



Energy
Efficiency



Natural
Gas



Renewable
Energy

April 26, 2018

U.S. EPA Headquarters
1201 Constitution Ave. NW
Washington, DC 20460

**Re: BCSE Comments on the Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources:
Electric Generating Units – Docket ID No. EPA-HQ-OAR-2017-0355**

Dear Administrator Pruitt:

On behalf of the Business Council for Sustainable Energy, I respectfully submit the following comments in response to the Environmental Protection Agency's October 10 proposed rule "Repeal of Carbon Pollution Emission Guidelines for Existing Stations Sources: Electric Generating Units." The Council has strongly supported the Clean Power Plan ("CPP") and believes that its repeal would result in policy uncertainty that would be harmful to US businesses and would create barriers to meeting air quality and emission reduction goals.

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 such as the Clean Power Plan.

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 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. As a diverse coalition, not all members take positions or endorse the recommendations in these comments.

Effective Emission Reduction is Technologically and Economically Feasible

As data from the past several years has revealed, the mix of the US energy supply is changing rapidly, with low-carbon sources deploying at higher rates. At the same time, energy consumption is down, despite overall economic growth, and retail electricity rates are well below their 2008 peak in all regions of the country. This demonstrates that the US can reduce greenhouse gas emissions while maintaining economic growth and without ratcheting up prices to consumers and businesses. Further, as clean energy sectors expand, so too have the jobs associated with these sectors. According to the U.S. Department of Energy, energy efficiency, natural gas and renewable energy industries support over 3 million jobs. The Clean Power Plan recognizes these trends and builds upon them.

Across the United States, greenhouse gas emissions are down from historical levels. Since 2005, the power sector has shrunk its carbon footprint by 28 percent. In 2017, power sector emissions dropped 4% in just one year. In fact, the US is

only 4 percentage points away from the Clean Power Plan’s 32% by 2030 headline target. These achievements are due to the falling costs of renewables and natural gas, efficiency improvements, and coal retirements.¹

Despite this, household energy costs as a percentage of total household spending remain near record lows, and US electricity prices continue to provide a competitive advantage over other major countries. Due to investments and innovation in energy efficiency, US energy productivity has risen over 17% over the past 10 years. As GDP continues to grow, primary energy consumption remains stable. In fact, since 2008, GDP has risen 15 percent, while energy use has declined 2 percent.²

These trends show the powerful transition that is occurring in the US energy sector and the strong economic gains that have coincided with these changes. To maintain the strong trend of emissions reductions, policy certainty is required. EPA should take a leadership role in providing that certainty to the states and to industry.

The Council recommends that EPA maintain the definition of Best System of Emission Reduction (BSER) established under the Clean Power Plan. This would allow states, most of which have spent months formulating state plans, to continue those efforts and begin implementing their strategies for carbon reduction and air quality improvement sooner. Going back to the beginning stages of a new regulation will only defer emissions reductions and reduce industry’s ability to effectively plan for its role in achieving those reductions.

A System-Wide Approach Is Best for Achieving Emission Reductions Using Market Mechanisms

The Clean Power Plan uses a BSER that takes into account sources outside the fence line of a generating unit. The Clean Air Act requires EPA’s standards to be effective; a standard doesn’t represent the “best system of emission reduction” if it does not achieve as much carbon pollution reduction as can be accomplished at an acceptable cost. A rule that concentrates only on “inside the fence” heat rate improvements could result in increased emissions over time, given the limited emissions reduction potential of onsite measures, whereas significant reductions are achievable by using the flexible approach of the Clean Power Plan. Therefore, the Council urges EPA to maintain the definition of BSER outlined in the Clean Power Plan.

However, should EPA decide to move forward with an inside the fence methodology, standards must be sufficiently stringent to result in meaningful emissions reductions that are maintained over the remaining useful life of a unit. The standards should require both ongoing: i) operations and maintenance (O&M) ‘best practices’; and ii) commercially available equipment upgrades to help achieve this. While the Council maintains that a system-wide approach is the best course of action, it encourages EPA to implement a program that is well positioned to successfully achieve emissions reduction goals, regardless of BSER methodology.

The Council also recommends that outside the fence solutions be allowed for compliance, giving more flexibility to states and regulated parties. This will also provide opportunities to incorporate market-based approaches that will lower the cost of compliance. Specifically, energy efficiency, natural gas and renewable energy should be eligible compliance options under any EPA regulatory program to reduce carbon emissions. Utilizing a diverse portfolio of clean energy options available for compliance will make the US economy stronger, reduce emissions more cost-effectively and increase resilience.

¹ 2018 Sustainable Energy in America Factbook, Bloomberg New Energy Finance, Business Council for Sustainable Energy (Feb. 2018), available at <http://www.bcse.org/sustainableenergyfactbook>.

² 2018 Sustainable Energy in America Factbook, Bloomberg New Energy Finance, Business Council for Sustainable Energy (Feb. 2018), available at <http://www.bcse.org/sustainableenergyfactbook>.

Conclusion

The Council urges EPA not to rescind the Clean Power Plan. It provides policy certainty and supports continued emission reductions. Rescinding the Clean Power Plan would prove detrimental to states' planning processes, and ultimately delay emission reduction activities. The Council encourages EPA to maintain the current definition of BSER, and to maintain a system-wide approach for compliance planning that includes the full portfolio of energy efficiency, natural gas, and renewable energy resources.

Thank you for the opportunity to comment on this regulatory process, and the Council looks forward to working with and being a resource for EPA going forward.

Sincerely,



Lisa Jacobson
President, Business Council for Sustainable Energy