

Potential Impact of Federal Energy and Environmental Legislative Initiatives

NAESCO Northeast Regional Meeting

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(ENE) Environment Northeast



Environment Northeast (ENE)

- Environmental Policy, Research, and Advocacy
 - Northeastern Based Non-profit NGO
 - Boston, MA / Providence, RI / Rockport, ME / Portland, ME / Hartford, CT / Charlottetown, PEI, Canada
- Program Areas
 - Energy Policy
 - Climate Change
 - Transportation
 - Forest Practices and Land Use



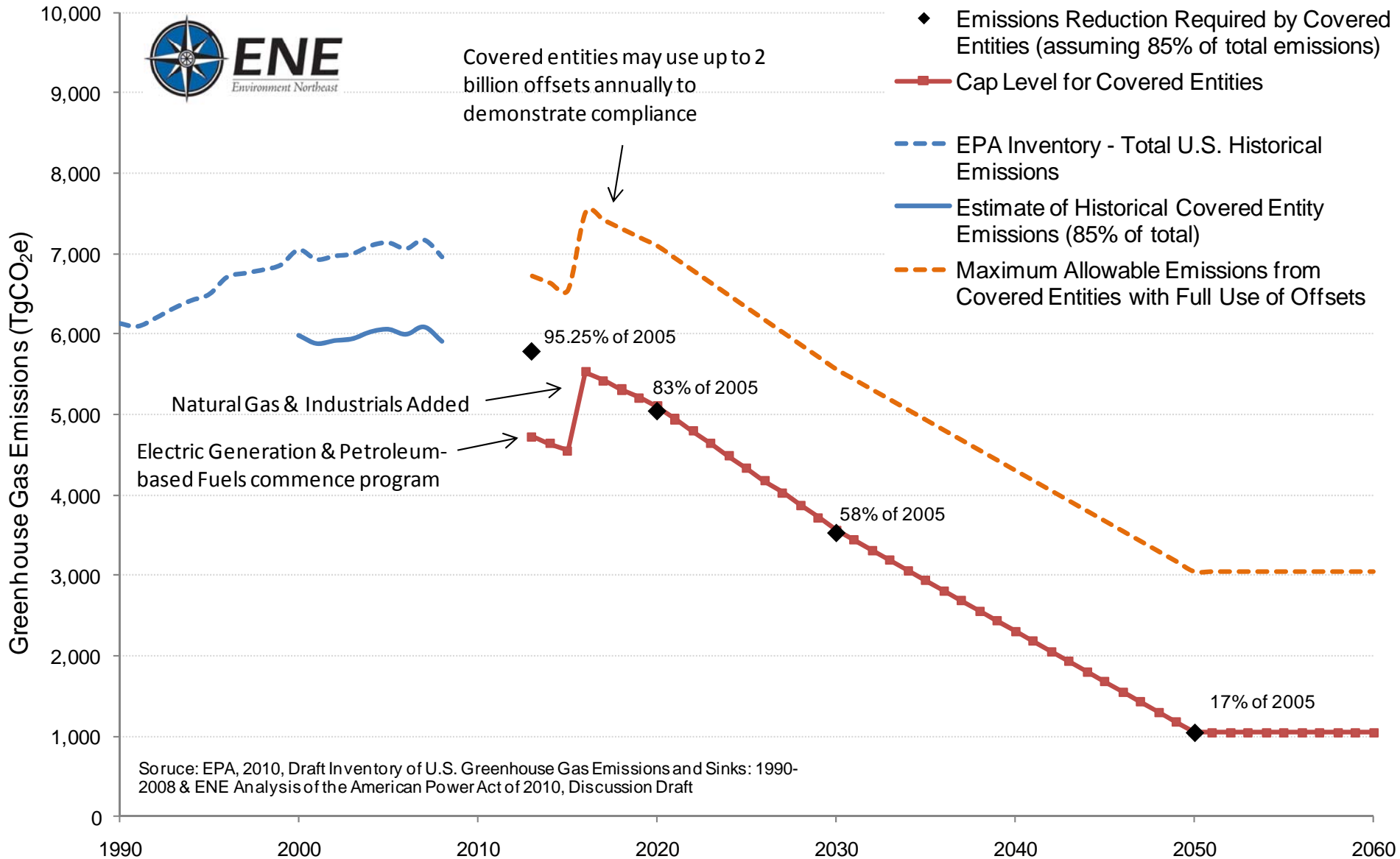
Federal Cap & Trade:

Kerry-Lieberman *American Power Act*



Covered entities may use up to 2 billion offsets annually to demonstrate compliance

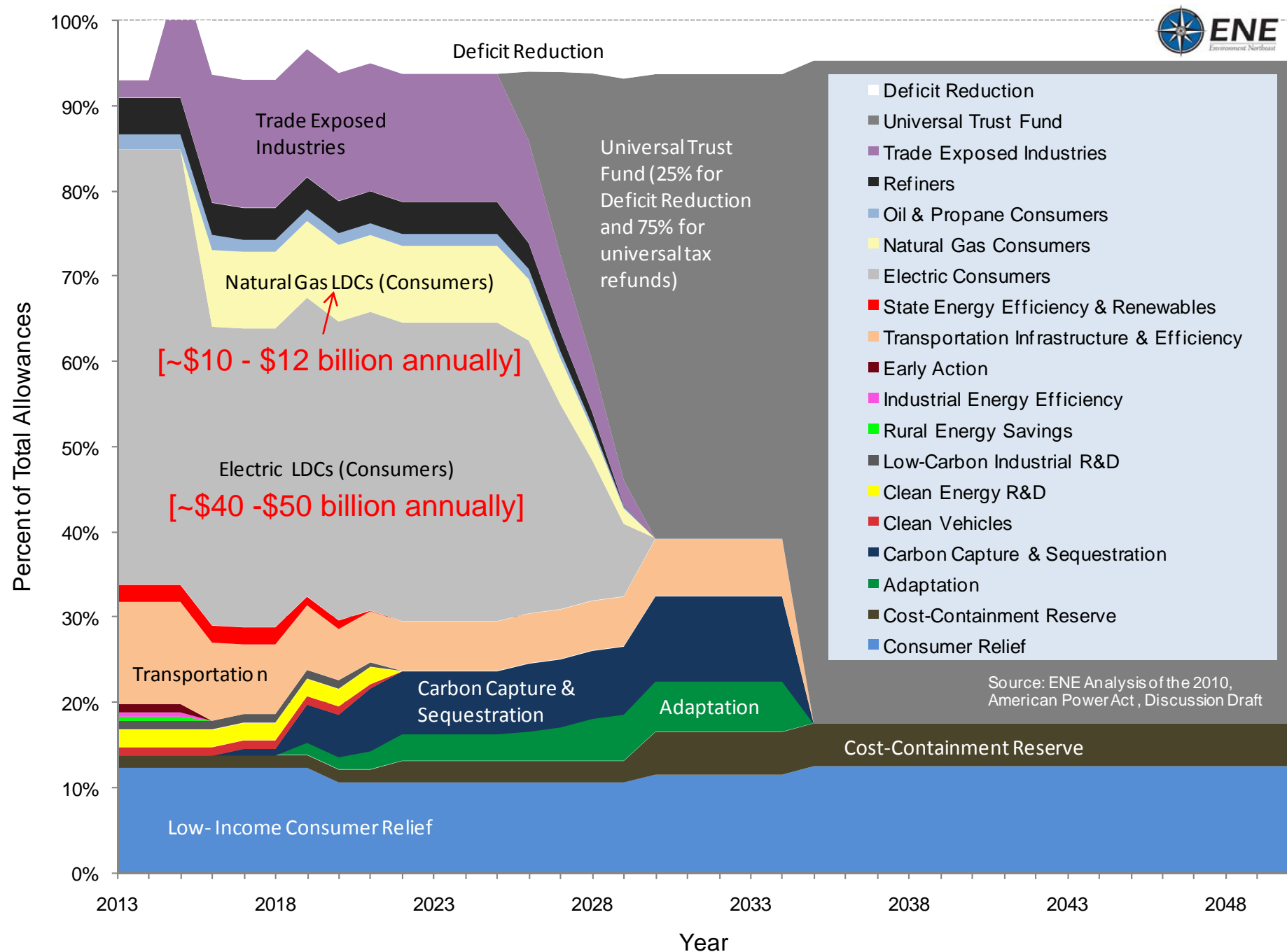
- ◆ Emissions Reduction Required by Covered Entities (assuming 85% of total emissions)
- Cap Level for Covered Entities
- - - EPA Inventory - Total U.S. Historical Emissions
- Estimate of Historical Covered Entity Emissions (85% of total)
- - - Maximum Allowable Emissions from Covered Entities with Full Use of Offsets



Federal Cap & Trade

Kerry-Lieberman *American Power Act* (APA)

- Introduced as 'discussion draft on 5/12/10
- Minimal support for efficiency (~5% in early years)
 - 1/5 of natural gas allocation: ~2% from 2016-2029
 - 1/2 of heating oil allocation: ~1% 2013-2029
 - Industrial EE: 0.5% from 2013-2015
 - State EE and RE: ~1.75% from 2013-2021
 - Rural EE: 0.5% from 2013-2015
- Compare to ~50% to EE in RGGI



Efficiency in Utility Allocations

- Local distribution company (LDC) allocations exclusively for “ratepayer benefit”
- Determined by PUCs with EPA guidance
 - Rebates
 - Compliance?
 - Efficiency?
- 20% of natural gas LDC allocation to EE
- 0% of electric LDC allocation
- Benefits distributed “equitably among individual ratepayers within each ratepayer class” (Sec. 782)

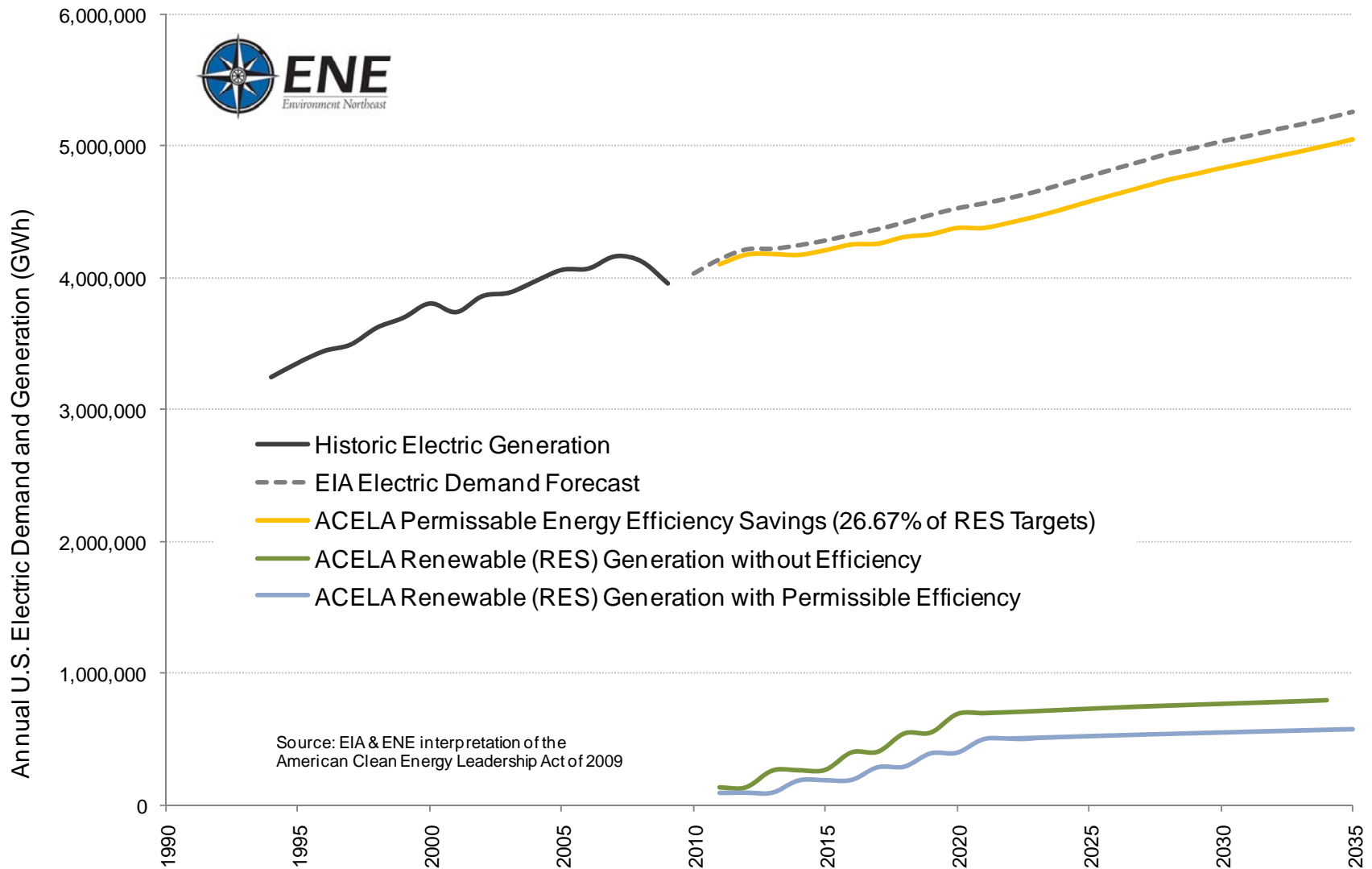
Efficiency in Utility Allocations, continued...

- How to ensure that EE qualifies?
 - Change allocation usage language
 - NARUC support – 10/28/09 [Letter](#) to EPW
 - Opposition - industrials, others
 - Call out EE
 - CBO scoring issue
 - In section title in APA – likely not enough
 - Minimum EE requirement
 - Like natural gas
 - Minimal haircut
 - Ensures EE qualifies

Potential Federal Funding - MA

- Annual funding over first 10 years, rough estimates based on ACES price projections
- State EE &RE ~ \$20m
- Heating oil ~ \$50m (up to \$100m)
- Natural gas ~ \$15m (up to \$75m)
- Electric ~ \$?? (up to \$400m)

Renewable Electricity Standard (From Bingaman's ACELA)

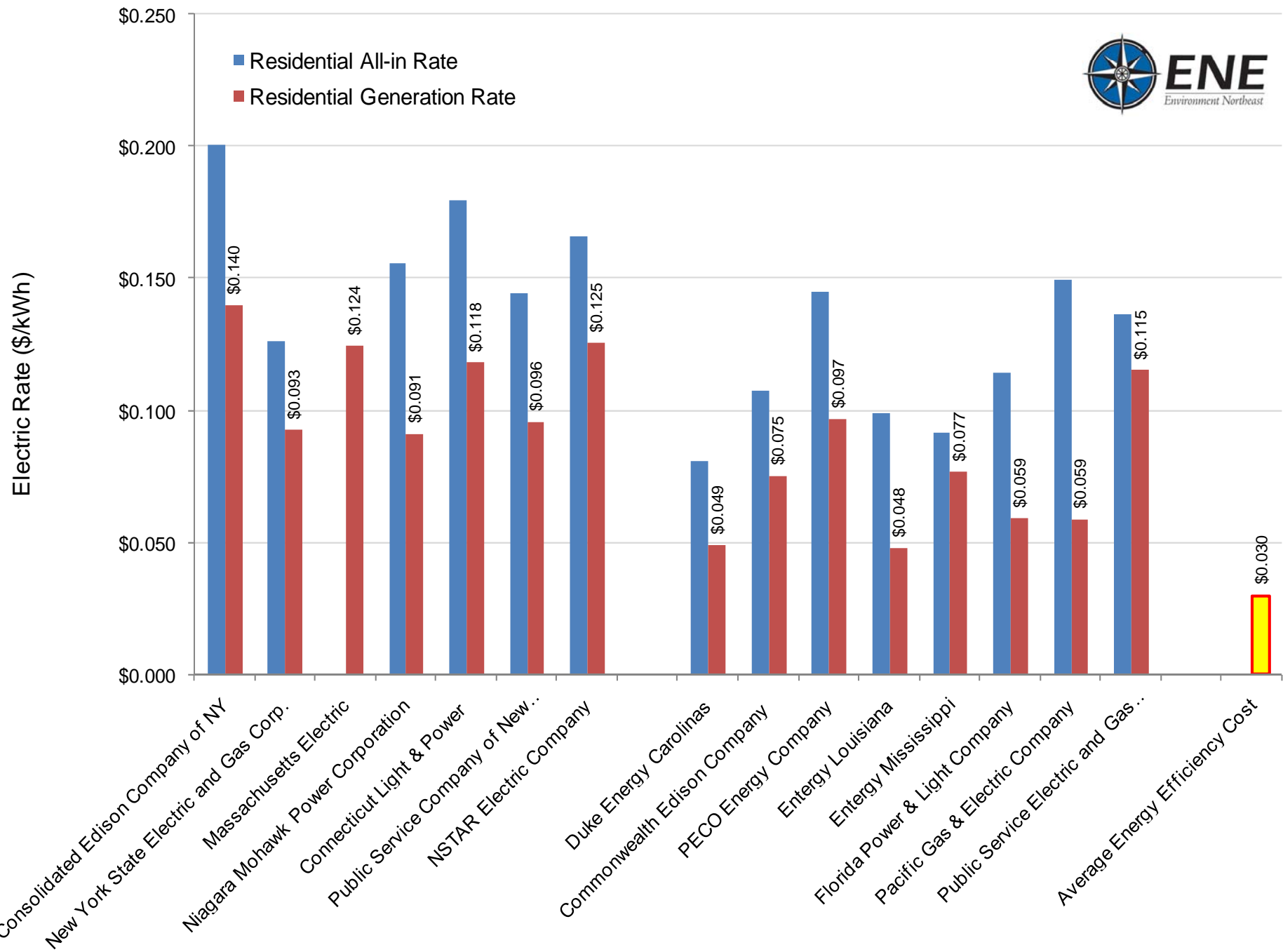


Performance Standards (From Bingaman's ACELA)

- Efficiency standards
 - Lighting
 - Appliances
 - Commercial furnaces
- Incentives
 - Electric motors
 - Manufacturing
- Building efficiency standards
 - 30% improvement by 2010
 - 50% improvement by 2016

Going Forward?

- Federal system – politics...
- Implementation details
 - Public Utility Commissions bear much of the burden
 - Revisions down the road



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