Using less. Doing more.

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The Alliance to Save Energy (the Alliance) appreciates the opportunity to speak at this public hearing on the Clean Power Plan.

The Alliance, founded in 1977 by Sens. Charles Percy and Hubert Humphrey, is a nonprofit coalition of business, government, environmental and consumer leaders that supports energy efficiency as a cost-effective energy resource and advocates energy-efficiency policies that minimize costs to society and individual consumers. The Alliance has worked extensively with energy utilities, commercial and industrial firms, public agencies, consumer and environmental organizations, and others to promote energy efficiency as an approach to mitigate the environmental impacts of energy use as well as to achieve other benefits.

When air quality regulations are considered, the Alliance favors approaches that recognize, credit and promote the role of energy efficiency for reducing adverse environmental impacts. Therefore, we applaud the EPA for including and encouraging energy efficiency as a compliance strategy in the Clean Power Plan. The prominent position of energy efficiency in the proposed rule offers potentially transformative opportunities to increase the nation's energy efficiency and its energy productivity; that is, the amount of GDP generated per unit of energy consumed.

In applauding EPA's recognition of energy efficiency, we also wish to offer several observations and suggestions that we hope will strengthen the role for energy efficiency to lower compliance costs while delivering economic, energy reliability and environmental benefits.

First, states need clearer guidance on how to convert rate-based goals to mass-based goals. States need such guidance in order to consider the mass-based limit option. States that adopt a mass-based approach—where compliance is measured as CO_2 at the stacks—may be able to adopt efficiency policies and evaluation, measurement and verification (EM&V) processes in their compliance plans that don't need as much scrutiny from EPA as they would under a rate-based system, but would nonetheless deliver emissions reductions.

Second, states need clearer guidance on including non-utility-ratepayer policies and programs in their compliance plans. The rule proposal and its technical support documents appear to focus on utility

ratepayer supported efficiency programs when discussing EM&V, enforceability and other considerations. However, more than half of U.S. energy efficiency investments are undertaken outside of the utility program context. About $6 billion of privately-contracted energy efficiency projects are performed annually by energy services companies (ESCOs)—this amount is comparable to utility demand-side management spending. In addition, state building codes, weatherization programs, local buildings policies and programs, industrial efficiency and combined heat and power (CHP) investments, and public sector energy upgrades of street lighting, water and sewer, and other systems also contribute to electricity savings and concomitant emissions avoidance.

Third, enforceability, EM&V and other state plan considerations should be balanced to assure that energy savings are accurately counted but that requirements are not cumbersome. Don't let the perfect be the enemy of the good. There is a tradeoff between accuracy and rigor on the one side and cost and effort on the other for EM&V and emissions quantification. Cumbersome requirements impeded the use of energy efficiency and renewable energy to meet criteria pollutant requirements under the NOx SIP Call and other programs. We are pleased that EPA developed an EE/RE in SIPs Roadmap and quantification tools to help address this for criteria pollutants and believe such tools will be useful under the Clean Power Plan.

EPA also should allow the use of model-based evaluation of energy savings and emissions impacts as it does for transportation measures under State Implementation Plans (SIPs) and transportation conformity programs. Many energy efficiency measures are small, widely dispersed activities more resembling individual vehicles than regulated stationary sources. If various transportation measures can be credited for NOx reductions and reduced ambient ozone levels—with all the complexity and uncertainty of modeling weather and atmospheric chemistry—it would seem likely that crediting energy efficiency for avoided power plant CO_2 should be more straightforward.

A fourth point concerns combined heat and power (CHP), where we support a full 100% crediting of usefully recovered thermal energy.

Again, the Alliance applauds the EPA for recognizing and encouraging energy efficiency for reducing emissions and achieving compliance. We will continue to engage with you, including through formal written comment, while working with our stakeholders on this topic. We thank you for the opportunity to speak today on this important proposal and hope that these comments are useful.