



February 7, 2011

EPA Docket Center No. EPA-HQ-OAR-2009-0491  
United States Environmental Protection Agency  
Mail Code 6102T  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

Via <http://www.regulations.gov>  
Via fax: (202) 566-9744

Copied to Mr. Brian Fisher via email: [fisher.brian@epa.gov](mailto:fisher.brian@epa.gov)

**Re: Docket ID No. EPA-HQ-OAR-2009-0491**

The Business Council for Sustainable Energy (BCSE, the Council), an industry coalition of electric utility, energy efficiency, renewable energy, and natural gas businesses and trade associations, respectfully submits the following comments in response to the Notice of Data Availability (NODA) for Federal Implementation Plans To Reduce Interstate Transport of Fine Particulate Matter and Ozone, also known as and henceforth referred to as the Clean Air Transport Rule (CATR) or the Transport Rule. The BCSE did not submit comments in response to the original Notice of Proposed Rulemaking (NPR) for the Transport Rule, but offers its views on two specific issues raised in the January 7, 2011 NODA.

***Alternative Allowance Allocation Methodologies***

The Council has long supported the development and use of output-based emissions regulations as effective ways to promote long-term air quality and to encourage cost-effective emissions reductions. As EPA itself has noted, output-based regulations better reward and drive energy efficiency improvements than do input-based approaches.<sup>ii</sup> The heat input-based allocation methodologies presented in the NODA would not sufficiently recognize investments made in energy efficiency. This is particularly the case for facilities employing combined heat and power (CHP) and waste heat recovery (WHR). The alternative heat input-based allocation methodologies would have the added negative effect of locking-in emissions levels for inefficient facilities. The benefits of an input-based allocation methodology presented by the NODA, in our view, do not outweigh the lost potential efficiency gains encouraged by an output-based approach to allowance allocation.

***Approaches for States to Allocate Allowances***

The BCSE has also long supported state set-aside programs that advance energy efficiency and renewable energy deployment and development. States should be free and encouraged to submit State Implementation Plans (SIPs) that include emission reduction approaches that recognize and provide incentives for energy efficiency (including CHP and WHP) and renewable energy development. Such set-aside programs would not increase a state's emissions because the total number of allowances would remain unchanged and, therefore, should not affect the approvability of any SIPs.

As the NODA acknowledges, EPA will need to provide guidance to the states on what EPA would accept as allowance distribution approaches or mechanisms. The BCSE encourages EPA to

make it as clear as possible that it will look favorably upon SIPs that incorporate Federal Implementation Plan (FIP) elements but that adopt allowance allocation mechanisms that include set-aside programs for energy efficiency and renewable energy.

The Council thanks you for the opportunity to submit comments on these matters.

Sincerely,



Jack Thirolf  
Policy Associate  
Email: [jthirolf@bcse.org](mailto:jthirolf@bcse.org)  
Office: 202-785-0507

---

<sup>i</sup> The Council is an industry coalition that includes businesses and trade associations representing the energy efficiency, renewable energy and natural gas industries. These industries comprise a suite of currently available technology options that can strengthen domestic energy security and also reduce emissions of greenhouse gases that contribute to global climate change. For over a decade the Council has represented the views of clean energy technology industries in the development of energy and climate change policy at state, regional, federal and international levels. Given its broad business representation, the Council is uniquely positioned to provide policy guidance on energy policy and the major design elements of a federal, economy-wide and market-based approach to climate change. For additional information about the Council and its members, please visit [www.bcse.org](http://www.bcse.org).

<sup>ii</sup> See "Output-Based Environmental Regulations Fact Sheet," EPA Combined Heat and Power Partnership (April 12, 2007). A copy is available at: [http://www.epa.gov/chp/state-policy/obr\\_factsheet.html](http://www.epa.gov/chp/state-policy/obr_factsheet.html).