



Synapse
Energy Economics, Inc.

Role of State/Local Agencies in National Greenhouse Gas Program: Report from February 2008 NACAA Conference

NACAA Spring Membership Meeting
Tampa, Florida

May 5 , 2008
Presented by Chris James

Conference Overview

- Groundwork: NACAA 5/07 adopted greenhouse gas (GHG) principles
- Multiple GHG bills indicator of pace and depth of action
- Regional, state, local efforts informing debate. More input desired by Congress.
- ~30 states and dozens of local agencies have completed comprehensive GHG plans

Conference Themes

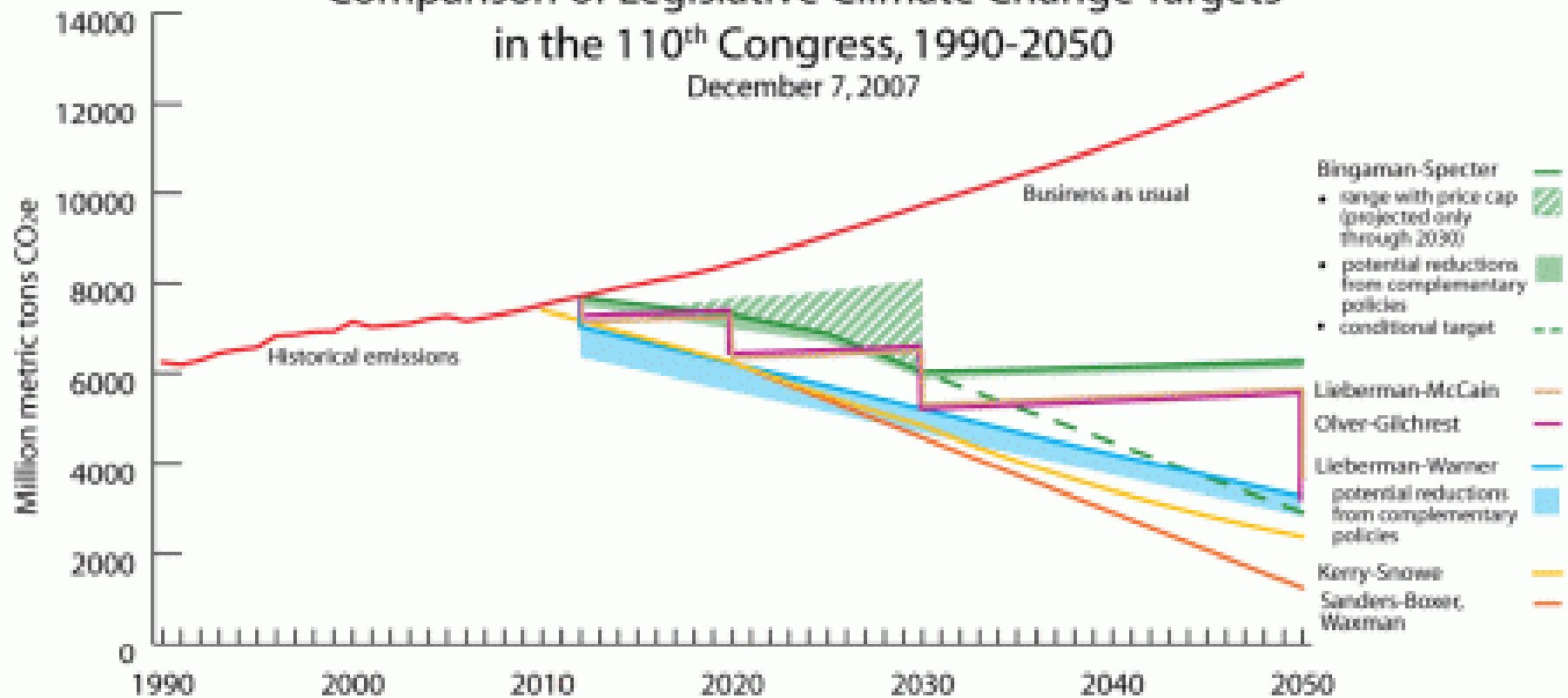
- Opening panel: House and Senate staff
- Followed by four discussion sessions, organized around role of state/local agencies:
 - Program design
 - Implementation
 - Allowance allocation and funding
 - Data management

Messages from Conference Attendees

- GHG reduction goals will not be met without state and local contributions
 - Energy efficiency: cost effective, cumulative benefits
 - Local agencies: land use and transportation planning
- States: “first among equals” need significant portion of allowances to ensure that reduction goals are met cost-effectively and timely
- Link funding to plans and performance
- Support state efforts to go faster and farther
- Federal: set standards: building codes, appliances, measurement protocols

GHG Reduction Targets from Various Congressional Bills

Comparison of Legislative Climate Change Targets
in the 110th Congress, 1990-2050
December 7, 2007



 WORLD RESOURCES INSTITUTE

For a full discussion of underlying methodology, assumptions and references, please see <http://www.wri.org/us/climate/targets>. WRI does not endorse any of these bills. This analysis is intended to fairly and accurately compare explicit carbon caps in Congressional climate proposals and uses underlying data that may differ from other analyses. Data post-2030 may be derived from extrapolation of EIA projections.

Source: www.wri.org

Role of State and Local Agencies in Program Design

- Federal program: preserve right of S/L to go further than Federal minimum
- Support efforts of S/L to do so
- S/L programs essential to developing successful national GHG program
- Frame pre-emption in terms of:
 - States are more nimble than Federal
 - Reductions can be achieved more cost-effectively
 - Focus: significant GHG contributors in that state
 - Global warming \neq same impacts (local and regional differences, and differences in GHG contributors)

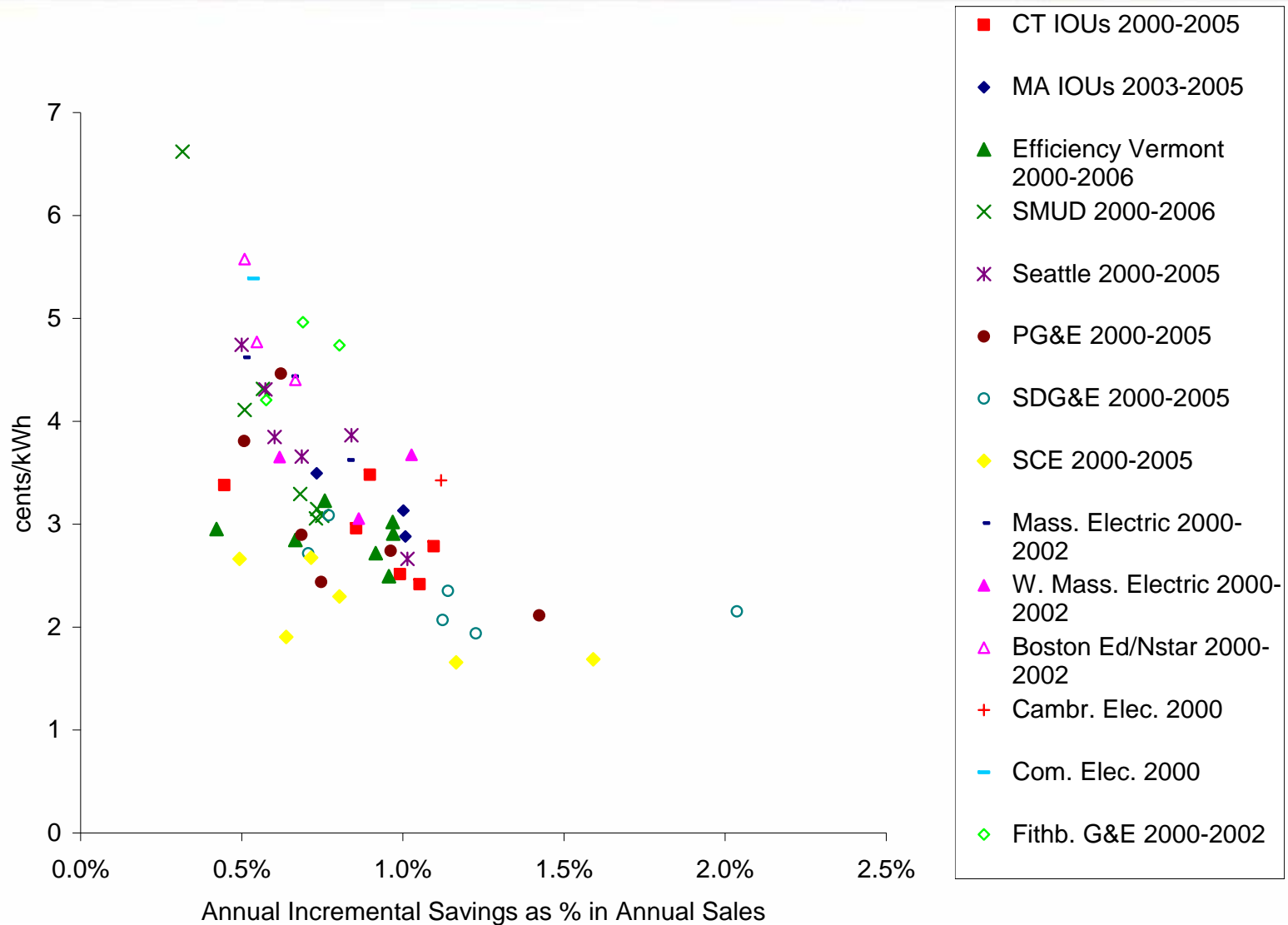
Federal support for State and Local Programs

- Significant interest in hybrid approach: cap and trade for some sectors, standards for others
- Establish minimum appliance and building standards
 - Achieve reductions w/o requiring additional regulation or financial incentives
- Set example: require DOT, DOE, EPA, et al to integrate GHG into planning
- Uniform carbon prices
- Facilitate revenue recycling so cap and trade funds actually reduce emissions
 - Guidance to states critical

State and Local Programs Critical to Success

- Energy efficiency (“first fuel”: see example on next slide), RPS, transportation measures
- Consensus: increase state/local allowance pool (30-50% suggested v. 10%)
- Flexibility in: allocation, use of funds
- Reward S/Ls for superior performance

Utility Cost of DSM vs. Annual Savings as % of Annual Sales



- Identify what Federal and State each do well
 - Federal: set standards, monitoring and verification, market monitoring
 - State: planning, permit, compliance, education, flexibility to target incentives to achieve most success
- Use respective strengths to complement program success
- Broaden and deepen skills
- Air only or environmental only focus too narrow
- Federal: outline how GHG fits or doesn't within CAAA (don't create a parallel process to criteria program)

Examples of State/Local Roles

- Accept some level of delegation. S/L know sources best
- Multi-agency coordination
- Integrated and local approaches
- Education and outreach
- Adaptation and mitigation planning
- Allowance and revenue functions

Requirement for State “Plans”

- Broad scope, beyond electric sector
- ≠SIP
- Link \$\$ to development of plan
- Provide \$\$\$ to go beyond minimum

- Cap and trade: establish framework for sustained reductions. Demonstrate US leadership
- Apportion allowances: enable cost effective reductions to occur at S/L. (energy efficiency << \$\$ than cost of new generation)
- Set overall budgets: allow states flexibility in allocation

- Move to 100% auction of allowances as quickly as possible
- Note: not all states have thought about auctions
- Direct high % of allowances to S/L
 - RGGI model (state decision)
 - Use some \$ for program administration
 - Less support for Federal auction with the proceeds (\$) going to S/L (tobacco settlement caveat)

- Practical application focus
- National registry already exists
- Allow state and local registry
 - Sources below threshold or source categories not covered by national program

Promote Consistency in Data Management

- Consistent reporting requirements
- Centralized reporting system
- One process for S/L and EPA
- Same protocols
- Same data quality requirements

State/Local and Federal Roles in Data

- State/Local: resources for data QA/QC, data needs more granular than that of Fed, need top-down and bottom-up for planning
- Federal: develop/ensure common protocols and emission factors

Apply GHG Data Principles More Broadly

- These points did not arise in all groups, but showed level of thinking re: existing core programs:
- 3rd party M&V is important for GHG, why not for criteria pollutants?
- Past CAA decision driven by inventories, maybe time to revise inventories
- Now is the time to collaborate

Actions State and Local Agencies Can Do Now

- Continue to show leadership
 - More actions, additional state climate plans will continue to drive national discussion and legislation
- Initiate discussions w/ public, elected officials, other agencies
- Prepare the workforce
- Expand on traditional efforts

Questions?

For further information see also:

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Thank You!