

# Clean Energy Incentive Program

Michigan Energy Optimization Collaborative



PRESENTATION

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# Opportunity for “Early Investment”

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EPA offers states the ability to “jump start” their compliance activities.

- The latest version of the Clean Power Plan includes a program to reward early investment in renewables and energy efficiency.
- Designed to allow states to advance strategies for renewables and energy efficiency implementation prior to the formal compliance start date (2020 and/or 2021).
- Distinct state opportunity not included in the original proposed rules.
- Voluntary “matching fund” program.
- The program encourages investment in “low-income communities”.

# Rationale for the CEIP

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- Based on belief that an incentives are needed to target projects to benefit low income communities (that otherwise may not be made).
- Translate to economic and job impacts from qualifying projects.
- Position energy efficiency and advance bill savings.
- Sustain the momentum to invest in the time period prior to 2022 to offset extension of the formal plan start date.
- Accommodates the shorter lead time requirements for renewables and energy efficiency projects.

# Incentives for CEIP Projects

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- States set aside allowances from its CO2 emissions budget for allocation to qualifying projects offering 2020/2021 savings.
- EPA will match allowances (or Emission Rate Credits) up to an amount equal to 300 million short tons of CO2.
- Qualifying wind or solar projects will get 1 credit for each MWh of generation.
- Energy efficiency projects implemented in low income communities will receive 2 credits for each MWh of avoided generation.

# Requirements for Eligible Projects

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- Requires submitted state plan including declaration of participation in CEIP.
- Commence construction/operations after final state plan is submitted.
- Renewables- generation from grid-tied wind or solar projects in 2020/2021.
- Energy Efficiency-quantified and verified electricity savings (megawatt-hours) implemented in low income communities in 2020/2021.
- Projects must include EM&V plans (savings amounts, verify installations, eliminate double counting of allowances).

# What does this mean for Michigan?

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- The need to formally include the opportunity in the state's overall compliance strategy.
- Potential opportunity to leverage and advance existing utility energy efficiency initiatives
- The opportunity to provide guidance as EPA solicits input specific to the CEIP.
- Implications on modeling impacts and forecasting the state's path to compliance.

# To Be Determined....

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- What happens to the credits for energy efficiency in low income communities after 2021?
- Legal challenges-Does the CEIP have a legal basis?
- Clarity on “low income communities”?
- Requirements for EM&V
- Interaction with existing EEPS and Renewable Portfolio Standards.
- EPA indicated it will solicit input and detail from the industry specific to the CEIP initiatives to finalize the plan.