



EPA CAA Part 111(d) – the role for third-party delivered energy efficiency projects

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Presentation Outline

- ESCO Industry Coalition Objectives
- Why a Third-Party Delivered Energy Efficiency Program?
- Ten Steps to Programmatic, Market-based EE Reductions
- Open Issues
- Next Steps

ESCO Industry Coalition Objectives

- We believe climate change can be cost effectively addressed by focusing aggressively on energy efficiency
- Our coalition believes we have something unique to offer in the discussion of this issue, namely expertise on:
 - a) Delivering demand side energy efficiency at scale
 - b) Using standard methodologies to accurately measure and verify CO2 reductions through energy efficiency projects
 - c) Overcoming market barriers to investment across segments
- Whitepaper - CREDITING CO2 EMISSION REDUCTIONS ACHIEVED THROUGH END-USE ENERGY EFFICIENCY UNDER SECTION 111(d):

Honeywell

Johnson
Controls 

SIEMENS

AMERESCO 
Green • Clean • Sustainable

IR Ingersoll Rand

Schneider
Electric 

 **United Technologies**

Why Third-Party Delivered Energy Efficiency?

- Some states will prefer a market-based, private-sector approaches to energy efficiency programs
- EPA targets of 1.5%/year only consider state and utility-based programs – significant potential upside by including third-party EE programs
- Third-party programs can provide an additional means of enforceability if utility programs fall short of targets
- Scaling single measure utility incentive programs will be challenging with future advances in building codes and appliance/equipment standards
- ESCO projects provide deep energy savings and leverage building systems expertise which is difficult to achieve in traditional utility programs

Ten Steps to Programmatic, Market-based EE Reductions - *Straw Man Model for Discussion Purposes Only* -

- 1** *Establish Third-Party Delivered EE Program*
- 2** *Include EE Program in State Implementation Plan*
- 3** *Develop EE Projects*
- 4** *Approve and Register EE Projects*
- 5** *Secure Emissions Credits/Incentives for Projects*
- 6** *Install and Commission Projects*
- 7** *Measurement and Verify Projects*
- 8** *Address Project Performance Shortfalls*
- 9** *Evaluate, Measure and Verify Program Performance*
- 10** *Address Program Performance Shortfalls*

Open Issues

- Not fully crediting actions starting before 2020 may create disincentives for efficiency action between 2014-2020
- Declining crediting: projects that guarantee energy savings for a contracted period should be credited for the entire period, subject to potential BAU adjustment
- Third-party delivered EE is not clarified in the proposed rule, which focuses on utility delivered energy efficiency
- EPA should provide EE guidance prior to rule finalization
 - EM&V, methodologies for converting energy savings to CO2 reductions and rules for crediting/ownership of reductions.
 - Enforceability: does EPA have legal enforcement? States? Who is accountable and liable for reductions?

Next Steps

- Submit formal comments to EPA that reflect our suggested improvements to the proposed rule which address issues of environmental rigor, administrative ease and adaptability
- Develop model approaches (with help from AJW) of how third-party delivered EE projects can be implemented in state implementation plans
- Engage key state implementers (NASEO, NARUC, NACAA) and other key state government and industry stakeholders



"The biggest bang for our buck is energy efficiency"