October 31, 2018

The Honorable Andrew Wheeler
Acting Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

**Re: Emission Guidelines for Greenhouse Gas Emissions From Existing Electric Utility Generating Units; Revisions to Emission Guideline Implementing Regulations; Revisions to New Source Review Program, EPA–HQ–OAR–2017–0355, 83 Fed. Reg. 44746 (August 31, 2018)**

Dear Acting Administrator Wheeler:

On behalf of the Business Council for Sustainable Energy, I respectfully submit the following comments in response to the Environmental Protection Agency's August 21 proposed Affordable Clean Energy ("ACE") rule. The Council has strongly supported the Clean Power Plan ("CPP") and believes that its replacement with this rule would create barriers to meeting air quality and emission reduction goals and disadvantage clean energy technologies that are proven to reduce emissions efficiently and cost-effectively.

Effective emission reduction is necessary, and is both technologically and economically feasible, given the availability and cost-effectiveness of the broad portfolio of energy efficiency, natural gas and renewable energy technologies. The Council supports the full use of this portfolio within market-based structures.

The Council has provided comments to EPA on a range of air quality and climate change initiatives since its founding in 1992. With regard to reducing greenhouse gas emissions, the Council supports market-based, economy-wide approaches that utilize performance-based metrics and that provide flexibility to states to implement the emission reduction targets. BCSE represents the portfolio of commercially-available resources, technologies, and services that are proven to reduce air pollution and greenhouse gas ("GHG") emissions in an affordable and reliable manner. Used to their full potential in a regulatory regime, these solutions are key to successful emissions reductions and air quality improvements.

The Business Council for Sustainable Energy is a coalition of companies and trade associations from the energy efficiency, renewable energy and natural gas sectors, and includes independent electric power producers and investor-owned utilities, equipment and product manufacturers, project developers, and energy and environmental service providers. Founded in 1992, the Council advocates for policies at the state, national and international levels that increase the use of commercially available clean energy technologies, products and services. The coalition's broad-based business membership is united around the revitalization of the economy and the creation of a secure and sustainable future for America. As a diverse coalition, not all members take positions or endorse the recommendations in these comments.

The Council has long supported a federal, economy-wide approach to reducing greenhouse gas emissions. Sharp declines in US power sector emissions in the last decade have demonstrated that there are many cost-effective technologies readily available to reduce emissions. While the Council urges federal legislative action, it believes that Environmental Protection Agency has an obligation to respond to sound science and court mandates. The proposed replacement of the Clean Power Plan, the Affordable Clean Energy Rule, falls short of that obligation.

***BCSE urges the Environmental Protection Agency to focus its rule on the following critical elements:***

**Inclusion of targets and standards that enable meaningful emissions reductions and are in line with scientific analysis that indicates the level of ambition needed to avoid the worst effects of climate change**

It is critical that any greenhouse gas reduction policies are ambitious enough to effect real change in the energy sector. Clean energy sectors have proven that they can play a strong role in decarbonizing the economy while also supporting economic development and creating jobs. The findings of the 2018 Sustainable Energy in America Factbook show that total US greenhouse gas emissions are at a 26-year low, while the economy has grown 15% in the last ten years and primary energy consumption has declined 1%. US power sector emissions are on a steep decline, ending 2017 at 28% below their 2005 peak. Additionally, clean energy supports over 3 million American jobs. These statistics show that clean energy and energy efficiency are playing a meaningful role in emissions reductions and must be allowed to continue to do so.

**Inclusion of clear and sustained market signals that spur emissions reductions through investment in the full portfolio of clean energy technologies**

The Council encourages EPA to recognize and consider recent market trends that include the falling costs and increased deployment of clean energy and energy efficiency technologies. US states, businesses and markets have been making investments decisions based on these trends and on the Clean Power Plan as it remains in litigation. The ACE rule, as proposed, does not adequately take into account these market trends and related investments, creating regulatory uncertainty for US states, businesses, and markets. The uncertainty is not only around the current state of the regulation, but also around the potential for subsequent administrations to revert back to previous, more stringent standards. Further, if the ACE rule is implemented, this will result in an even more compressed time frame in which companies and markets must act to reduce emissions before triggering the worst effects of climate change.

Additionally, any greenhouse gas reduction program should increase energy supply from the full range of the already available clean energy technologies. This includes energy storage, renewable energy, and natural gas, as well as carbon capture utilization and storage applications, among others. It also should increase energy efficiency to mitigate rising energy demand and fuel price volatility. A federal program should reward energy efficiency in existing and replacement energy infrastructure to fully maximize market-driven incentives for energy and environmental improvements.

**Utilization of market-based regulatory approaches that recognize early action**

The Council believes early investments in greenhouse gas reduction should be recognized in any greenhouse gas reduction policy. Recognizing emission reductions that occur in advance of the enactment of the program has the potential to generate economic and environmental benefits, as well as speed clean energy technology deployment, therefore decarbonizing the economy faster. In addition, companies making voluntary early reductions want assurances that they won't be penalized later for reducing greenhouse gas emissions in advance of a regulatory program.

**Inclusion of provisions that give flexibility and enable states, localities, and the private sector to go beyond regulatory targets and standards**

Maximum flexibility for states to reduce emissions in the most cost-effective way is critical for program success. Limiting states to heat rate efficiency improvements does not account for other, less expensive solutions that could reduce emissions even further. Any greenhouse gas reduction program should enable all affected entities to go beyond regulatory targets and standards. It should not limit the ways in which states can manage their power sectors, or the ways generating units can achieve greenhouse gas reductions.

Another market-based mechanism that creates flexibility for states and other parties is offsets. Offset programs allow for the transfer of verified emission reduction credits that are generated by projects that reduce, avoid, or sequester carbon. Offsets create additional avenues for compliance and lower the overall cost of compliance.

**Inclusion of provisions that enable states to link emissions reduction programs through regional markets**

Regional markets provide a key opportunity to enhance greenhouse gas related policies. They offer a range of benefits, including larger emission reductions, clean energy development, and opportunities to utilize offsets and other mechanisms to lower compliance costs and increase market efficiency. The Council encourages EPA to create a system that is consistent with the market-based mechanisms that states have been using for over a decade to reduce greenhouse gas emissions, such a regional trading systems.

**Conclusion**

The broad portfolio of energy efficiency, natural gas and renewable energy have enabled dramatic reductions in emissions, while keeping energy costs low and supporting over 3 million jobs across the country. EPA's regulatory approach to address greenhouse gas emissions should seek to accelerate these trends. Utilizing the diverse portfolio of clean energy options available for compliance will make the US economy stronger, reduce emissions more cost-effectively and increase the resilience of the US energy system. Specifically, energy efficiency, natural gas and renewable energy should be eligible compliance options under any EPA regulatory program to reduce carbon emissions.

The Council encourages EPA to take a leadership role in crafting regulations that reflect this system-wide approach and offer clarity and flexibility for states in meeting emission reduction targets. The Council looks forward to working with EPA and serving as a resource as the Affordable Clean Energy rule is finalized.

Sincerely,

Lisa Jacobson

Lisa Jacobson
President, Business Council for Sustainable Energy