



August 4, 2011

EPA Docket Center (EPA/DC)
Environmental Protection Agency, Mailcode: 2822T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Via a-and-r-docket@epa.gov

Re: Docket Number: EPA-HQ-OAR-2009-0234
Docket Number: EPA-HQ-OAR-2011-0044

40 CFR Part 63 National Emission Standards for Hazardous Air Pollutants From Coal- and Oil-Fired Electric Utility Steam Generating Units; Proposed Rule, 76 FR 24976 (May 3, 2011)

40 CFR Part 60 Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units; Proposed Rule, 76 Fed. Reg. 24976 (May 3, 2011)

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,ⁱ respectfully submits the following comments to the docket for the National Emission Standards for Hazardous Air Pollutants (NESHAP) From Coal- and Oil-Fired Electric Utility Steam Generating Units. These comments also address the proposed Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units (NSPS) (Docket Number: EPA-HQ-OAR-2011-0044).

As a note, the BCSE is a diverse coalition and not all BCSE members necessarily support or endorse the recommendations below.

Industry Can Comply with the Rule Under the Current Timeline and Ensure Reliability

The Council urges EPA to move forward with its stated timelines to finalize and implement the Mercury and Air Toxics Standards (MATS). In line with *Ensuring a Clean, Modern Electric Generating Fleet while Maintaining Electric System Reliability*, a June 2011 study performed by the Analysis Group and M.J. Bradley & Associates, it is the Council's view that industry can comply with MATS without threatening electric system reliability.ⁱⁱ Concerns raised regarding the reliability of the electric system should EPA follow its established deadline to finalize MATS are based on assumptions that underestimate the ability of America's electric sector to invest, retrofit, and construct new clean generation.

Encouraging Energy Efficiency

In finalizing MATS, the Council urges EPA to put an emphasis on energy efficiency. More efficient production of energy—as EPA itself has noted—can reduce fuel requirements and resulting emissions.ⁱⁱⁱ 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.^{iv} The BCSE commends the Agency for offering an output-based compliance option as part of the proposed NESHAP component of MATS and strongly encourages that this option be maintained in the final rule.

Better Accounting for the Benefits of CHP

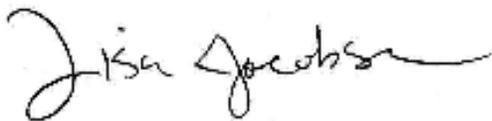
The Council urges EPA to recognize the environmental benefits of electricity generated by combined heat and power (CHP) units through two specific components of the rule.

First, BCSE urges EPA to clarify that energy efficiency and fuel switching measures can count as “controls” under 40 CFR 63.6 for purposes of eligibility for a one-year extension for compliance if additional time is needed for installation. Specifically for facilities seeking to switch to natural-gas fired systems that include CHP in order to comply with MATS, the Council urges EPA to allow those units an additional year to design, permit, and install a CHP system. Three years may simply not be enough time for this process. Recognizing the potential for delays and additional time, 40 CFR 63.6 grants facility owners the opportunity to petition for an additional year to install add-on pollution controls. The Council asks EPA in the final rule to clarify that CHP and other eligible energy efficiency measures be deemed “controls” and be allowed this extra year if needed. Absent this option for a fourth year, facilities may forgo installing CHP systems and lose out on the associated benefits.

Second, for combined heat and power units subject to the NSPS, BCSE encourages EPA to consider allowing for a larger than five percent benefit for avoided transmission and distribution (T&D) losses. The Council also encourages EPA to consider an avoided T&D loss credit for CHP under the NESHAP rule as well. The Council encourages EPA to consider the comments from various BCSE members recommending approaches for settling on a specific approach to settling line loss figures.

The BCSE thanks you for the opportunity to submit these written comments.

Sincerely,



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ⁱ The Business Council for Sustainable Energy (BCSE) is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors, and also includes independent electric power producers, investor-owned utilities, public power, commercial end-users and environmental market service providers. Founded in 1992, the Council advocates for policies at state, national and international levels that increases the use of commercially-available clean energy technologies, products and services. The coalition's diverse business membership is united around the revitalization of our economy and creation of a secure and sustainable energy future for America. Learn more at www.bcse.org.

ⁱⁱ Bradley, Michael, et al. *Ensuring a Clean, Modern Electric Generating Fleet while Maintaining Electric System Reliability: Summer Update 2011 Update*. Concord: Analysis Group and M.J. Bradley & Associates, June 2011. A copy is available at: http://www.analysisgroup.com/uploadedFiles/News_and_Events/News/MJBA_Reliability_Report_Update_Summer2011.pdf

ⁱⁱⁱ Note specifically the emphasis placed on energy efficiency in EPA's PSD and Title V Permitting Guidance For Greenhouse Gases.

^{iv} “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.