



June 23, 2009

Environmental Protection Agency
EPA Docket Center (EPA/DC)
Mail Code 6102T
Attn: Docket ID No. EPA-HQ-OAR-2009-0171
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Re: Proposed Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act: Docket ID No. EPA-HQ-OAR-2009-0171

The Business Council for Sustainable Energy, an industry coalition of energy efficiency, renewable energy and natural gas businesses and trade associations, respectfully submits the following comments on the Environmental Protection Agency's Proposed Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act.

Introduction

We appreciate the leadership that EPA has demonstrated in releasing the Proposed Endangerment Finding which will consider greenhouse gases as a threat to public health and welfare. The Council acknowledges that the existing Clean Air Act (Act) was not originally designed to address pollutants that are global in their cause and impact. When faced with this situation in the past, Congress has specifically amended the Act, including guidance on coordinating with the international community (e.g., ozone-depleting pollutants). Accordingly, the Council continues to support comprehensive legislative action by Congress as the best medium to address greenhouse gases. The Council believes that congressional action with specifically designed market-based solutions is the best way to reduce the effects of climate change listed in the Proposed Finding. Because the US EPA has existing legal obligations, the Council urges that the Agency proceed in a fashion that provides Congress with the opportunity to craft comprehensive climate legislation. The Proposed Endangerment Finding may serve as an important backstop for future policy decisions that will reduce greenhouse gas emissions.

Context for Effectively Addressing Climate Change

Because there are many sources of greenhouse gases, an effective solution requires a significantly comprehensive approach. The recent report released by the National Oceanic and Atmospheric Administration (NOAA) titled *Global Climate Change Impacts in the United States* re-confirms the existence of anthropogenic climate change and its harmful effects. The impacts stated in the report are similar to the potential threats that were mentioned in the Proposed Endangerment Finding. As the Council understands it, the Proposed Endangerment Finding intends to regulate a cause of climate change – greenhouse gases from new motor vehicles. However, we understand that EPA may in the future consider much broader sources to effectively mitigate the threats of climate change, such as various types of stationary sources. Without congressional action to expand and clarify EPA's authority under the Clean Air Act, EPA could be faced with

legal and timing uncertainties to effectively address a significant percentage of the domestic greenhouse gas inventory to reduce greenhouse gases and integrate with related international efforts.

Inclusion of Sources and Their Costs to Efficiently Address Climate Change

With ubiquitous sources of greenhouse gases, the overall economic impact on the economy must be considered. Accordingly, the timing and flexibility to use market-based and unique mitigation mechanisms are best used to address the social and economic cost of greenhouse gases reductions. The well known *Stern Review: Economics of Climate Change* states that “the social cost of carbon is likely to increase over time because marginal damages increase with the stock of greenhouse gases in the atmosphere...”¹ We can expect climate change impacts will be exacerbated if there is no immediate and long lasting solution implemented and if certain sources are not included in mitigation approaches. We note that policies and approaches to address climate change should compare the costs of mitigation to the cost of inaction and it should consider all sources and sinks of greenhouse gas emissions. The interrelated nature of greenhouse gas causes, energy usage and solutions on the domestic economy further highlight the Council’s preference for comprehensive climate legislation.

Moving Forward to Reduce Greenhouse Gas Emissions

The White House NOAA Report on Climate Change finds that future climate change impacts depend on what we choose to do today. The Council firmly believes that significant greenhouse gas emission reductions can be achieved using existing clean energy technologies, and many of these technologies offer net economic benefit to society.

According to the 2007 McKinsey Report *Reducing U.S. Greenhouse Gas Emissions: How Much at What Cost?*, the United States will “need to develop and implement a strong, coordinated program of economy-wide abatement actions in the near future”²

In considering the approach that EPA may take to address climate change, the Council favors market-based measures to reduce greenhouse gas emissions. Such approaches internalize the environmental costs, create financial value for compliance and encourage over performance. Further, market-based programs take advantage of economic efficiencies and provide flexibility that permits entities to choose the best control option to achieve results – in many cases at a lower cost than traditional methods. Such an approach is being considered by Congress and will present a low-cost alternative to more traditional “command and control” regulations.

As EPA proceeds to address its legal obligations, the Business Council for Sustainable Energy urges that the Agency coordinate with, and provide advice to Congress on alternative mitigation approaches and their relationship to existing and potential EPA statutory authority.

¹ For more information on the cost projections, Please see the Executive Summary Report in the Stern Review: The Economics of Climate Change, Page xvii, http://www.hm-treasury.gov.uk/d/Executive_Summary.pdf

² McKinsey& Company, The Conference Board, “Reducing U.S. Greenhouse Gas Emissions: How Much at What Cost?”, Executive Report, Page xvi, December 2007.

Furthermore, compliance flexibility in the form of offsets should be implemented. Offsets offer the possibility of lower compliance costs, technology innovation, and deployment. Ensuring the environmental integrity of an offset program is essential. Additionally, an offset market can transcend the parameters of an emission reduction program via cap and trade. Non-capped sectors will have the opportunity to participate in creating additional emission reductions. The ultimate mix of command and control and offset market mechanisms will greatly impact the timing, effectiveness and efficiency of greenhouse gas reduction programs.

Climate change and its impacts on society, the environment, and our economy demand that we act swiftly with policies that will be consistent, comprehensive, and complementary. Instead of focusing on individual programs, state and federal policy makers must focus on a holistic strategy that requires the coordination of legislation and regulation, incentives and investments, partnerships, training and workforce development, and technology and information standards. The Business Council for Sustainable Energy believes that policies structured in this manner will have the greatest impact towards cost-effective greenhouse gas emission reductions while helping our nation's economy grow through a more efficient and clean energy path.

Conclusion

Overall, the Business Council for Sustainable Energy believes that EPA's Proposed Endangerment Finding and Cause or Contribute Findings for Greenhouse Gases is an important step in our national effort to reduce greenhouse gas emissions. Nonetheless, the Council urges EPA to proceed in concert with Congress to coordinate the most effective and efficient program that allows renewable energy, natural gas, and energy efficiency industries to provide existing solutions to reduce greenhouse emissions.

Sincerely,



Lisa Jacobson, President
Business Council for Sustainable Energy

Business Council for Sustainable Energy

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, please visit its website at www.bcse.org