

GHG Trading in the U.S.

Clean Power Plan Update

Jonas Monast



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Clean Power Plan overview

- Clean Air Act regulation
- Targets EXISTING fossil fuel-fired power plants
- Federal role and state role
 - EPA identifies emission targets
 - States determine how to comply
- Trading is an option
 - Mass-based (tons of CO₂)
 - Rate-based (pounds CO₂/MWh)



Distinctive aspects of the CPP process

- Regulatory
 - 4.3 million comments
 - Community engagement efforts
 - Multistate and multiagency collaboration
 - Scope of compliance options
 - Changes in the electricity sector since 2012
 - State officials are talking about carbon markets
- Legal
 - Supreme Court decision to stay the rule during litigation



Criteria for Issuing a Temporary Stay

1. Substantial likelihood of success on the merits;
2. Substantial threat of irreparable damage or injury if the injunction is not granted;
3. Balance of harms favors the party seeking the preliminary injunction;
4. Injunction would serve the public interest.



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- Legal
 - Supreme Court decision to stay the rule during litigation
 - *En banc* review by the D.C. Circuit Court of Appeals



Spectrum of legal challenges

Challenging Entire
Approach

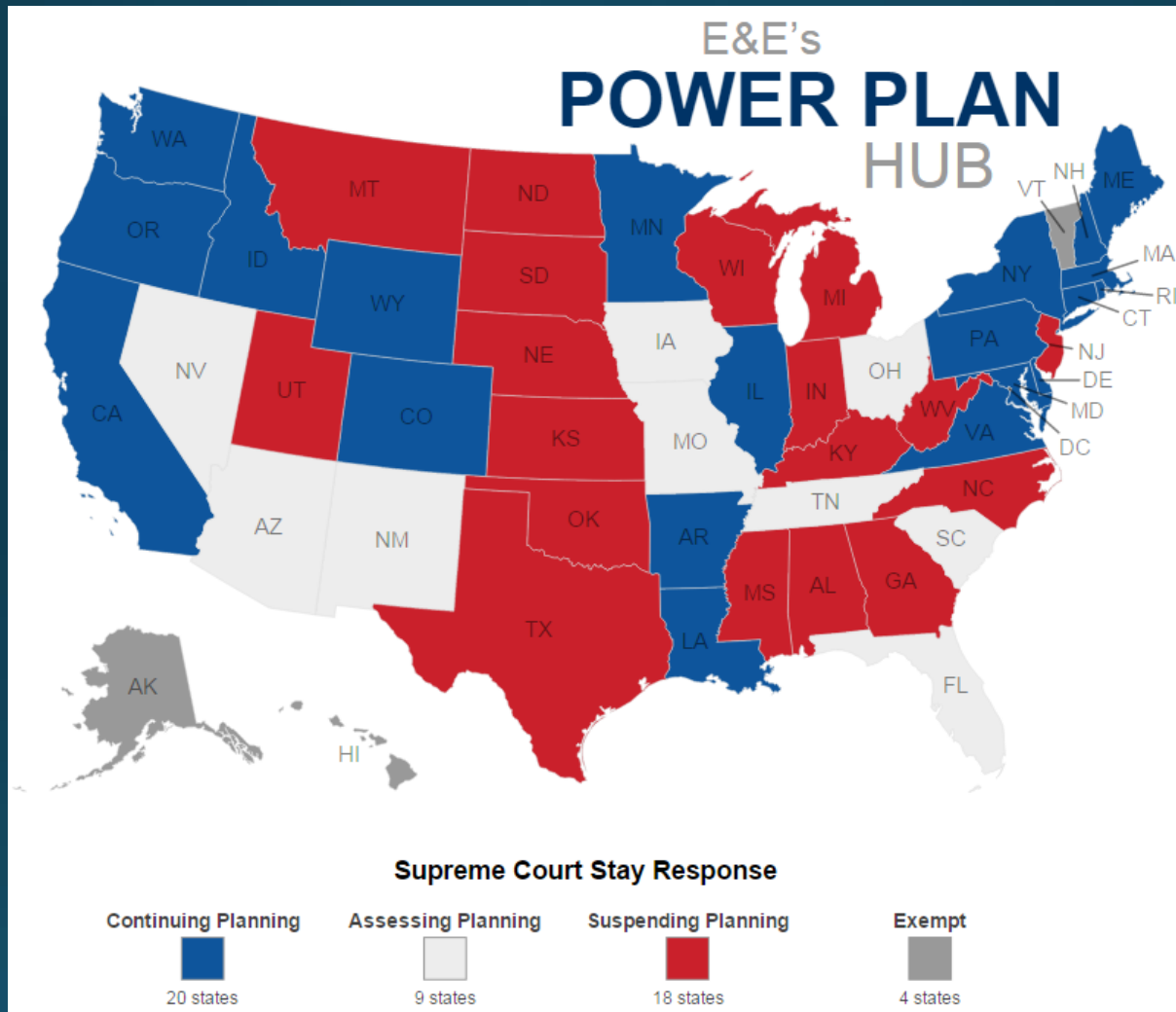


Challenging
Specific Details

- Constitutional challenge
- Numerous statutory challenges



Official Responses to the Supreme Court Stay



Source: www.eenews.net



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Pragmatic State Responses

- The electricity sector is changing rapidly
- GHG regulation is not going away
- Other environmental rules are forthcoming



Looking Ahead

- Court decision
- Presidential election
- State implementation?
- Other sectors?
- Congressional action?



Thank you

Jonas Monast
jmonast@email.unc.edu



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