



Utility Incentives for Refrigerant GWP Workshop

NASRC Sustainable Refrigeration Summit

October 28, 2022

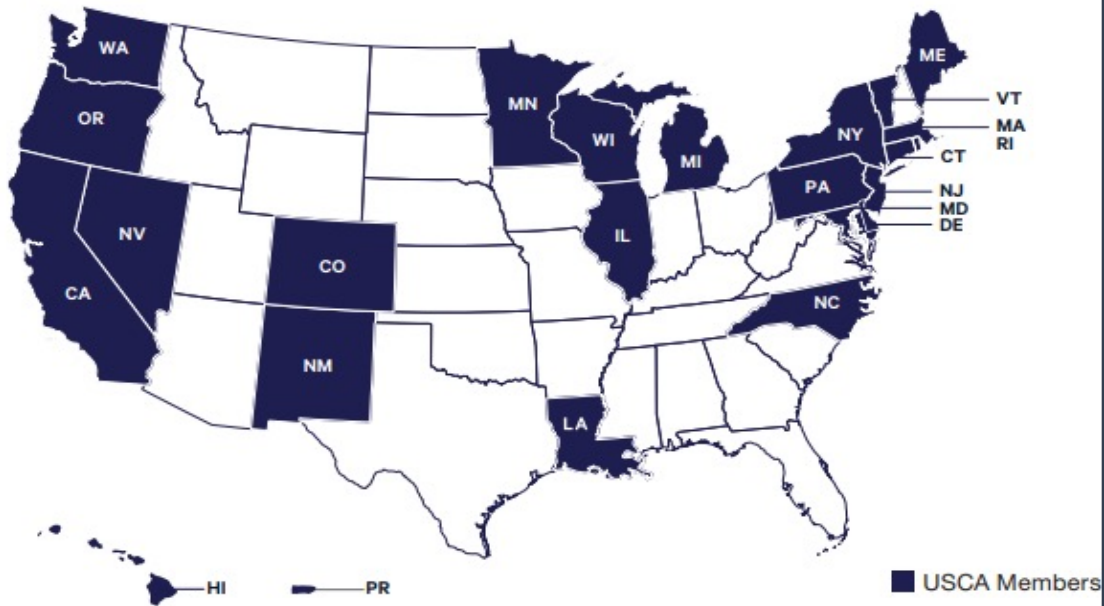
Andrew Sand, Senior Policy Advisor

 UNITED STATES
CLIMATE ALLIANCE

U.S. CLIMATE ALLIANCE

Bipartisan coalition of 24 Governors cooperating to tackle climate challenge

- **59%** of the U.S. economy.
- **54%** of the U.S. population.
- **42%** of U.S. emissions.



Our Collective Goals

- Reducing collective net GHG emissions at least 26-28 percent by **2025** and **50-52 percent by 2030**, both below 2005 levels, and **collectively** achieving overall **net-zero** GHG emissions as soon as practicable, and no later than 2050.
- **Accelerating** new and existing **policies to reduce GHG pollution, building resilience** to the impacts of climate change, and promoting clean energy deployment at the state and federal level.
- **Centering equity, environmental justice, and a just economic transition** in their efforts to achieve their climate goals and create high-quality jobs.
 - **Tracking and reporting progress** to the global community in appropriate settings, including when the world convenes to take stock of the Paris Agreement.

Hydrofluorocarbons (HFC) Policy

Montreal Protocol (1987)

EPA SNAP 20 & 21 Rules

Montreal Protocol Kigali Amendment (2016)

State Regulations

AIM Act (2020)

Kigali Ratified (2022)

- Agreement to reduced the production, consumption, and emissions of ozone-depleting substances.
- While successful, this led to a shift to hydrofluorocarbons (HFCs)

- Partially vacated by the D.C. Circuit Court

- Adopted an amendment to phasedown of production and consumption of HFCs to reduce greenhouse gas emissions

- States proposed backstopping the vacated federal rules.
- USCA Governors launched a Short-lived Climate Pollutants Challenge
- States partnered with industry
- States developed a policy roadmap, inventory tool, and model rule.
- Led to SNAP-like Rules being adopted in 12 states

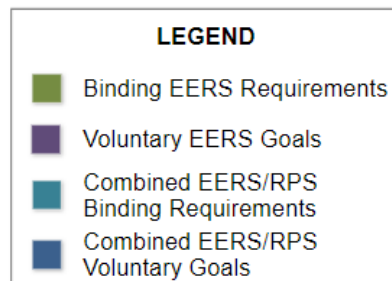
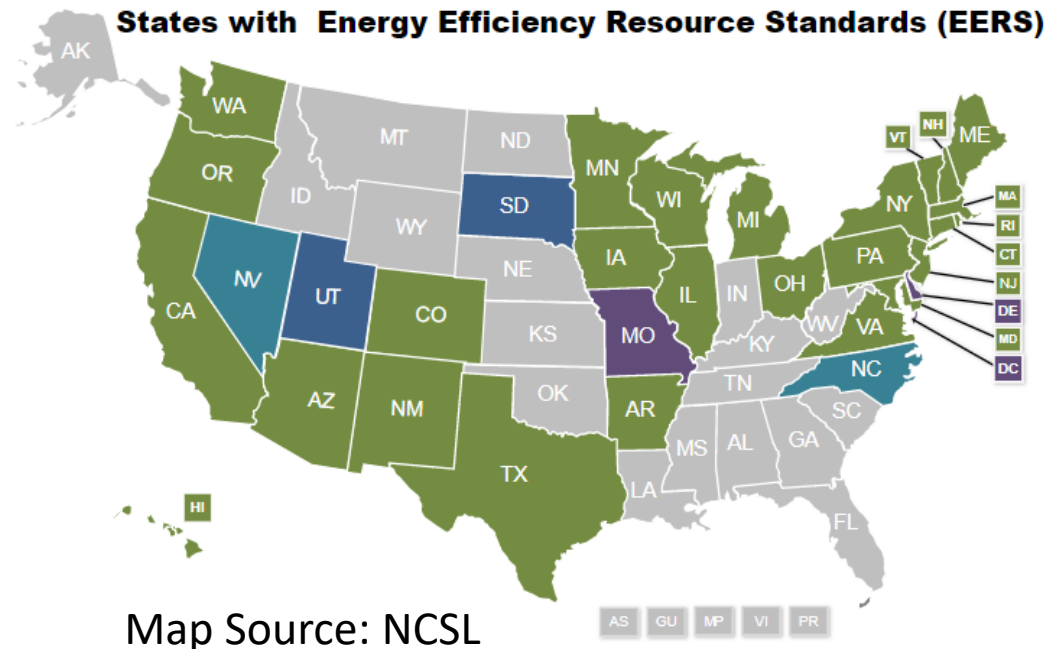
- State policy built momentum for national policy.
- Prepared the U.S. to comply with the HFC phasedown under Kigali.
- States continue to work with EPA on AIM act implementation

- U.S. Senate ratifies on a bipartisan basis

Economywide GHG Goals and Targets

- At the same time, states are adopting policies, governance structures and determining compliance pathways for economy-wide emissions reductions.
- Across Alliance members:
 - 23 have economy-wide GHG goals
 - 14 have net-zero goals

Utility Energy Efficiency Programs



Note: 18 states do not have binding or voluntary EERS policies. Note that this analysis does not evaluate EERS policies in other territories.

- There is a long history of utility incentives for equipment to provide energy savings. States adopted efficiency standards (e.g. % of peak or sales) where system demand reductions are the quantifiable benefits.
- For Alliance Members: 20 electric & 15 gas EERS
- Other related Policy Trends:
 - Decoupling sales from revenues
 - Expanded use of performance incentive mechanisms under performance-based regulations
 - Locationally targeted EE
 - Demand response
 - Utilizing Social Cost of GHGs
 - Beneficial electrification planning & procurement
 - Low-GWP equipment incentives

Climate-aligned Utility Programs

- How do utility EE programs account for economy-wide decarbonization (e.g. size, scope, measures)?
- What benefits should these programs measure (e.g. Energy savings only, GHG impacts, low-GWP, other policy goals)?
- What authority do utility commissions have to implement a state's climate policy? How does the agency mission and charge change with establishing new economywide climate goals? Air and utility regulators rely on different basis for their decisions.
- When considering low-GWP refrigeration:
 - New Frameworks: standalone incentive program and budget
 - Existing Frameworks:
 - Low-GWP equipment incentivized, but only for energy savings potential
 - Modification to cost tests to account for SCC/SC-GHGs
 - Modification to the underlying policy outcome and measurement (e.g. GHG reductions)