

BOARD OF DIRECTORS

Co-Presidents

David Shaw
New York

Lynne A. Liddington
Knoxville, TN

Co-Vice Presidents

Mary Uhl
New Mexico

Bruce S. Andersen
Kansas City, KS

Co-Treasurers

George S. Aburn, Jr.
Maryland

Merlyn Hough
Springfield, OR

Past Co-Presidents

G. Vinson Hellwig
Michigan

Larry Greene
Sacramento, CA

Directors

Andrew Ginsburg
Oregon

Anne Gobin
Connecticut

James Goldstene
California

Cheryl Heying
Utah

Thomas Huynh
Philadelphia, PA

John S. Lyons
Kentucky

Shelley Schneider
Nebraska

Richard Stedman
Monterey, CA

Barry R. Wallerstein
Los Angeles, CA

Executive Director

S. William Becker

May 13, 2011

Chris Stoneman
EPA Office of Air Quality Planning and Standards
109 T.W. Alexander Drive
Mail Code: C304-01
Research Triangle Park, NC 27709

Dear Chris:

Thank you providing the National Association of Clean Air Agencies (NACAA) with the opportunity to comment on EPA's draft "Roadmap for Incorporating Energy Efficiency/Renewable Energy Policies and Programs Into State Implementation Plans/Tribal Implementation Plans" dated March 30, 2011 (Draft EE/RE SIP Roadmap). NACAA is an association of air pollution control agencies in 52 states and territories and over 165 major metropolitan areas across the United States.

We commend EPA for developing the Draft EE/RE SIP Roadmap. As EPA knows, state and localities have implemented a number of energy efficiency and renewable energy (EE/RE) policies and programs that have resulted in electricity savings, declines in energy use and air pollution reductions. State and local air agencies desire that these efforts be recognized in their State Implementation Plans (SIPs). The Draft EE/RE SIP Roadmap will help state and local air agencies navigate the guidance documents EPA has issued over the years regarding obtaining SIP "credit" for EE/RE measures.

We find the Draft EE/RE SIP Roadmap to be well-organized and helpful in providing information about the different pathways state and local air agencies can follow for obtaining SIP "credit" for EE/RE measures. It is clearly written and the flowcharts and diagrams are very helpful.

Our specific comments follow:

- We appreciate EPA performing a run of the Integrated Planning Model (IPM) that captures EE/RE state measures. We encourage EPA to continue including these measures in IPM runs so that IPM runs more accurately reflect projected emissions from power plants across the country.
 - In particular, for Transport Rule 2, it is critical that EPA include existing state EE/RE measures in projecting future emissions,

because including such measures will result in a lower projected baseline of future emissions. This means EPA will need to set lower nitrogen oxide and sulfur dioxide emissions caps to reflect the projected decrease in electricity generation due to EE/RE measures. We stress that this is the *most effective* way to ensure that state EE/RE measures result in air pollution reductions.

- The manual needs more discussion about state and local EE/RE measures in regions covered by a cap-and-trade program. If allowances associated with emissions reductions are not retired, it is not clear how state and local EE/RE measures will actually result in pollution reductions and not just shift emissions elsewhere.
- As EPA knows, many states are considering using an alternative model to IPM for projecting emissions from electricity generation. For example, about a dozen states from the Northeast, Southeast and Midwest as part of the Eastern Regional Technical Advisory Committee (ERTAC) are developing a model for projecting electric power plant emissions. The Draft EE/RE SIP Roadmap assumes the use of IPM. EPA should review the Draft EE/RE SIP Roadmap to see if it provides sufficient guidance to states that choose not to use IPM.
- EPA should provide training to state and local air agencies on using the final EE/RE SIP Roadmap.
- The manual seems to treat EE policy as something that only applies to electricity generation. EPA should be as open to thermal EE as it is to electric EE and should modify the manual accordingly. For example, a combined heat and power (CHP) installation uses the heat associated with electric generation for an industrial process, thereby avoiding the use of a second boiler to provide process heat. The manual should discuss the pathways for obtaining SIP credit for CHP.
- The manual suggests that states might want to consider a different demand forecast than the AEO for their baseline. It would be a little more helpful if EPA explained why, and gave states a better sense of whether it is always/often/sometimes/almost never better to do so.
- The manual does a great job of driving home the point that the state environmental departments need to work with the state public utility commissions. But it would be helpful for the manual to recognize and be more clear that in some states, mandatory EE programs are administered by a different state agency (or even a third party) and the state environmental departments need to collaborate with those entities as well.
- The manual should be improved in explaining how states can interact and cooperate with each other to take full advantage of cross border benefits of EE/RE. For

example, State A might beef up its RPS policy. EPA is clear that if the State A's policy leads to emission reductions at fossil fuel power plants in States B and C, State A might only be able to take partial credit or none at all (depending on whether the pollution in States B and C contributes to nonattainment in State A). What seems to be missing, however, is whether States B and C will get credit for the action in State A. The entire arena of multi-state EE/RE benefits interaction can be as complicated as multi-state pollution interactions (almost by definition), so this arena needs to be much more thought out.

Additional comments on the Draft EE/RE SIP Roadmap are included as a markup to the PDF file and are attached to this letter. If you have any questions, please feel free to contact us or Amy Royden-Bloom, NACAA Senior Staff Associate, at 202-624-7864.

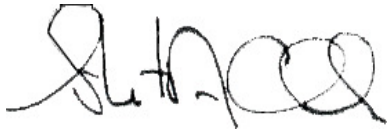
Sincerely,



Tad Aburn
Criteria Pollutants Committee Co-chair
Maryland



Lynne A. Liddington
Criteria Pollutants Committee Co-chair
Knoxville, TN



Stuart A. Clark
Global Warming Committee Co-chair
Washington



Larry Greene
Global Warming Committee Co-chair
Sacramento, CA