



IOWA DEPARTMENT OF NATURAL RESOURCES

LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

What's Happened Since Our Last Meeting

Stakeholder Meeting
Cedar Falls, Iowa
January 14, 2016

What's Happened Since Our Last Meeting

- International
- National/Regional
- State/Local

International

What happened at the Climate Summit in Paris, France?

- Reached a 31-page agreement on December 12, 2015.
- Requires countries to communicate their climate targets, and make them more stringent, every five years, starting in 2020.
- Beginning in 2018, and occurring every five years thereafter, puts in place a mechanism to assess collective progress on global mitigation action using the best available science.
- Establishes an enhanced transparency system for all countries by requiring them, among other things, to report on greenhouse gas inventories and on mitigation progress.
- Sets a goal of providing \$100 billion/year by 2020 to assist developing countries.
- The agreement will be open for signing by the countries on April 22 in New York. The agreement can only enter into force once it has been ratified by 55 countries, representing at least 55% of emissions.

<http://www.cop21.gouv.fr/en/>

National

When are comments due on EPA's proposed federal plan and model trading rules?

- January 21, 2016
- Instructions for submitting comments –
<http://www.epa.gov/cleanpowerplan/how-comment-proposed-federal-plan-clean-power-plan>
- State of Iowa comment letter –
<http://www.iowadnr.gov/111d>

National

What's the status of Senate Joint Resolution 24?

Nullifies EPA's Clean Power Plan rule published on October 23, 2015

- 10/26/2015 – Introduced
- 11/17/2015 – Passed Senate
- 12/1/2015 – Passed House
- 12/18/2015 – President Vetoed

<https://www.congress.gov/bill/114th-congress/senate-joint-resolution/24>

National

What's the status of the Production Tax Credit (PTC)?

“...the **Consolidated Appropriations Act**, 2016 extended the expiration date for the PTC to 12/31/2019, for wind facilities commencing construction, with a phase-down beginning for wind projects commencing construction after 12/31/2016. ...extended the tax credit for other eligible renewable energy technologies commencing construction through 12/31/2016. ...applies retroactively to 1/1/2015.”

ELIGIBILITY

Commercial, Industrial

SAVINGS CATEGORY

Geothermal Electric, Wind (All), Biomass, Hydroelectric, Municipal Solid Waste, Landfill Gas, Tidal, Wave, Ocean Thermal, Wind (Small), Hydroelectric (Small)

MAXIMUM REBATE

None specified

PROGRAM INFO

SECTOR NAME

Federal

ADMINISTRATOR

U.S. Internal Revenue Service

WEBSITE

<http://www.irs.gov/pub/irs-pdf/f8835.pdf>

STATE

Federal

PROGRAM TYPE

Corporate Tax Credit

REBATE AMOUNT

\$0.023/kWh for wind, geothermal, closed-loop biomass
\$0.012/kWh for other eligible technologies
Applies to first 10 years of operation

<http://energy.gov/savings/renewable-electricity-production-tax-credit-ptc>

National

What's the status of Clean Power Plan litigation?

- Consolidated cases with the U.S. Court of Appeals for the District of Columbia Circuit
- Before the three-judge panel turns to the merits of the legal challenges to the CPP, it will first address motions asking the court to grant a stay.

ERC Geographic Eligibility Fact Sheet



ALLOWABLE SCOPE OF GEOGRAPHIC ELIGIBILITY FOR EMISSION RATE CREDITS (ERCs) UNDER A RATE-BASED APPROACH

The following table summarizes the geographic eligibility requirements for different resources for the issuance of Emission Rate Credits (ERCs), as part of a rate-based plan approach.^{iv} The table specifically summarizes eligibility requirements based on the jurisdiction in which the resource is located. If a resource is eligible for the issuance of ERCs because of its location and conformance with the criteria specified and discussed in preamble section VIII.K.1, the resource provider can apply for ERC issuance from any rate-based jurisdiction whose plan provides for such issuance. The rate-based jurisdiction that issues the ERCs does not need to be a rate-based jurisdiction in which the resource is located nor does it necessarily need to be the rate-based jurisdiction that the power was intended to supply. Where ERCs can be traded and used for compliance once issued (e.g., across state lines) is an issue separate from that of ERC issuance and depends upon the state plan under which compliance is determined.^{vi}

Jurisdiction in which resource is located		State or Tribal Land with affected EGUs	State or Tribal Land without affected EGUs	International
Eligible Resource	Renewable Energy	Yes, if the provider is located in a jurisdiction with a rate-based plan If the provider is located in a jurisdiction with a mass-based plan, the provider must show that the generation is delivered to the regional grid with the intention to meet load in a rate-based jurisdiction ^{iv}	Yes, if the generation is delivered to the regional grid with the intention to meet load in a rate-based jurisdiction ^{iv}	Yes, if the country is connected to the U.S. grid and the generation is delivered to the grid with the intention to meet load in a rate-based jurisdiction ^{iv}
	Energy Efficiency & Other Non-BSER Measures	Yes, if the provider is located in a jurisdiction with a rate-based plan. No, if the provider is located in a jurisdiction with a mass-based plan ^{iv}	Yes, if the provider is located on tribal land without affected EGUs, but only if the tribal land is located within the borders of a rate-based state No, if the provider is located in a state without affected EGUs	No

<http://www.epa.gov/cleanpowerplanttoolbox>

National

USDA Rural Energy for America Program (REAP) Program – \$50 million

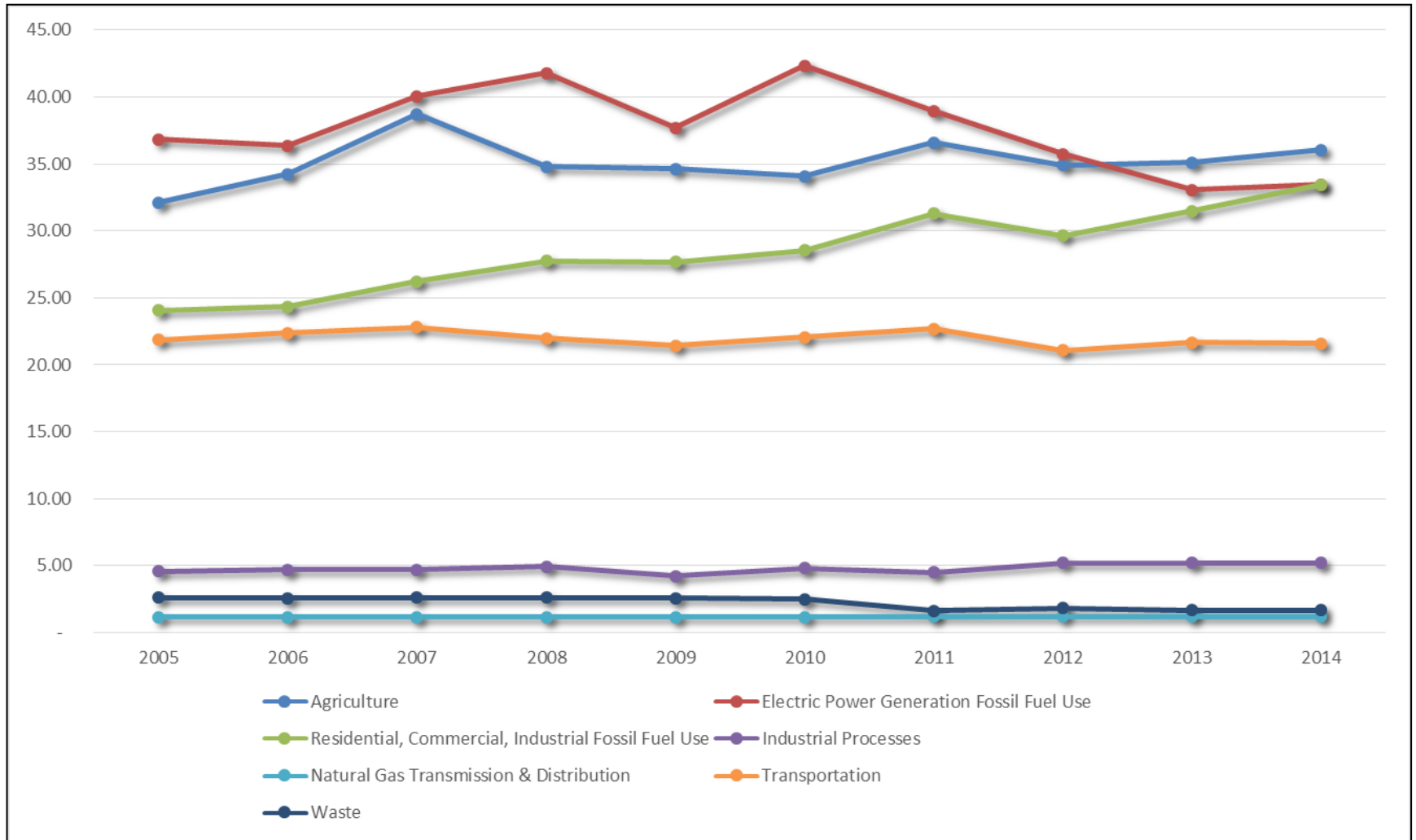
- Applications Due: February 1, 2016
- Eligible Entities: Agricultural producers and rural small businesses
- USDA announced funding to assist agricultural producers and small business owners in applying for resources to purchase and install renewable energy systems or make energy efficiency improvements. Eligible renewable energy systems include wind, solar, renewable biomass (including anaerobic digesters), small hydro-electric, ocean, geothermal, or hydrogen derived from these renewable resources.

<http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency>

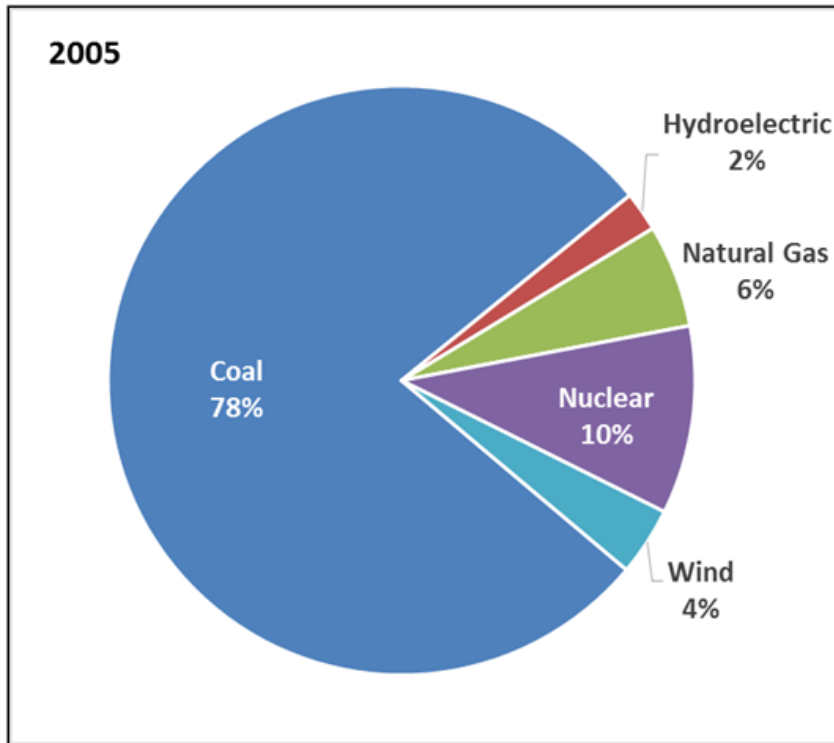
State

- Comment letter on EPA's proposed federal plan and model trading rules
- Iowa Greenhouse Gas Statewide Inventory
- When and How will Iowa make a decision on a mass-based or rate-based plan?

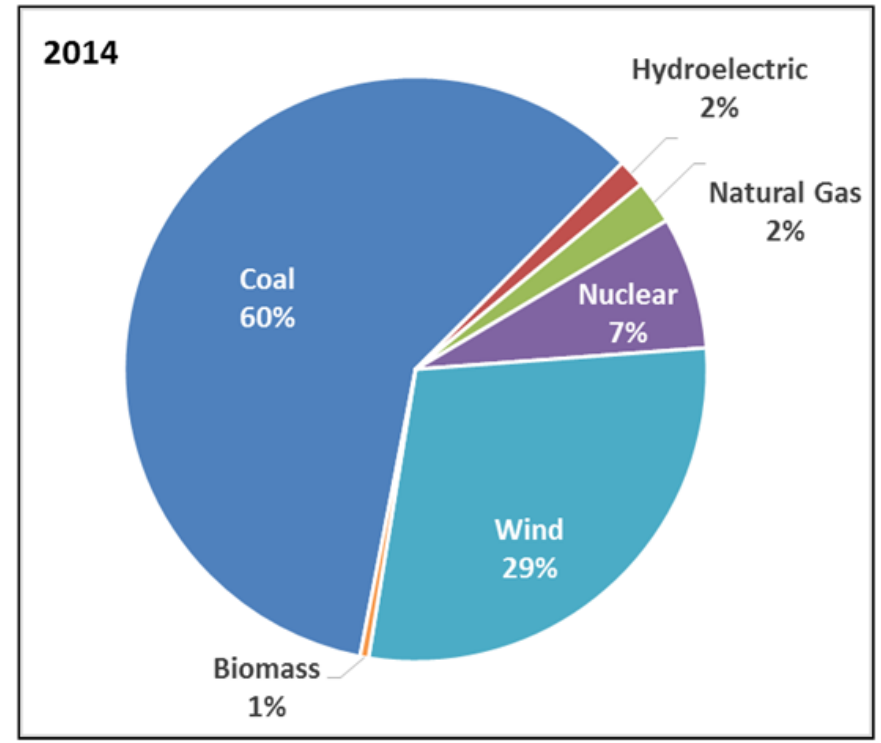
Iowa Gross GHG Emissions 2005 – 2014 by Sector (MMtCO₂e)



2005 Net Iowa Electricity Generation by Energy Source (EIA 2015)



2014 Net Iowa Electricity Generation by Energy Source (EIA 2015)



Initial Questions

1. Considering what you know today, do you think your utility will be able to comply with EPA's final 111(d) rules?
 - a. If yes, please explain generally what you will need to do to comply, as much as you have thought about it so far. If you are considering various options for compliance, will you please share what you are considering?
 - b. If no, please explain what you think will prevent you from being able to comply, or the things that would make compliance particularly difficult or expensive for your utility.

2. Considering what you know today, would you prefer that Iowa use a **rate-based** plan or a **mass-based** plan? Please explain the pros and cons of each that are important to you.

Initial Questions

3. If Iowa chooses to use a **rate-based** approach, would you prefer that it use the separate performance rates for fossil steam and Natural Gas Combined Cycle (NGCC), or would you prefer that it use the blended Iowa statewide rate? What do you think are the pros and cons of each? Do you think Iowa should consider using some other state-defined rates? What are your thoughts about how Iowa should address Evaluation, Measurement, and Verification (EM&V) requirements if a rate-based approach is chosen?
4. If Iowa chooses to use a **mass-based** emissions standards approach, would you prefer that it include or exclude new units? What do you think are the pros and cons of each choice? Do you have any comments on how allowances should be allocated if Iowa chooses a mass-based approach? Do you think Iowa should consider using a state measures approach?
5. Is the ability to **trade Allowances** or **Emission Rate Credits** (ERCs) important to you? Please explain.

Initial Questions

6. Assuming **trading allowances** or **ERCs** will be important for meeting the emission reduction goals required by the Clean Power Plan, what do you think should be included in Iowa's state plan to facilitate trading?
7. Please explain any **other issues** that are important to you that will need to be considered when developing Iowa's state plan.
8. What do you think will be some of the **biggest challenges** for Iowa and its utilities in complying with the final rules?
9. What do you think will be some of the **best opportunities** for Iowa and its utilities in complying with the final rules?

