

## Draft Meeting Summary

### COG Climate Energy and Environment Policy Committee (CEEPC)

January 25, 2012

#### **Members and Alternates Present**

Hon. Del Pepper, City of Alexandria

Hon. Jay Fiset, Chair, Arlington County

Dr. Kambiz Agazi, Fairfax County

Stan Edwards, Montgomery County

Denise Mitchell, College Park

Fred Schultz, Takoma Park

Jonathan Way, City of Manassas

Austina Casey, DDOT

Luke Wisniewski, Maryland Department of the Environment

Michael Barancewicz, Loudoun County Public Schools

Jim Barrett, Applied Solutions

Chris Berendt, Drinker, Biddle & Reath LLP

Mark Busciano, Casey Trees

Sarah Cosby, Dominion Virginia Power

Larisa Dobriansky, Global Energy Network

Michael Donovan, USAID

Bucky Green, US Environmental Protection Agency

Julia Hudson, General Services Administration

Sarah Jensen, US Department of Energy

Caroline Keicher, Institute for Market Transformation

Julia Koster, National Capital Planning Commission (NCPC)

Dale Medearis, Northern Virginia Regional Commission (NVRC)

Katie Peterschmidt, Cooper Cary, Inc.

Caroline Petti, COG Air and Climate Public Advisory Committee (ACPAC)

Jeff Platenberg, Loudoun County Public Schools

Dr. Dann Sklarew, Ph.D., George Mason University

Nicole Steele, Alliance to Save Energy

Dr. Lise Van Susteren, M.D., Chesapeake Climate Action Network

Steve Walz, NVRC

Dr. Kris Wernstedt, Ph.D., Virginia Tech

#### **Others Present**

Jeannine Altavilla, Arlington County

Dan Barry, District of Columbia Department of the Environment

Ray Bourland, Pepco

Blaine Collison, US Environmental Protection Agency

Mia Colson, National Association of Regional Councils

Beverly Fourier, Arlington County, ACPAC Member

Jenna Goodward, World Resources Institute

Ben Foster, Optony

Mark Foster, Optony

Debra Jacobson, George Washington University (phone)

Ivy Main, Virginia Sierra Club  
Jeffrey Maynard, GreenBrilliance  
Colin Murchie, Solar City  
John Nelson  
Najib Salehi, Loudoun County  
David Shuford, Dominion Virginia Power  
Tim Stevens, City of Falls Church  
David Wiley

### **Staff Present**

Leah Boggs, Environmental Planner, Metropolitan Washington Council of Governments (COG) Department of Environmental Programs (DEP)  
Amanda Campbell, Environmental Planner, COG DEP  
Maia Davis, Environmental Planner, COG DEP  
Stuart Freudberg, Director, Department of Environmental Programs, COG DEP  
Jeff King, Principal Environmental Planner, COG DEP  
Joan Rohlf, Director, Environmental Resources Programs, COG DEP

### **1. Call to Order/Introductions/Chair Remarks**

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Chair Fisette called the meeting of the Climate, Energy, and Environment Policy Committee (CEEPC) to order at 9:47 a.m.

Mr. Fisette welcomed newly appointed CEEPC members:

- Elected Officials
  - James Flynn, Bladensburg
  - Andrew Fellows, College Park
  - Konrad Herling, Greenbelt
  - Ralph Buona, Loudoun County
- Stakeholders
  - Julia Hudson, US General Services Administration, National Capital Region
  - Sarah Jensen, Federal Interagency Sustainability Workgroup, US Department of Energy
  - Sarah Cosby, Dominion Virginia Power
  - Colin Shay, Washington Gas
  - Jim Barrett, Applied Solutions
  - Nicole Steele, Alliance to Save Energy
  - Michael Donovan, USAID
  - Chris Berendt, Drinker Biddle & Reath, LLP
  - Katie Peterschmidt, Cooper Cary, Inc.
  - Dr. Michael Mortimer, Virginia Tech, Northern Virginia Campus
  - Larisa Dobriansky, Global Energy Network
  - Mark Busciano, Casey Trees
  - Mike Barancewicz, Loudoun County Public Schools

Mr. Fisette announced that all CEEPC meetings will begin at 9:30am for the remainder of the year. Chair Fisette noted that members should provide feedback on the committee meetings by completing the survey that COG Staff developed. The survey results will be presented in March.

### **2. Approval of Meeting Summary for November 16, 2011 and Amendments to the Agenda**

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The meeting summary for the November 16, 2011 meeting was approved with no changes. The Agenda was approved with no changes.

### 3. Regional Collaborative Procurement of Solar Energy Solutions

(Blaine Collison, Program Director, EPA’s Green Power Partnership; Ben Foster, Optony),

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Ben Foster gave an overview of the Metro DC Clean Energy Collaborative Procurement Initiative. The Initiative was launched by EPA’s Green Power Partnership. The EPA is working with several agencies across the region including local governments, school districts, transit agencies, universities, and one hospital, to collaboratively purchase and install solar photovoltaic power on their facilities. Out of 176 sites that were studied, 57 high potential sites were identified. If 80% of the installations are successfully installed, as in the initiative’s pilot in Silicon Valley, the projects would generate 33 megawatts of energy—enough to power 2,200 homes and avoid 26,700 metric tons of carbon dioxide. Collaborative purchasing allows for better pricing and lowers administrative costs.

EPA conducted outreach to many agencies to identify sites. Mr. Foster noted that of the 57 potential sites in Maryland, DC and Virginia, 38 are located in Virginia due to unmet demand for solar installations in that state. Most of the Virginia sites are located in Northern Virginia. EPA hopes to coordinate with Virginia Dominion Power on the projects.

Mr. Foster elaborated that this initiative could be characterized as the first round. Once the project is proven successful, a second round of collaborative purchasing could be initiated.

Jeff King explained that CEEPC and COG can help to elevate awareness of these efforts. Chair Fisetto requested that EPA and Optony communicate with CEEPC if any issues arise that the Committee could be of use in resolving.

### 4. Renewable Energy Panel Discussion (David Shuford, Dominion Virginia Power; Ray Bourland, Pepco; Ivy Main, Sierra Club)

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Chair Fisetto asked the speakers to describe the actions their organizations are taking to promote renewable energy in the region, and to identify the most intractable obstacles.

*Summary: VA, MD, and DC Renewable Portfolio Standards*

State	Near term	Long term
Virginia (Dominion Power)	4% <sup>1</sup> by 2010	15% <sup>1</sup> by 2025
Maryland (Pepco)	9% by 2012	20% by 2022
District of Columbia (Pepco)	8% by 2012	22% by 2022

David Shuford shared with the Committee that Dominion Virginia Power (DP) is a vertically integrated utility company whose generation, distribution, and transmission is regulated by the State Corporation Commission (SCC). The SCC regulates under Virginia’s modified cost of service model, which requires approval of rates. The SCC must approve of any facilities or changes in rates. Every two years DP must report their costs and earnings to the SCC. Overearnings must be shared with customers; deficits may warrant a rate increase.

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<sup>1</sup> Represents the percentage of non-nuclear electricity generation. Including nuclear, the RPS is about 2.5% in 2007 and 10% in 2025

Mr. Shuford explained that the SCC requires DP to annually submit an Integrated Resource Plan (IRP) containing 15-year projections of several scenarios. The SCC determines whether the plan and proposed generation facilities are reasonable and prudent when considering approval.

Virginia adopted a voluntary Renewable Portfolio Standard (RPS) in 2007 with escalating goals from 2010 to 2025. Renewables as defined for the purposes of the RPS include solar, wind, hydro, biomass, waste to energy, wave motion, tides, geothermal, and coal bed methane. DP must seek approval from the SCC twice for proposals: first for the goals, second for cost recovery. The 2010 approved RPS plan uses existing assets, building feasible facilities, and purchasing low-cost RECs.

Mr. Shuford detailed the amount of land needed for various means of power generation. Most renewable energy costs more per megawatt than traditional sources. Nevertheless, there are several biomass plants, solar facilities, and wind facilities that are proposed or under development. Other energy efficiency and renewable energy options for Virginia customers include energy efficiency, community solar program (proposed), Green Power, net metering, and Schedule 19 avoided cost tariff. DP's carbon dioxide emissions intensity has declined since 2000, and compares favorably with other large US power producers.

Mr. Shuford said that Virginia's obstacles include the fact that the RPS program is voluntary, and that many renewable sources other than biomass are not as cost-effective as fossil fuels. Also, there has been some local opposition to proposed wind facility sites. Dominion Power has helped pass legislation to allow utility-owned solar power for industrial and commercial customers.

Ray Bourland explained that in Maryland and in the District of Columbia, Pepco, as an electric supplier, is required by law to buy Renewable Energy Credits (RECs) to meet each year's Renewable Portfolio Standard (RPS). A percentage of the RECs must come from solar power sources (SRECs or 'solar carve-out'). If electricity suppliers do not purchase enough RECs in any given year, they must pay an alternative compliance fee. Since Pepco does not own any generating facilities, it purchases electricity from other providers to meet the RPS's. The facilities producing RECs can be located in or near the 13-state PJM region, but both Maryland and the District of Columbia require SRECs to be generated at facilities within their respective territory. This SREC location requirement has incentivized the installation of 1,953 solar projects since 2007 in Maryland. Maryland's wind energy production has also increased.

Mr. Bourland elaborated that the RECs are classified as Tier 1 (solar, wind, others), and Tier II (large hydropower and solid waste). Tier II are to be phased out over time, and Tier 1 increase over time. Mr. Bourland corroborated Mr. Shuford's assertion that renewable energy on the whole is more expensive than conventional, although the economics of solar generation is changing. The Maryland Public Service Commission commissioned a study that found that offshore wind and solar were the most expensive sources of electricity generation.

Ivy Main explained that unlike Maryland and DC's RPS, Virginia's RPS is voluntary rather than mandatory, and relies on incentives rather than penalties. When facilities and rates are approved, ratepayers must pay the higher rates and the power company receives a profit-boosting bonus. Ms. Main pointed out that DP's RPS for 2010 is about 2.5%, not 4%, since nuclear power is excluded from the denominator.

Virginia regulations allow DP to produce wind power and sell the credits to other utilities rather than using it directly as a source of electricity. The result is that the RPS is met through poor quality sources such as pre-World War II hydropower dams, which would not qualify under other states' RPS's. Ms. Main elaborated that the voluntary Green Power program uses out-of-state Renewable Energy Credits (RECs), and at one time, about 50% of the revenue was put towards administrative costs. Ratepayers would rather have RECs located in the state to provide local jobs and environmental benefits.

Ms. Main explained that DP has opposed renewable generation, such as larger solar installations, on the grounds that it poses competition. DP will finance a generator, but not solar power in some cases. The SCC is one obstacle, but DP, as one of the most powerful political forces in Richmond, has opposed many laws favorable to renewable energy.

Ms. Main said that to advance renewable energy in Virginia, what is needed is open discussion among power providers and local governments, businesses, environmental groups and the public to identify and overcome the obstacles. Her DC and Maryland Sierra Club counterparts also identified concerns with net metering and transparency. A proactive stance on legislative reforms is needed in Richmond and in other legislatures that impact the Washington Region. In the meantime, individuals and policymakers can focus on implementing behind-the-meter strategies such as home solar, geothermal, efficiency, and renewable energy financing. Solar mapping—identifying solar generation potential by location—can help facilitate solar siting. Streamlining the multiple permit application process can reduce administrative burdens.

Ms. Main emphasized the benefits that drive society to choose renewable energy: reduced hidden costs of air and water pollution, and resulting health risks, increased security from market volatility, and reduced greenhouse gases. Health care costs connected to coal-fired power plants can surpass the cost of electricity production. When external costs are factored in, renewable energy compares more favorably to conventional sources.

Discussion revolved around challenges to smart grid deployment in Virginia, the criteria that guides the SCC's choices, demand-side management, and the advantages and disadvantages of mandatory versus voluntary RPS programs. The SCC considers environmental impacts on site, but not emissions externalities. Mr. Shuford explained that the General Assembly is unlikely to pass legislation that would incorporate externalities, even if Sierra Club and Dominion Power approached the commission united on the issue. Ms. Main welcomed the opportunity. She said that there are a few introduced bills that would incorporate externalities such as health care and price stability, but they are unlikely to pass without utility's support.

Mr. Shuford explained in response to inquiries that demand-side management is not perceived as competition. The issue of 3<sup>rd</sup> party providers emerged as a matter of determining which party would benefit from a tax credit under federal law. In Virginia, originally, 3<sup>rd</sup> party providers had to provide 100% renewable energy, but now it is a matter of changing Virginia law to make the process less cumbersome and lengthy.

Chair Fisette urged the Committee to continue to learn more about the challenges and opportunities involved in increasing renewable energy, and to continue to seek partnerships between public, private, and utility agencies to overcome obstacles.

## **5. Federal and State Initiatives for 2012**

(Jim Barrett, Clean Economy Development Center; Jeff King, MWCOG/DEP)

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Jim Barrett explained that Qualified Energy Conservation Bonds (QECBs) are allocated by a population formula through states to local governments. Although QECBs appear to be a promising mechanism for financing CEEPC clean energy goals, they are difficult to employ for several reasons. One is the high administrative cost ratio since the bond amount is so low (10\$ per capita), but this can be overcome by rolling administrative costs into the bond. The main difficulty is that the IRS has given unclear guidance on application criteria. For example, IRS requires efficiency projects to save 20% but does not define how to meet that requirement. Only 30% of funds can be used for private sector activities, unless it is considered a 'green communities' program, which is also undefined.

Chair Fisette noted that an additional challenge is that bond ratings are low, but the program might be feasible for COG localities that have a population over 100,000.

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## 6. Projects and Subcommittee Updates

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- a) **Annual Progress Report** (Maia Davis): The annual CEEPC Energy Action Plan survey was sent out on January 16 to contacts from each jurisdiction. This year, there are additional questions relating to electric vehicles and sustainable purchasing, but air quality questions are omitted. COG staff can assist local government staff in completing the survey if needed. The survey is due February 3<sup>rd</sup>. Chair Fisetta hopes for timely participation to allow the draft report to be completed by March.
- b) **Responsible Purchasing Network (RPN) Regional Membership** (Maia Davis): COG and its jurisdictions are now members of the Responsible Purchasing Network. Membership is provided to COG member jurisdictions at no charge in 2012. An unlimited number of employees within COG's network can access benefits of membership such as webinars and guidebooks. Contact Maia Davis ([mdavis@mwkog.org](mailto:mdavis@mwkog.org)) for access to RPN benefits at ([www.responsiblepurchasing.org](http://www.responsiblepurchasing.org)).
- c) **Outreach Campaign Update** (Maia Davis): Last year, the Outreach Subcommittee successfully implemented the 'WE CAN' outreach program in 3 pilot communities: Brookland, DC, Greenbelt, MD, and Cascades, VA. Their next step is to implement a sustainable living outreach program that incorporates water and transportation goals. An RFP was issued January 12<sup>th</sup> for marketing services related to the program. The program is on track to launch this fall.
- d) **Electric Vehicle Work Groups** (Joan Rohlf): The Electric Vehicle workgroup has two subgroups analyzing infrastructure and permitting and processing, which have been meeting monthly since September. The group is coordinating with EV planning with the Greater Washington Regional Clean Cities Coalition, which is participating with several states in the Northeast in planning EV infrastructure. A draft version of the workgroup's report will be available for CEEPC comment in May or June.
- e) **District Energy/McGuire Woods Update** (Steve Walz/Jeff King): NVRC hired McGuire Woods firm to analyze legal issues relating to District Energy in Virginia. FVB Consulting released the final report assessing the region's policies and processes and the business case for different community energy technologies in December. Next steps involve identifying ways of addressing issues and opportunities in the Metropolitan Washington region, and setting up additional facility tours. Loudoun County and Arlington County are both pursuing district energy. Chair Fisetta clarified that Arlington is studying the feasibility of siting district energy in Crystal City study as part of the county's Energy Master Plan.
- f) **Tree Canopy Workgroup** (Jeff King/Brian LeCouteur): COG has formed a Tree Canopy Workgroup, chaired by Michael Knapp of Fairfax County and staffed by Brian LeCouteur. The group will examine the feasibility of increasing tree canopy in the region, and recommend strategies to do so. The second meeting will be held in February.
- g) **Workshops Scheduled (EPA Portfolio Manager Training, Energy Leadership Symposium, Adaptation)**
  - i. An EPA Portfolio Manager Master Account Sharing Training will be held soon, date and location TBD.
  - ii. Leadership Symposium: 21<sup>st</sup> Century Local Energy Innovation, held in the COG Board Room on Monday, February 13, 2012. Leaders in sustainable energy utilities from Sonoma County, City of Boulder, and the District of Columbia will present best practices.
  - iii. The final EPA Climate Adaptation Guidebook will be presented on Wednesday, March 28, following the CEEPC meeting from 12:30-2pm in Room 1.

## 6. Adjourn

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The next meeting is scheduled for March 28, 2012 from 9:30 am to 11:45am. There being no other business, the meeting was adjourned at 12:05pm.