

Examining Federal Greenhouse Gas Rules in the Electric Power Sector

October 21, 2015

WIRES Group Meeting

Washington, DC

Sue Gander

NGA Center for Best Practices



About NGA

Center for Best Practices

- Comparative policy shop
- Provides governors and staff technical assistance based on state direction

Office of Federal Relations

- Collective voice of governors in DC
- Builds consensus on Federal issues

Office of Management Consulting & Training

- Internal management consultants
- Training and advice for governors, chiefs of staff, schedulers, spouses, legal counsels



Helping States Examine the CPP

- NGA Center providing state-directed **education, analysis** and **technical assistance** – coordinates with Office of Federal Relations
 - Policy Academy (MI, MO, PA, UT)
 - Workshops, Webinars & Briefings
 - Memos, Papers & Consultations
- Target audience: **Governors and their immediate staff**
- **Additional participants:** state officials (environmental, energy, utility regulators and other agency representatives); federal officials (EPA and DOE); utility officials; RTOs; environmental groups; academics; researchers
- **Multiple states involved** (**bold**=policy academy; underline= 1 or more workshops; TA)
 - Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, **Michigan**, Minnesota, Mississippi, **Missouri**, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Oklahoma, **Pennsylvania**, Puerto Rico, Tennessee, **Utah**, Virginia, Washington, West Virginia, Wisconsin, Wyoming

Observations of States to Date

- States very engaged on CPP
- Still “early days” for most decisions
 - Next 6-8 months critical, even with extra two years, given lead time needed
- Starting to consider specific policy approaches, implementation steps
- Working to understanding transmission needs, challenges, solutions under rule
 - Opportunity to share expert insights

What States Are Doing

- Making Plans - One Way or the Other or Both
- Internal Coordination and Analysis
 - Coordinating via working groups with governor's office, environmental protection departments, PUCs, RTOs, etc.
 - Assessing what's in the final rule and what it means
 - Analyzing options using internal tools, university resources, consultants
- Regional Dialogues
 - MSEER – Midcontinent States Energy and Environmental Regulators
 - Duke Nicholas Institute – Southeast States
 - CNEE – Western States Clean Power Plan Initiative
- Stakeholder Outreach – Ongoing & Ramping Up
 - Examples from Policy Academy States:
 - Michigan – Early engagement provided input into strategic direction
 - Pennsylvania – 14 listening sessions across state, seeking comments on Qs
 - Missouri – Stakeholder meetings before and after final rule, new website
 - Utah – Dialogue sessions with power plant operators and legislators

What States are Thinking About

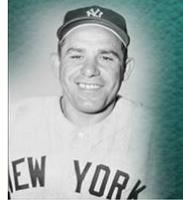
- States still assessing final rule & pros and cons of major decision points – although some leanings emerging
 - State or Federal Plan
 - Mass or rate
 - EGU-only or state measures
 - New NGCC out or in
 - Trading-ready or single-state
 - Allocation apportionment (including set asides)
 - Early action approaches
 - Retirements, renewables, reliability
 - Role of energy efficiency

**Hot Topic =
Leakage**

Challenges to Implementation: Many Forks in the Road

- Rule has many options to examine and pursue – dozens of permutations

IF YOU COME TO A
FORK IN THE
ROAD, TAKE IT.



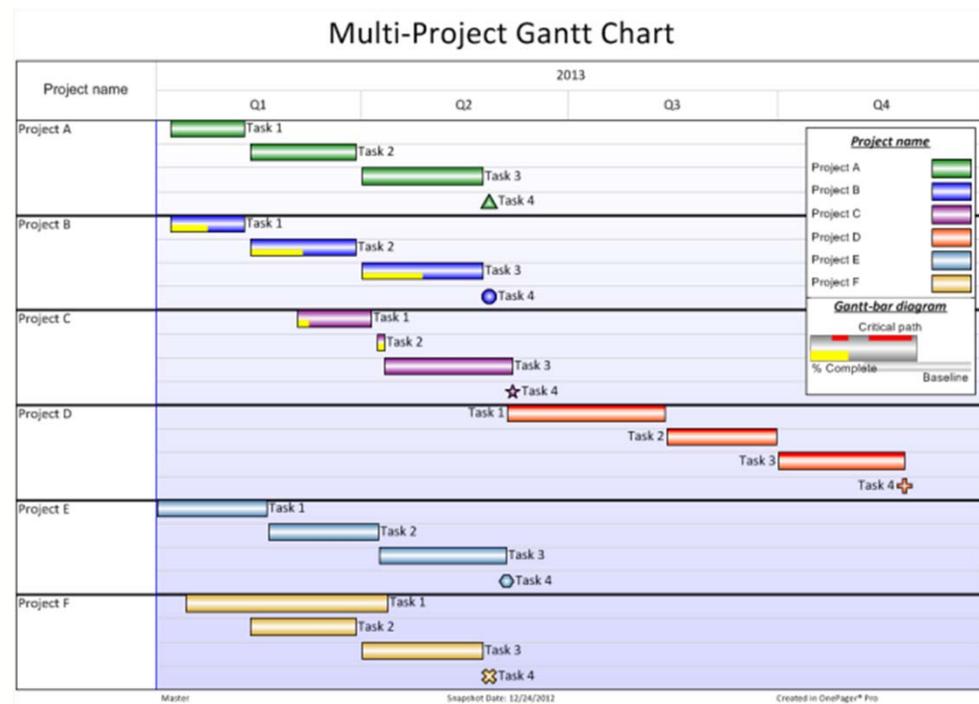
Challenges to Implementation: Prisoner's Dilemma

- Getting the most out of trading depends upon what other states do
 - “ERC” island concern
 - Size of mass “pie” matters

	Everyone's interested	Everyone's not interested
I'm interested	I'll take my chances.	She's all mine.
I'm not interested	Not my type.	

Challenges to Implementation: Gantt Chart Challenge

- Aligning with timelines for regional planning, especially where there are near-term inter-dependencies



Challenges to Implementation: “Infrastructure” Time

- New infrastructure builds still face long lead times, process hurdles

