

# The Role of the States in Federal Climate Change Legislation

Brian McLean  
Office of Atmospheric Programs  
U.S. Environmental Protection Agency

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# State and Local Roles

State and local governments have better knowledge of:

- Local energy systems, transportation systems, agriculture, forestry, and sector-specific conditions in the economy;
- Local macroeconomic conditions – competitive conditions, value chains, economic clusters, employment levels, work force skills, etc.; and
- Local ecosystems and local human-built environment and infrastructure.

# Utility Regulation - Supply

States can:

- Require emissions performance standards, and approve resource plans and plant construction accordingly;
- Create emissions portfolio standards for utility power supplies;
- Implement Renewable Portfolio Standards (RPS) that require utilities to supply specific portions of demand with renewable electricity sources;
- Set net metering and interconnection policies favorable to renewable energy and other forms of distributed generation; and
- Promote “green power purchasing” among state and local government agencies and private-sector customers.

# Utility Regulation - Demand

States can:

- Require utilities to consider demand-side resources like energy efficiency as a resource, along side supply side resources;
- Require utilities to run demand-side management (DSM) programs;
- Implement Energy Efficiency Resource Standards (EERS) that require utilities to meet specific portions of demand with energy efficiency;
- Approve mechanisms that align utility incentives with the delivery of energy efficiency programs, through approving cost recovery, removing the link between sales and fixed cost recovery, and considering shareholder incentives; and
- Design retail rates and promote metering innovations that promote energy efficiency and demand response.

# Other Energy Supply Policies

- State funding and incentives strategies can help bring clean energy to the marketplace, including loans, tax incentives, grants, buy-downs, performance contracting, set-asides for energy efficiency/renewable energy, and supplemental environmental projects (SEPs);
- States can promote clean energy sources through promotional programs, such as California's Million Solar Roofs program. State and local governments also engage in their own "green power" purchasing to spur the market, or undertake other lead-by-example activities.

*Most of these programs can be paid for using recovery package funds*

# Other Energy Demand Policies

- State and local governments adopt building energy codes that require new buildings and major renovations to meet minimum energy efficiency requirements. Local governments typically have the lead in enforcing these codes.
- State and local governments administer weatherization programs for low-income residents.
- States can set minimum energy efficiency levels for appliances and other energy-consuming products that are not covered by federal standards.
- Many state and local governments lead by example by establishing programs that achieve substantial energy cost savings within their own operations and buildings.

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# Transportation and Land Use Policies

To address transportation, states can:

- Promote fuel-efficient vehicles and related infrastructure via tax policies and other instruments;
- Adopt biofuel mandates or incentives, some of which go beyond the mandate in the federal Energy Independence and Security Act (EISA) of 2007; and
- Implement alternative road pricing and parking policies, and congestion fees.

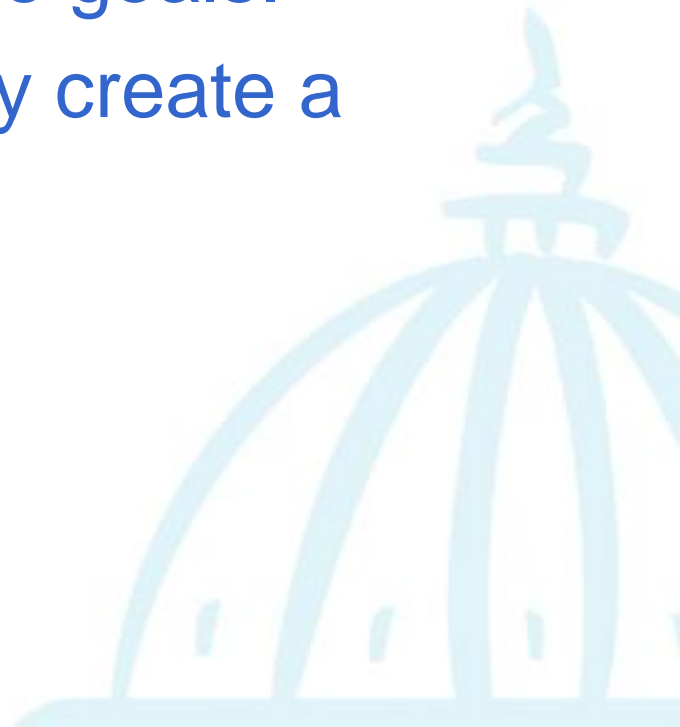
Although land use is difficult to address, California's SB 375 attempts to deal with transportation-related emissions by promoting smart growth and sustainable development.

# Emerging Concerns

- Multiple benefits – Using green development as business development, and finding synergies between climate change and job creation.
- Adaptation strategies – Requires a different approach from mitigation. All the functional activities and decision making lies with state, regional and local governments, although EPA can assist with identifying where impacts will likely occur.

# Moving Forward

- We need to build off of our history of collaboration.
- All levels of government need to work together to achieve climate goals.
- How can we constructively create a dialogue?



# For more information

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## **State Climate and Energy Programs**

[www.epa.gov/cleanenergy/energy-programs/state-and-local/state](http://www.epa.gov/cleanenergy/energy-programs/state-and-local/state)

## **Local Climate and Energy Programs**

[www.epa.gov/cleanenergy/energy-programs/state-and-local/local](http://www.epa.gov/cleanenergy/energy-programs/state-and-local/local)

## **National Action Plan for Energy Efficiency**

[www.epa.gov/eeactionplan](http://www.epa.gov/eeactionplan)