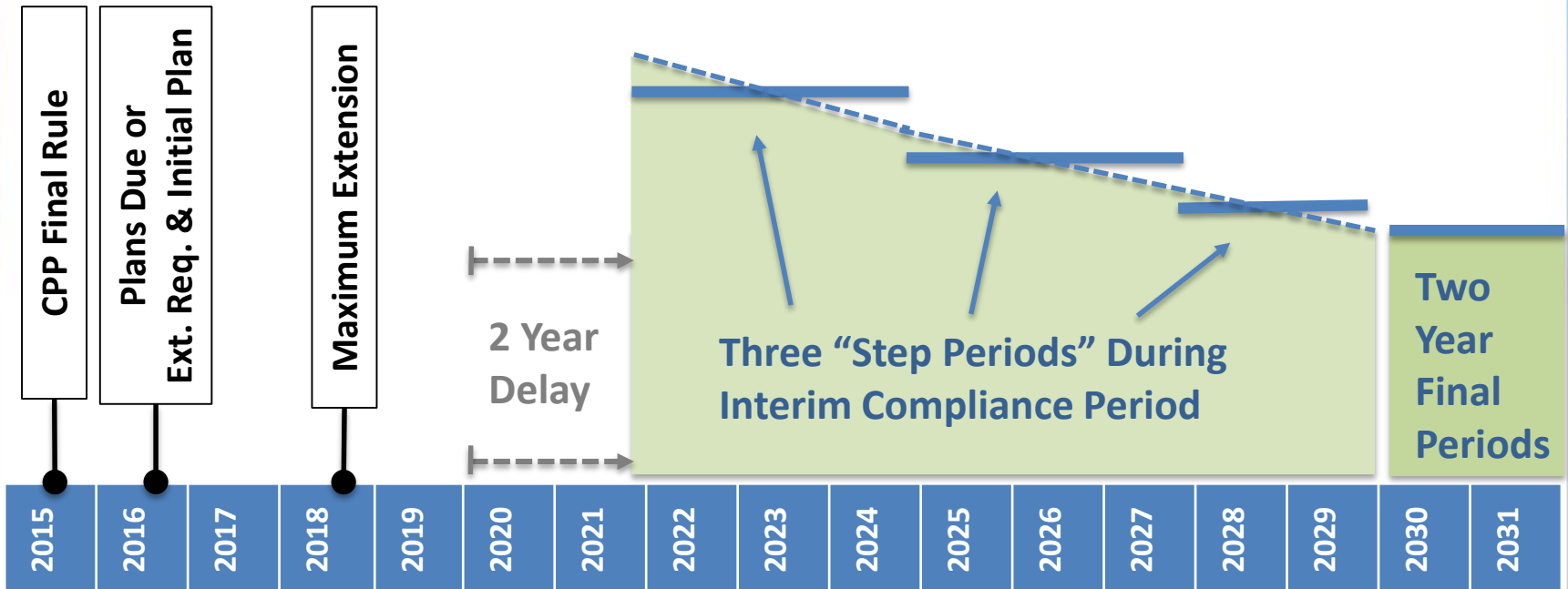
National Conference of State Legislatures  
November 11, 2015

## Background: GCC's Work with States

- Founded as a resource for states
- Works with states and other stakeholders on Clean Power Plan through convenings, facilitation, and research
- Hosted 6 meetings of a broad group of states, power companies, NGOs



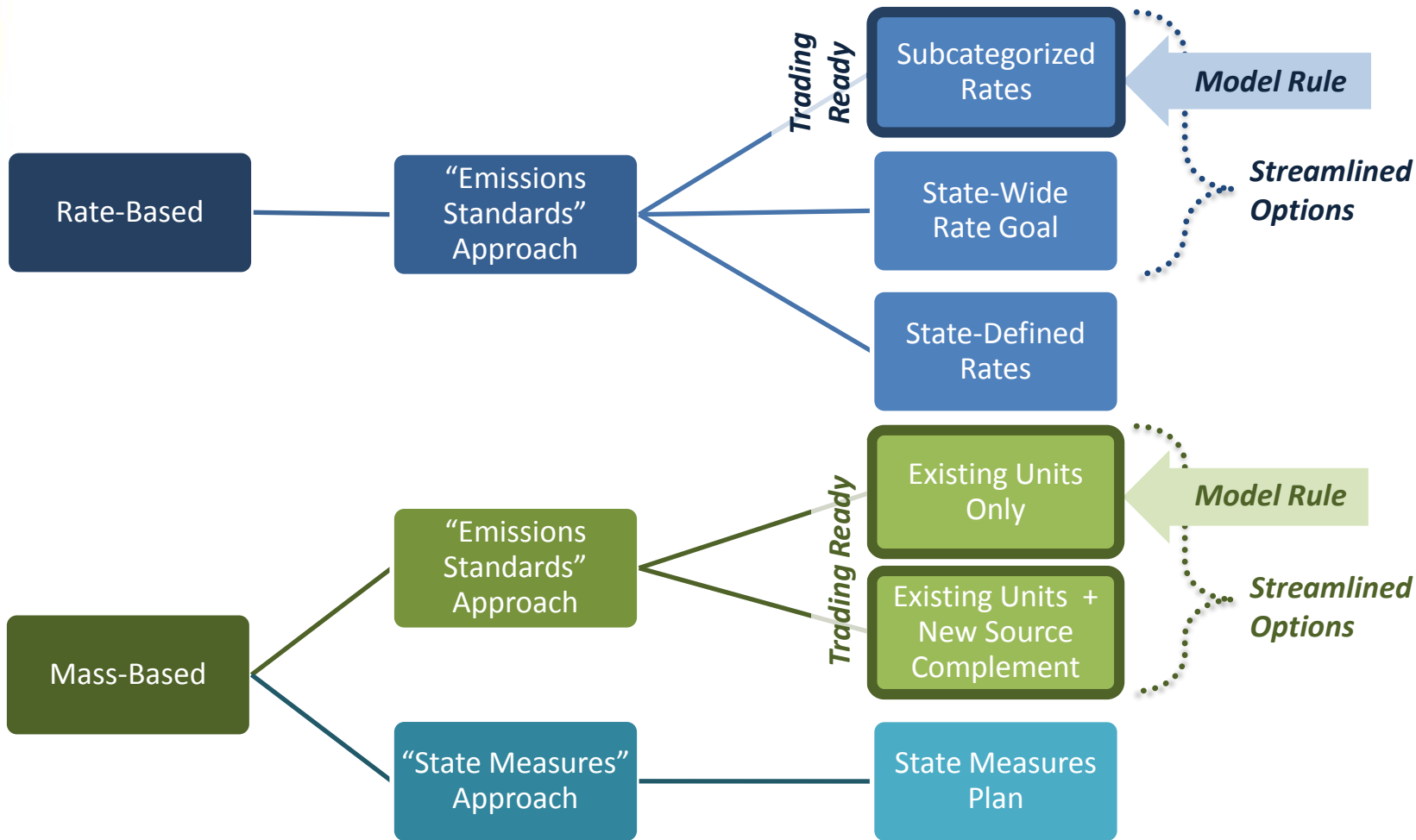
# Implementation Timeline



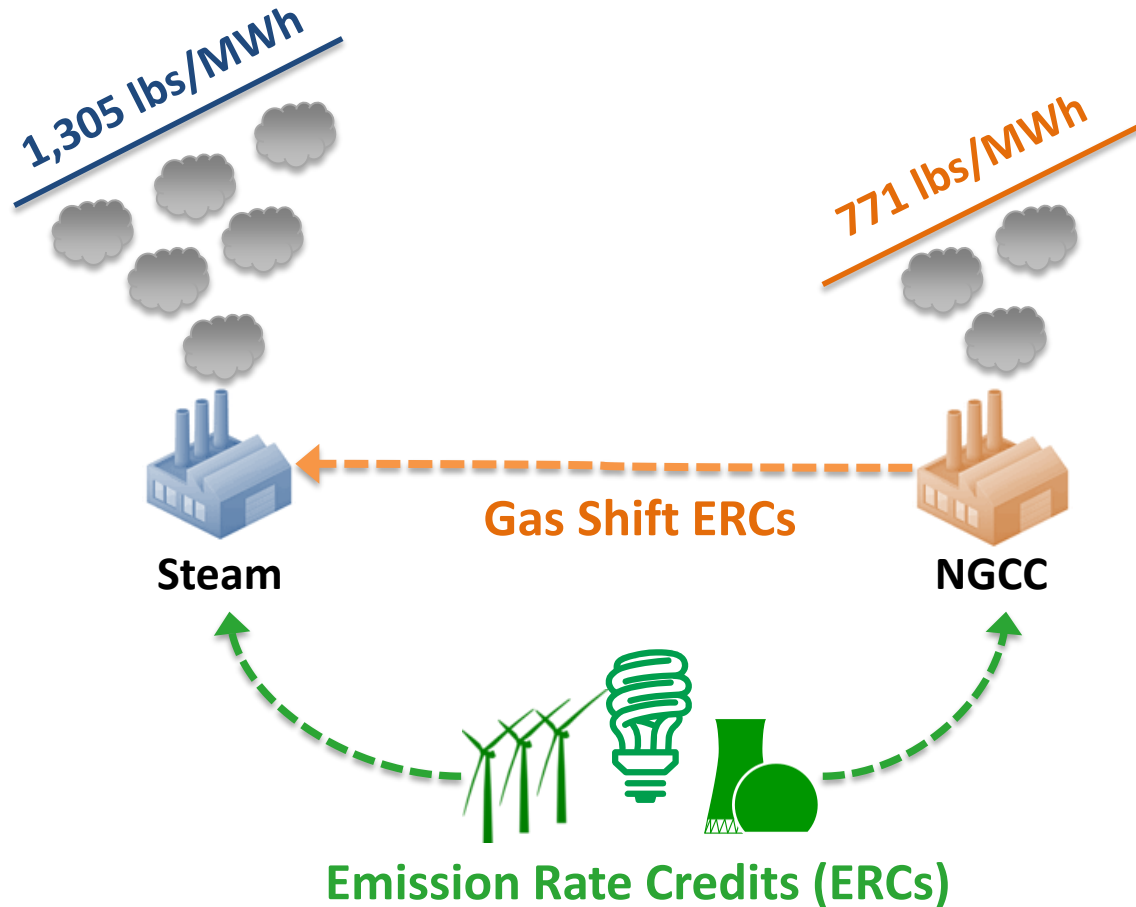
- Plans due Sep. 6, 2016
- All states may request two year extension
- Compliance period start date delayed until 2022
- Step periods of 3, 3, and 2 years in interim period, function as milestones
- Two year compliance periods for final goal starting in 2030

Source: Section VIII.B.; V.A.3.g

# State Plan Options



# Rate-based Plan Example: Subcategorized Rates



# ERC Issuance Process

## Provider

### Eligibility Application

- Project description
- Generation/savings projection
- EM&V plan
- Independent verification



**Eligible Project**

### M&V Report

- Generation/savings
- Independent verification

**Provider's tracking system account**

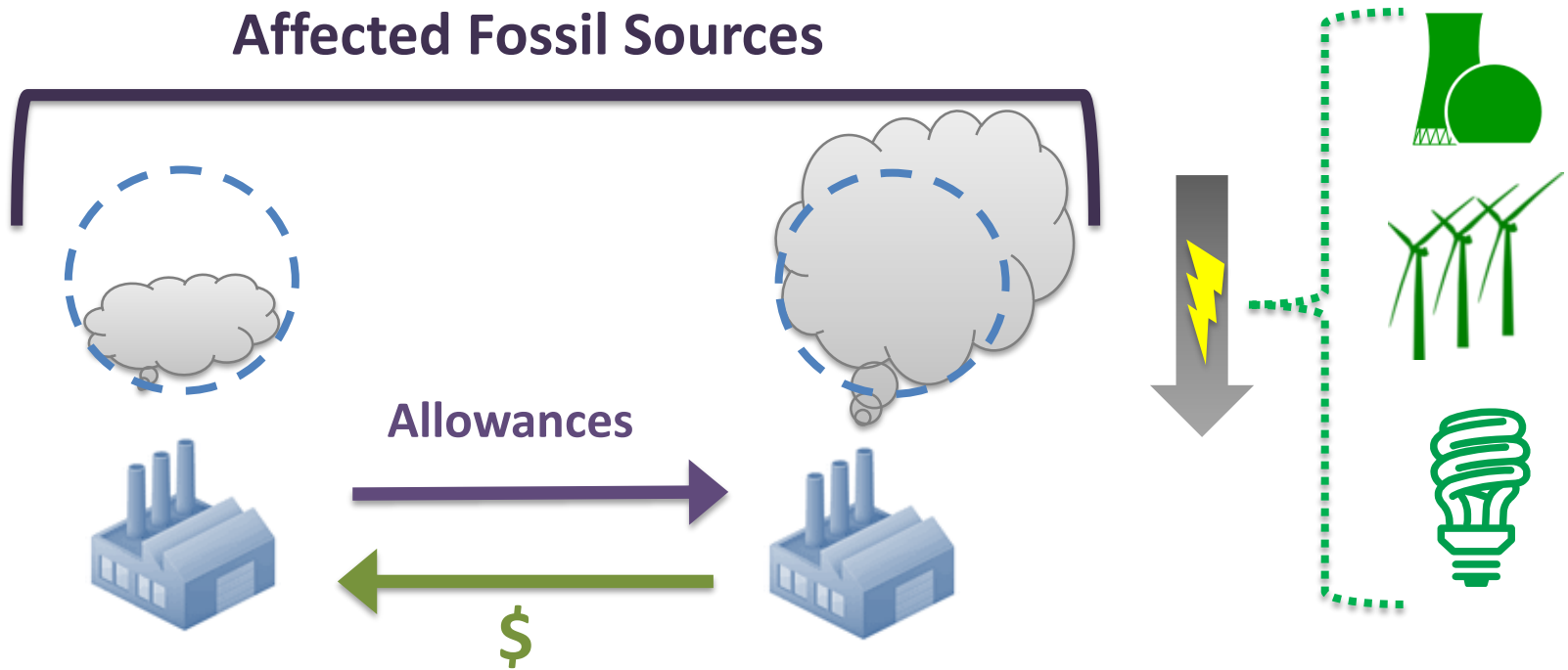
## State Regulator (or its Agent)

Eligibility Approval

1 ERC per verified MWh

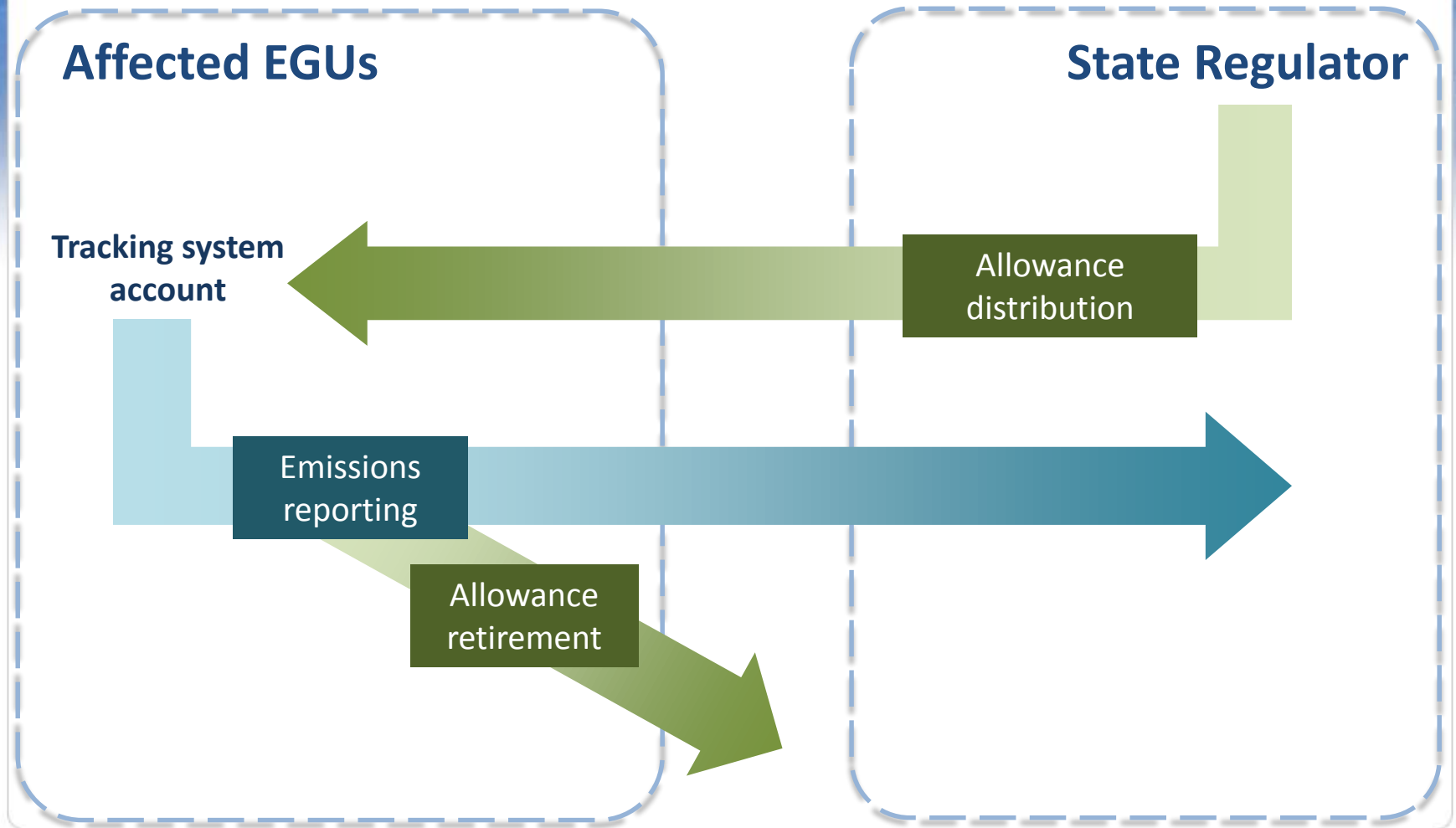
# Mass-based Plan Example

## Emission Budget for Affected Fossil Sources



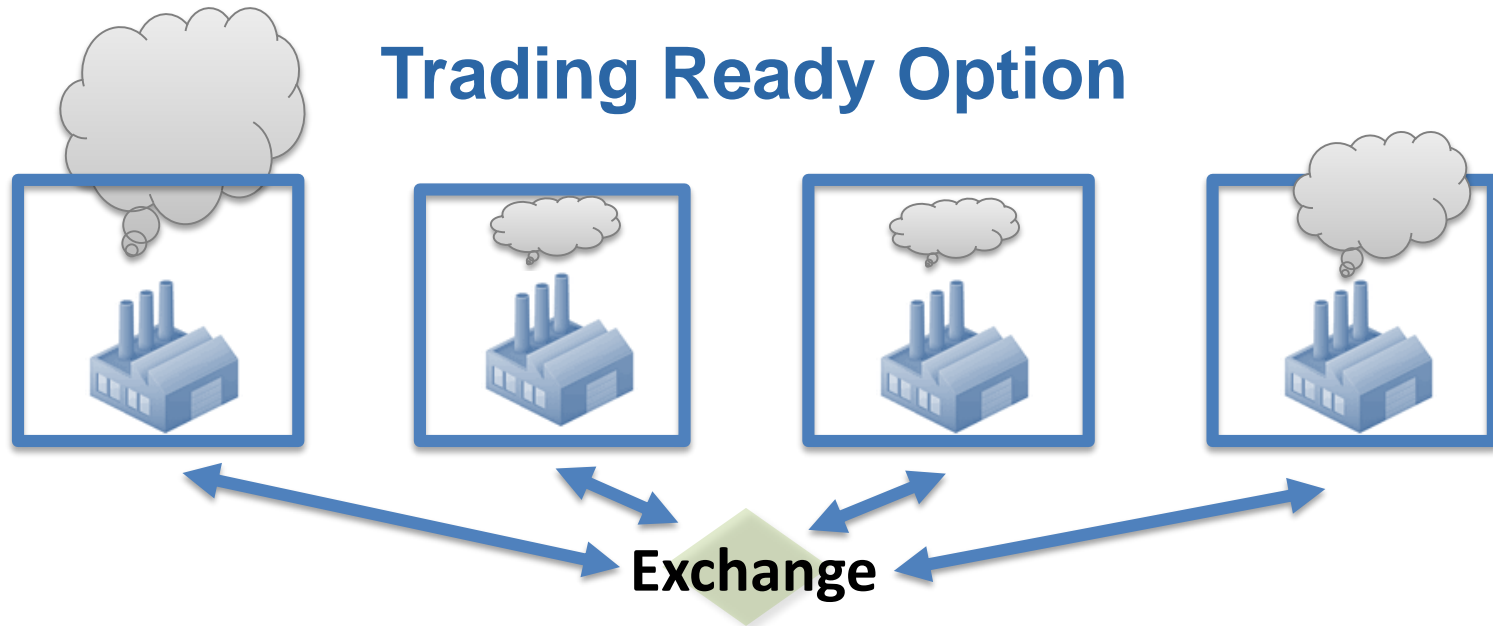
*Mass-based Program Must Address Potential Leakage to New Sources in a Way Equivalent to Rate-based Proposal*

# Administration & Infrastructure



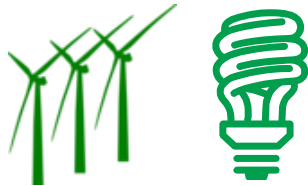


## Trading Ready Option

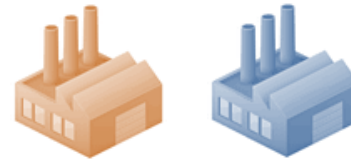


- **Power plant owners can use allowances from other trading-ready states**
- **In order to be trading ready, state plan must:**
  - Use an EPA approved tracking system
  - Accept allowances from other trading-ready states

# State Measures Plan Example



State Measures  
(e.g., RPS, EERS)  
Demonstrated to Meet  
Emission Budget

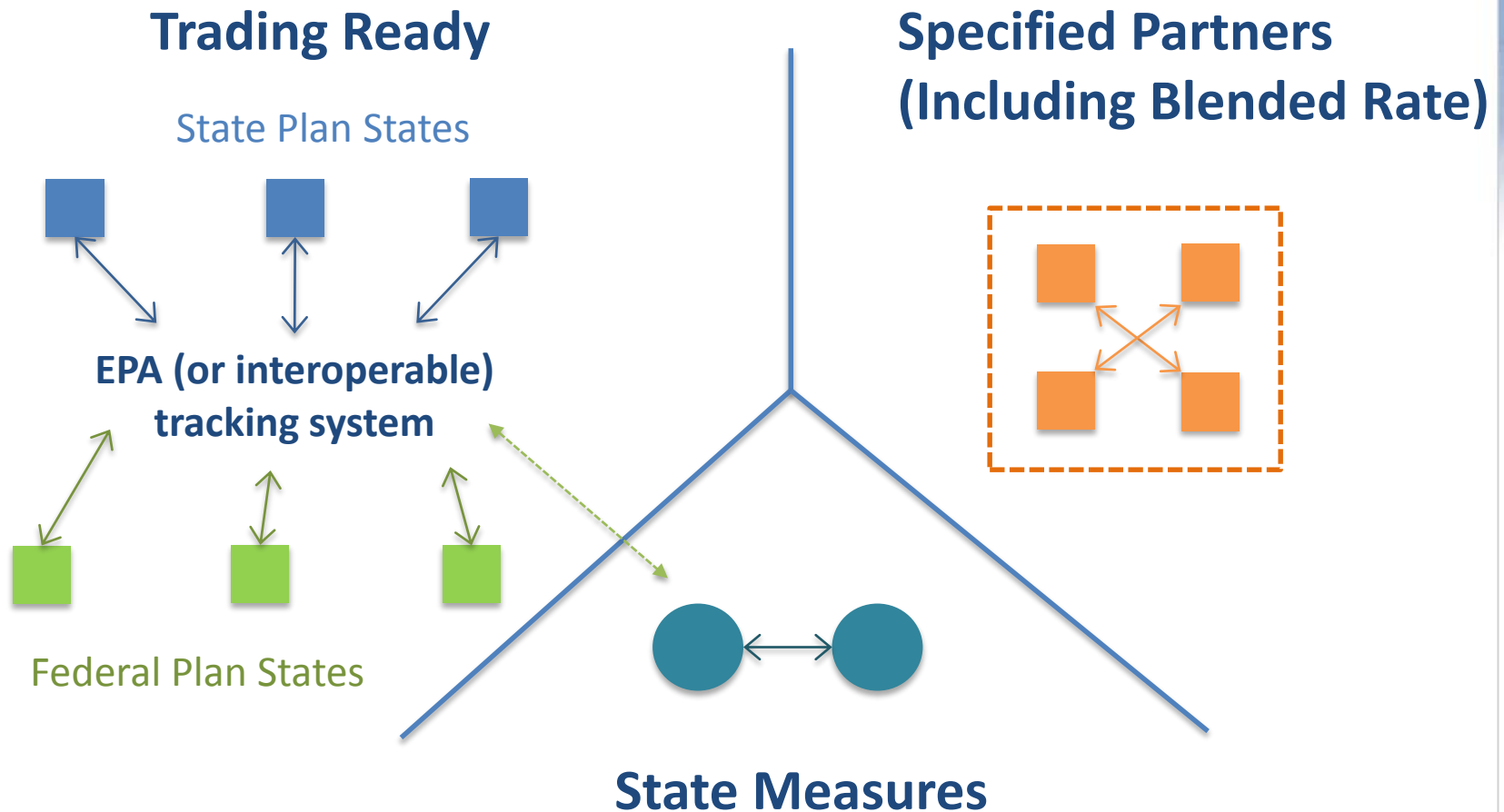


*(alone or in combination  
with limits on affected EGUs)*

**+ Federally Enforceable  
Backstop Emission Standards**



# Interstate Trading Options



# State Decisions and Considerations

- **Submit a plan or don't submit a plan?**
  - If requesting extension, requirements for 2016 submission minimal
  - 2017 requires commitment to a compliance pathway
- **Emission Standards or State Measures?**
  - State measures approaches require backstop federal plan proposal, emission standards do not
- **Choice of rate or mass?**
  - Rate-based approach requires establishment of credit generation process
  - Mass-based approaches generally simpler to implement, require addressing leakage to new sources
- **Allow linking to other programs?**
  - Trading-ready approaches allow easy linkage

# Considerations for State Legislatures

- **Many states have broad authority to develop air pollution regulations under CAA**
  - Many state regulatory processes involve legislative review
- **Some states do have statutory provisions that may limit compliance choices, e.g.,**
  - No more stringent than EPA
  - May not create a tax or raise funds
- **Some permissible compliance elements may require legislation, e.g., auctioning allowances**
- **States may have policy preferences or outcomes that could be supported by complementary policies**
  - RE or EE portfolio standards do not need to be part of a CPP plan
  - But may be of interest as complementary policies

# Thank You

For questions or comments, please contact:

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## Resources:

- **Clean Power Plan summary webinar recording:**  
<http://www.georgetownclimate.org/clean-power-plan-summary-of-the-final-rule>.
- **Summary of goal setting approach and new flexibilities in final rule:**  
<http://www.georgetownclimate.org/understanding-state-implementation-options-under-the-clean-power-plan>.
- **Clean Power Plan Tool Kit:**  
<http://www.georgetownclimate.org/clean-energy/clean-power-plan-tool-kit>.