

US EPA ARCHIVE DOCUMENT



## 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.<sup>i,ii</sup> 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.<sup>iii</sup>

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 <sup>iv</sup>	Yes, if the generation is delivered to the regional grid with the intention to meet load in a rate-based jurisdiction <sup>iv</sup>	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 <sup>iv</sup>
	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 <sup>iv</sup>	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

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<sup>i</sup> This geographic eligibility for resources is specified in the Clean Power Plan final rule preamble section VIII.K.1.a (80 FR 64897). Eligibility is dependent on the design of state plans. This chart shows what is allowable in rate-based state plans under the Emission Guidelines. Non-contiguous states and territories may not be providers of ERCs to the contiguous U.S. states.

<sup>ii</sup> Under a rate-based approach, the EPA has provided a system with ERCs for fully accounting for emission reduction measures through an adjusted CO<sub>2</sub> emission rate. Such a system with ERCs is necessary because the benefits of these measures are not fully reflected in an EGU's unadjusted CO<sub>2</sub> emission rate. Under a mass-based approach, the emission reduction benefits of these resources will be fully reflected in reduced CO<sub>2</sub> stack emissions, so explicit crediting is not needed. Jurisdictions adopting mass-based plans can additionally incent these types of resources through allowance allocation approaches if they choose.

<sup>iii</sup> Specified in preamble sections VIII.C.5 (80 FR 64838) and VIII.K (80 FR 64894).

<sup>iv</sup> This condition affects whether a resource located in a mass-based jurisdiction, in jurisdictions without affected EGUs, or a jurisdiction outside the United States is eligible to receive ERCs issued from and for use in a rate-based jurisdiction. It is specified in preamble section VIII.K.1.a (80 FR 64897), section VIII.L (80 FR 64913) and in 40 CFR 60.5800. ERCs issued for eligible resources located in any jurisdiction can only be used for compliance by affected EGUs complying with a rate-based emission standard; they will not play a role for any affected EGUs complying with a mass-based emission standard.