



June 25, 2012

EPA Docket Center
U.S. EPA, Mail Code 2822T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Attention: Docket No. EPA-HQ-OAR-2011-0660

Submitted via E-mail to a-and-r-docket@epa.gov

To Whom it May Concern:

The Business Council for Sustainable Energy (BCSE, the Council) respectfully submits the following comments to the docket on EPA's proposed Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units (Utility GHG NSPS).

The 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 companies. The BCSE was founded in 1992, and advocates for policies at state, national and international levels that increase the use of commercially-available clean energy technologies, products and services. The coalition's diverse business membership is united around the revitalization of the economy and creation of a secure and sustainable energy future for America.¹

As the BCSE is a diverse coalition, not all BCSE members endorse or take positions on the issues included in these comments. The comments contained in this filing represent the position of the BCSE as an organization, but not necessarily the view of any particular member with respect to any specific issue.

Introduction

BCSE believes that energy efficiency, renewable energy, and natural gas will be able to help our nation reduce emissions, grow the economy, create jobs and strengthen our energy system -- in addition to being cost-effective compliance options.

In November 2010, the BCSE stated its support for the science underpinning EPA's greenhouse gas Endangerment Finding.² The BCSE is committed to advancing the solution technologies and policies that will help reduce emissions and grow the economy. That said, we believe the optimal policy for regulating greenhouse gas emissions is for Congress to enact comprehensive market-based legislation that allows for flexibility and cost-effective emissions reductions, including carbon offsets.

In evaluating EPA's proposal, we applaud the Agency for adopting an output-based approach, whereby the emissions limit is set based on units of pollution relative to the useful output of both heat and electricity. As we communicated to EPA in past comments, the Council has long supported the development and use of output-based emissions regulations as effective ways to enhance air quality and encourage cost-effective and efficient emissions reductions. In the Council's view, the best way to limit emissions and to drive technological innovation is to ask facilities to produce more useful output per unit of pollution. We are grateful that the proposed rule adopts this approach.

¹ More information about BCSE is available at: www.bcse.org.

² "BCSE Statement on Legislation Related to the Environmental Protection Agency's Regulation of Greenhouse Gas Emissions." (November 15, 2010) A copy is available at: <http://www.bcse.org/images/bcse%20statement%20on%20epa%20regulation%20of%20ghg%20%2811%2015%2010%29.pdf>.

In its March 2011 filing as part of EPA's listening sessions ahead of the proposed Utility GHG NSPS, BCSE noted:

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.³ In its Prevention of Significant Deterioration and Title V Permitting Guidance For Greenhouse Gases, EPA has identified the crucial importance of increased energy efficiency as a means to reduce GHG emissions.⁴ EPA can further drive efficiency and cost-effective emissions-reductions by using an output-based approach to setting GHG emissions standards.

Further, through this regulation EPA should look for opportunities to ease regulatory burdens and their related costs for compliance solution technologies.

As such, EPA has an opportunity in the carbon pollution standard to encourage clean and efficient combined heat and power and waste heat recovery. We encourage EPA to account for and encourage useful heat output from CHP units to help comply with the proposed 1000 pounds of CO₂ per megawatt hour standard. The proposed rule does this by providing a thermal credit. However, as written, facilities are only credited for 75 percent of the heat that they produce.⁵ The rule should provide 100 percent credit to account for all of the useful thermal output from a combined heat and power or waste heat recover system. Regardless of the value of the credit, its availability should be noted in the preamble, so that facilities are aware of it. At the moment, the credit is only referenced in the definition for gross output. We also encourage EPA to explore possibilities to credit onsite use of CHP-generated electricity with avoided line losses, which can be quite high at times of peak demand. EPA says that it "intends" to provide such credit in the proposed rule.⁶ We support this approach.

Finally, over the past two years, there have been discussions on how EPA might guide the states in regulating existing sources through this NSPS. BCSE urges EPA to keep this in mind in finalizing the Carbon Pollution Standard for new sources and devising the federal guidelines that states must follow in their plans to cover existing power plants, under section 111(d).

BCSE supports an approach that allows states and tribes to show achievement of equivalence with prospective federal Clean Air Act Section 111(d) requirements through their own and cooperative regional climate, clean energy, and energy efficiency programs and policies. To that end, EPA should establish the minimum stringency states must meet but allow states the flexibility to achieve greater reductions. For example, flexible market-based programs that allow for carbon offsets and emissions trading can drive down emissions at lower cost and encourage over performance with reduction targets. This is a complicated issue, but it's essential that facilities not face double regulation and that existing programs that work are allowed to continue achieving emissions reductions at low cost while spurring clean energy development.

Thank you for the opportunity to share the Council's views on the proposed carbon pollution standard.

Sincerely,



Lisa Jacobson
President

³ "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.

⁴ "PSD and Title V Permitting Guidance For Greenhouse Gases," Office of Air Quality Planning and Standards (November 2010). A copy is available at: <http://www.epa.gov/nsr/ghgdocs/epa-hq-oar-2010-0841-0001.pdf>.

⁵ 77 Fed. Reg. at 22439 ("Gross output means the gross electrical or mechanical output from the unit plus 75 percent of the useful thermal output...")

⁶ 77 Fed. Reg. at 22420 ("we intend to recognize the environmental benefit of electricity generated by CHP facilities to account for the increased end use efficiency resulting from avoided transmission and distribution losses.")