Advocates for the West
Affiliated Tribes of Northwest Indians
AirWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
A World Institute for a Sustainable Humanity
BlueGreen Alliance
Bonneville Environmental Foundation
Centerstone
Citizens' Utility Board of Oregon
City of Ashland
City of Seattle Office of Sustainability & Environment
Clackamas County Weatherization
Clean Energy Works Oregon
Climate Solutions
Community Action Center
Community Action Partnership Assoc. of Idaho
Community Action Partnership of Oregon
David Suzuki Foundation
Earth and Spirit Council
Earth Ministry
Ecova
eFormative Options
Emerald People's Utility District
EnergySavvy
Energy Trust of Oregon
Environment Oregon
Environment Washington
HEAT Oregon
Home Performance Guild of Oregon
Home Performance Washington
Housing and Comm. Services Agency of Lane Co.
Human Resources Council, District XI
Idaho Clean Energy Association
Idaho Conservation League
Idaho Rivers United
Interfaith Network for Earth Concerns
League of Women Voters Idaho
League of Women Voters Oregon
League of Women Voters Washington
Montana Audubon
Montana Environmental Information Center
Montana Renewable Energy Association
Montana River Action
National Center for Appropriate Technology
Natural Resources Defense Council
New Buildings Institute
Northern Plains Resource Council
Northwest Energy Efficiency Council
NW Natural
NW SEED
OneEnergy Renewables
One PacificCoast Bank
Opower
Opportunities Industrialization Center of WA
Opportunity Council
Oregon Energy Coordinators Association
Oregon Environmental Council
Oregonians for Renewable Energy Policy
Pacific Energy Innovation Association
Pacific NW Regional Council of Carpenters
Portland Energy Conservation Inc.
Portland General Electric
Puget Sound Advocates for Retired Action
Puget Sound Cooperative Credit Union
Puget Sound Energy
Renewable Northwest Project
Save Our wild Salmon
Sea Breeze Power Corp.
Seattle Audubon Society
Seattle City Light
Seinergy
Shoreline Community College
Sierra Club
Sierra Club, Idaho Chapter
Sierra Club, Montana Chapter
Sierra Club, Washington Chapter
Smart Grid Northwest
Snake River Alliance
Solar Installers of Washington
Solar Oregon
Solar Washington
South Central Community Action Partnership
Southeast Idaho Community Action Partners
Spokane Neighborhood Action Partners
Student Advocates for Valuing the Environment
Sustainable Connections
The Climate Trust
The Energy Project
The Policy Institute
Trout Unlimited
Union Of Concerned Scientists
United Steelworkers of America, District 12
US Green Building Council, Idaho Chapter
Washington Environmental Council
Washington Local Energy Alliance
Washington State Department of Commerce
Washington State University Energy Program
YMCA Earth Service Corps

NW Energy Coalition
for a clean and affordable energy future

NW Energy Coalition Comments on EPA Proposed Rule - Docket ID: EPA-HQ-OAR-2013-0602

Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units

December 1, 2014

Submitted via email to carbonpollutioninput@epa.gov

Thank you for the opportunity to provide feedback on the Clean Power Plan – Docket ID: EPA-HQ-OAR-2013-0602. The NW Energy Coalition was founded in 1981, and is a non-governmental, public-interest alliance that advocates for a clean and affordable energy future. We are a coalition of more than 110 organizations from Washington, Oregon, Idaho, Montana and British Columbia. This rule is a critical step forward in reducing carbon dioxide emissions economy-wide and particularly in the power sector.

We support EPA moving forward with a strengthened version of its proposed Clean Power Plan. Despite the volume of comments, EPA should improve and finalize the rule within the original timeframe. The urgent need to significantly reduce climate pollution must override any push to slow implementation. And we encourage EPA to pursue emissions reductions in other areas of the economy while advancing this Clean Power Plan.

We strongly support EPA's proposed "best system of emission reduction," which looks outside the fence line of fossil-fueled power plants to reduce carbon pollution by developing renewable energy, tapping our abundant energy efficiency resource and shifting to lesser-emitting generation sources. This approach, used by EPA, is consistent with the Clean Air

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Act and reflects an appropriate strategy to comply with the "best system of emission reductions" as dictated by the statute. The four building blocks, and the ability of states to use additional compliance tools, will help states achieve the greatest carbon emission reductions at the lowest cost.

This rule is important for reducing carbon dioxide emissions, but it will not achieve the science-based emissions reduction levels for 2050 discussed by the Intergovernmental Panel on Climate Change. We encourage EPA to carefully review the analysis done by the Union of Concerned Scientists and the Natural Resources Defense Council that shows a path for EPA to boost cost-effective emissions reductions an additional 10 percent by 2030. A regular review of the "best system of emission reduction" should be conducted to ensure that EPA's plan prioritizes cost-effective solutions that bring maximum pollution reductions while maintaining reliable electric service and minimizing harm to and costs of human health and the environmental impacts. This analysis will be critical as EPA establishes the next set of reduction targets post 2030.

The interim target for 2020 is critical to advancing the suite of existing Northwest state policies that reduce power-sector carbon emissions. That said, EPA should allow states to propose alternative timelines for meeting their interim targets if, and only if, a pre-existing and binding compliance agreement involving an existing generating unit is in effect.

Our comments focus on three general areas: regional compliance, valuing of energy efficiency and renewable energy, and a multi-year baseline.

Regional compliance

EPA's support for regional strategies is vital to implementing the most cost-efficient compliance approaches. For example, EPA should be open to regional approaches that differ from Northeast states' models. States should be encouraged to carefully examine the economic benefits of coordinating with other states and to assess the opportunities to capture the most cost-effective reductions through multi-state and/or bi-lateral collaboration. The bulk of Northwest fossil generation occurs in the Mountain states while the majority of consumption occurs in the coastal states. A wider compliance platform, spread over multiple states, may afford timelier and more cost-effective carbon emissions reductions than any single state can achieve. We

also recommend that EPA be open to multi-state collaboration around specific building blocks while allowing in-state compliance in other program areas.

The Northwest is unique in having a regional power planning body (the Northwest Power and Conservation Council) and a 34-year history of four-state coordination and collaboration. While each Northwest state has been assessing the plan's potential effect on itself and its own compliance strategies, all have expressed interest in working with the Northwest Power and Conservation Council to analyze multi-state reduction options. We encourage EPA to allow multi-state compliance plans to be filed at any time, even after approval of an individual state's compliance plan. We note that a multi-state approach aligns with other trends toward more regional power and grid optimization -- particularly energy imbalance and ancillary services markets and transmission planning and coordination.

Recommendation: To remedy this problem, EPA should make the following changes to the rule:

- *Include regional approaches to multi-state collaboration that differ from Northeast states' models.*
- *Allow multi-state collaboration around specific building blocks while allowing in-state compliance in other program areas.*
- *Allow multi-state compliance plans to be filed at any time, even after approval of an individual state's compliance plan.*

Value of energy efficiency

Offering energy efficiency as a compliance tool is critical to least-cost implementation. We applaud EPA's vision to go outside the fence line and capitalize on economic emissions-reduction opportunities from power-sector players such as energy efficiency and renewable resources. Energy efficiency is the cheapest and fastest resource available to reduce emissions. That said, we are very concerned that the current draft rule undervalues energy efficiency; the agency must change the rule to more effectively capture the full value of energy efficiency.

The current draft rule undervalues efficiency in a number of ways:

1. EPA treats energy efficiency as a zero-emissions resource that lowers the average emissions rate for generating plants in the state. This approach works fine for states with lots of emitting plants in-state, but

Washington, Oregon and Idaho would see less per-megawatt-hour benefit for energy efficiency. These states would be able to count only the small fraction of their energy efficiency efforts that can be tied directly to emissions reductions at an in-state EGU.

Recommendation: To remedy this problem, EPA should make the following changes to the rule:

- *Use the compliance approach outlined in the state plan considerations TSD (page 88) whereby the state implementing energy efficiency measures may claim the resulting emissions reductions.*
- *Allow each state to use the marginal emissions rate of the region's net system mix or its own average marginal emissions rate. This will allow each state to count the full value of its energy efficiency investments.*

2. The Northwest has more than 30 years of experience in delivering energy savings for every end-use sector. It has developed a deep understanding of program measurement and verification (M&V). Based on this experience, we believe EPA's assumption of significantly higher costs than those in our region overestimates the cost of improving energy efficiency. The Regional Technical Forum and Northwest Power and Conservation Council, as well as individual utility data, all provide real-world program cost numbers that EPA should use as alternatives to cost assumptions in its proposed rule. In addition, EPA should allow regional/state approaches to measurement and verification of savings but ensure use of best practices that result in equivalent rigor across the country.

Recommendation: To remedy this problem, EPA should make the following changes to the rule:

- *Update the cost assumptions using real-world data from the Regional Technical Forum (http://rtf.nwcouncil.org/) and the Northwest Power and Conservation Council.*
- *Explicitly reference the M&V methods used by the Regional Technical Forum or the recommendations of the National Energy Efficiency Evaluation, Measurement and Verification Standards Scoping Study, US DOE 2011.*

3. EPA should include energy efficiency opportunities such as building codes, state appliance standards, market transformation, transmission and distribution, voltage optimization, and combined heat and

power as acceptable tools for delivering energy savings. EPA expresses openness to including these non-utility program savings opportunities if they can be adequately measured and verified (M&V). These savings markets are intrinsic to the Northwest's efficiency portfolio and the Regional Technical Forum has M&V protocols in place that EPA should consider. In fact, the Northwest Power and Conservation Council and Bonneville Power Administration recently determined that by 2029 federal efficiency standards will save the Northwest almost 800 aMW (http://www.nwcouncil.org/media/7094803/Appliance-Standards-slides-for-review.pdf). Given the strong history of verification of these non-utility savings in the Northwest, EPA should be clear that all these available energy efficiency opportunities are acceptable for compliance under the rule. The Northwest's energy efficiency resource is vast and grows constantly as new technologies and new energy management systems are developed. While individual utility potential will vary, as a region, if including non-programmatic savings, we may have the ability to exceed the 1.5% target calculated in the original rule.

Recommendation: To remedy this problem, EPA should make the following change to the rule:

- *Clarify that states can count energy savings from building codes, state appliance standards, transmission and distribution, voltage optimization, market transformation, and combined heat and power.*
- *Consider whether the 1.5% target is sufficient for the Northwest region, given the inclusion of considerable savings potential represented by non-programmatic savings.*

4. Northwest energy efficiency acquisition has been on an upward trajectory for the past decade. EPA apparently assumes a fairly slow ramp-up of energy efficiency programs. This assumption again undervalues efficiency's role as a compliance tool. EPA should revisit the analysis underpinning the ramp rate and consider using the Northwest as the model for the pace of acquisition for the rest of the country.

Recommendation: To remedy this problem, EPA should make the following change to the rule:

- *Increase the expected rate of deployment of energy efficiency to match the Northwest's pace of acquisition.*

Encourage early action

As mentioned previously, the Northwest is aggressively pursuing energy

efficiency as our lowest-cost strategy for meeting customer load growth; additionally, Montana, Oregon and Washington have renewable energy standards. We are concerned that energy savings and new renewables developed between the filing of the state plan and start of compliance in 2020 will not count toward emissions reductions under the rule. In particular, the rule could have the unintended consequence of encouraging utilities to reduce energy efficiency efforts in 2016-20 so they can acquire more once the compliance period begins. This could result in lost opportunities for new renewables investments and make future energy savings more expensive.

Recommendation: To remedy this problem, EPA should make the following change to the rule:

- *Allow new renewable energy and energy efficiency actions taken after filing a state plan to be counted toward interim target compliance in 2020.*

Economic and technical potential for renewables

The Alternative Building Block 3 and the detail added in the October Notice of Data Availability (NODA) improve on the original draft rule approach for using renewable energy as a "best system of emission reductions." Averaging portfolio standards may be a reasonable approach for setting near-term targets, but they are inadequate for the long term. Analyzing realistic technical and economic potential to determine the reasonable contribution from renewable energy is a better foundation for Building Block 3 than politically negotiated portfolio standards.

Recommendation: To remedy this problem, EPA should make the following changes to the rule:

- *Adopt the Alternative Building Block 3 for renewable energy target-setting approach using the regional calculation detailed in the NODA, but only after making particular critical technical revisions to the analysis (*One of our member organizations, Renewable Northwest, provides detailed recommendations to improve regional calculations. We support those recommendations*).*
- *Adopt the NODA's regional interstate renewable energy market approach to give renewable energy credits value as a compliance tool.*
- *Allow EPA's economic potential analysis to determine economically reasonable renewable energy growth levels for each state.*

Multi-year baseline

A single baseline year of 2012 does not accurately reflect Northwest emissions. Hydroelectricity provides about half of the region's electricity; a

hydro-based system has many significant advantages but its power generation is highly variable and dependent on precipitation and regional weather patterns. In general, fossil generation fills the hydropower gap from year to year. 2012 happened to be a year of high water flows and low fossil plant generation, lowering carbon emissions across the four Northwest states. To account for this variability in hydro conditions and provide a more accurate baseline, EPA's baseline should be a 3- to 5-year generation average. ***Recommendation: To remedy this problem, EPA should make the following change to the rule:***

- *Change the baseline from 2012 to a 3- to 5- year generation average to normalize hydro conditions.*

We value and appreciate EPA's open dialogue with Northwest stakeholders. We will work closely with state agency staff to analyze the final rule and provide input to each Northwest state as it develops its compliance plan.