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# The Clean Energy Optimization Pilot (CEOP): A customer-choice incentive program to reduce behind-the-meter greenhouse gas emissions

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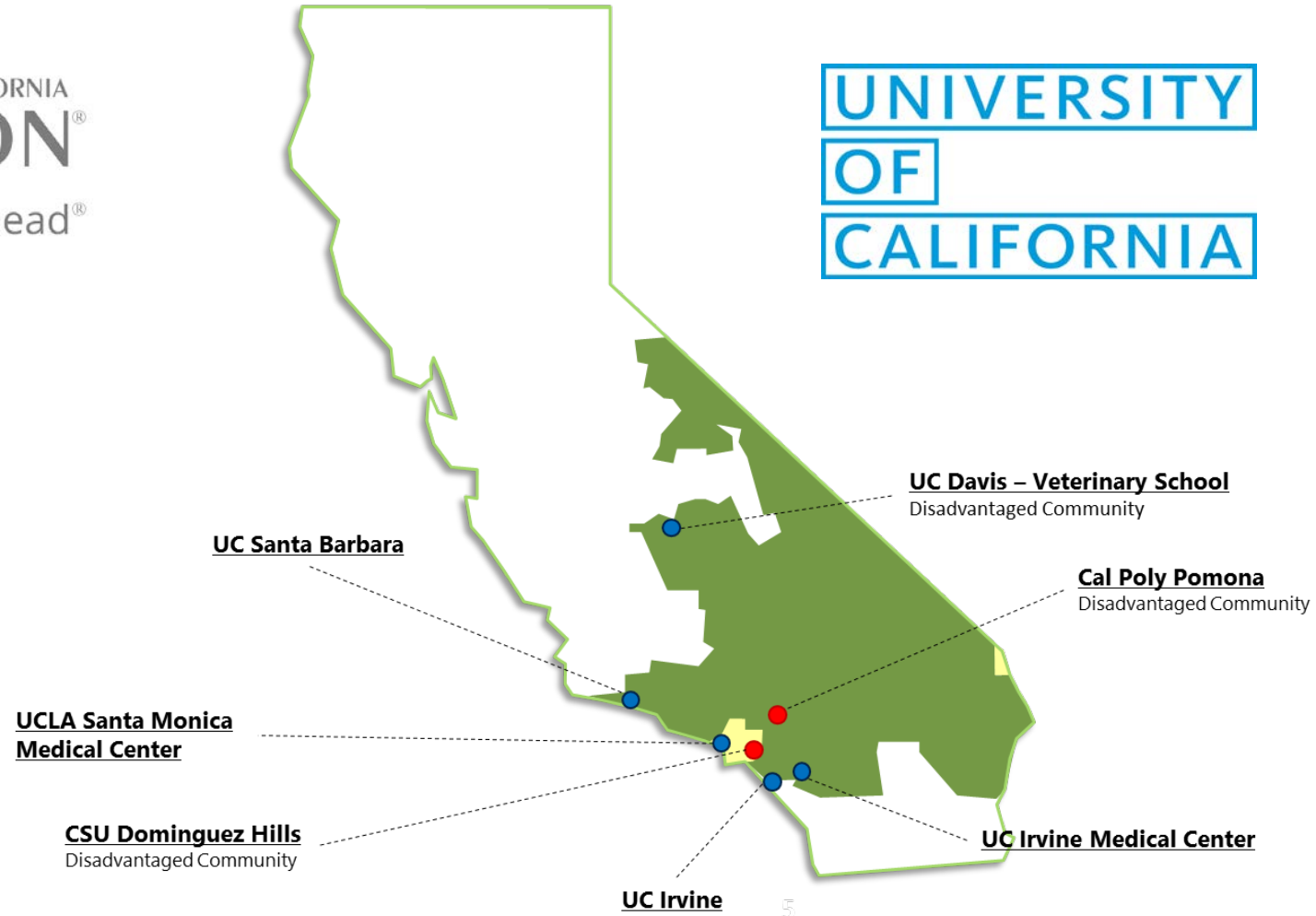
UC Office of the President



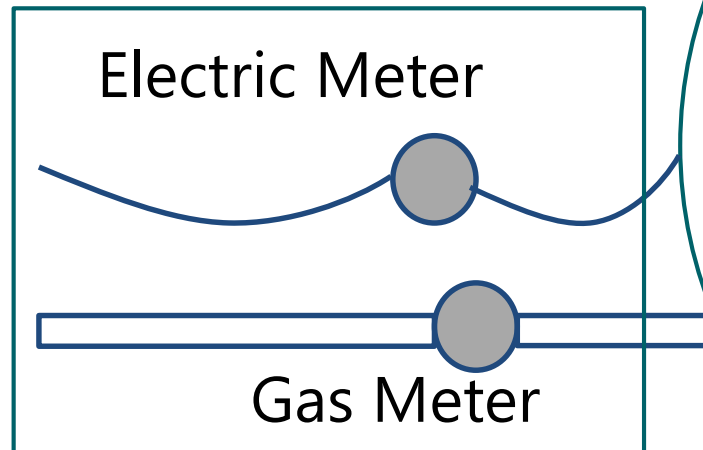
Carbon Neutrality  
Initiative

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# Clean Energy Optimization Pilot (CEOP) Partners



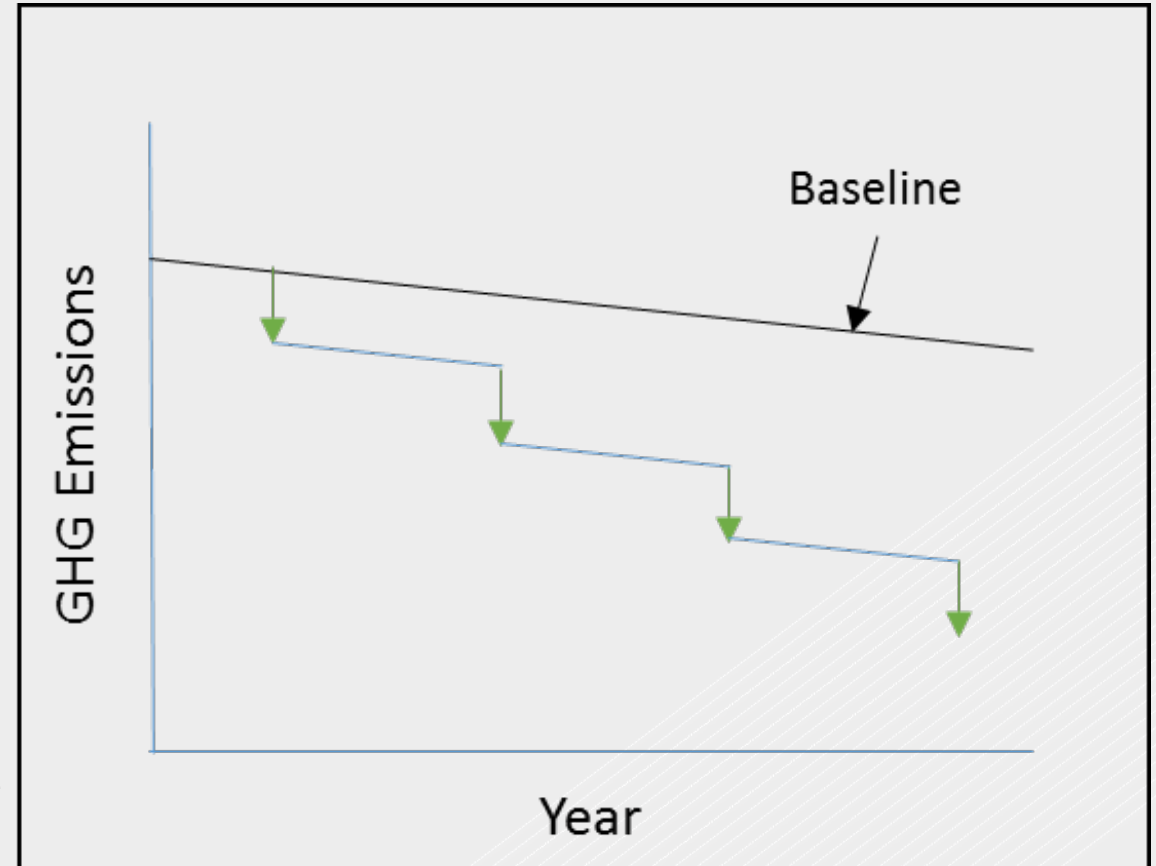
# CEOP Provides Incentives for Behind-the-meter Actions



- Energy Efficiency
- Central Plant Efficiency
- Electrification
- On-site Renewables
- Smart Growth
- Clean Transportation
- Energy Storage / Demand Response

# How the CEOP Incentive Works

- **Step 1: Annual Inputs**
  - All campus utility-provided electric and natural gas meters
- **Step 2: Adjustments**
  - Electricity used for Transportation
  - Weather and Square Footage
- **Step 3: Convert to GHG**
- **Step 4: Pay Incentives**
  - Based on: **Baseline GHG** trajectory (bold line); and **Actual Performance** (green arrows)



# Explanation on Performance Based Incentives

$$\left( \begin{array}{c} \text{Net Campus} \\ \text{GHG} \\ \text{Performance} \\ \text{(tCO}_2\text{)} \end{array} \right) \times \left( \begin{array}{c} \text{GHG} \\ \text{Valuation} \\ \text{(\$/tCO}_2\text{)} \end{array} \right) \times \left( \begin{array}{c} \text{Asset} \\ \text{Life} \end{array} \right) = \begin{array}{c} \text{Performance} \\ \text{Payment} \\ \text{(\$)} \end{array}$$

- Performance payments calculated annually based on net GHG emissions reductions
- Goal of performance payments is to pay for incremental and persistent GHG emissions reductions
- Funding source: Cap and Trade auction revenues

# Clean Energy Optimization Pilot Summary

## GOALS

- Pilot a new performance-based program to encourage customers to reduce GHG emissions
- Allow customers to choose and implement technology solutions that best suit their needs
- Minimize administrative complexity
- Evaluate program effectiveness and customer preferences for action

## BENEFITS

- ✓ Aligns with California's aggressive GHG reduction goals using universities as learning laboratories
- ✓ Allows the flexibility to focus on multiple technologies
- ✓ Incentive payouts are structured to provide lasting GHG reductions
- ✓ Supports scalability of opportunities across multiple industry sectors

# Resources

- [david.phillips@ucop.edu](mailto:david.phillips@ucop.edu)
- <https://energized.edison.com/stories/fighting-climate-change-through-higher-education>
- <https://www.ucop.edu/carbon-neutrality-initiative/>
- [\*Overcoming Barriers to Carbon Neutrality\*](#)
- [\*UC Strategies for Decarbonization: Replacing Natural Gas\*](#)
- [\*Annual Sustainability Report\*](#)
- [\*Sustainable Practices Policy\*](#)
- [\*Climate Lab\*](#)