

August 21, 2013

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**Executive Director**

S. William Becker

Regina McCarthy  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

Dear Ms. McCarthy:

On June 25, 2013, President Obama unveiled his Climate Action Plan, which included directing EPA to issue carbon pollution standards for both new and existing power plants. Pursuant to that plan, the President issued a memorandum to the EPA Administrator setting out a timeline for issuing standards for new and existing power plants under Clean Air Act sections 111(b) and (d). With regard to modified, reconstructed and existing power plants, the President directed EPA to issue proposed carbon pollution standards by June 1, 2014; finalize these standards by June 1, 2015; and include a requirement that states submit implementation plans required under section 111(d) of the Clean Air Act by June 30, 2016. The President also directed EPA to “[l]aunch this effort through direct engagement with States, as they will play a central role in establishing and implementing standards for existing power plants.”

As a follow up to the President’s announcement, and in anticipation of engaging with EPA more directly and fully in the near future, NACAA<sup>1</sup> offers the initial principles below to guide the agency in drafting standards and guidelines under section 111(d);

- As directed in the President’s memorandum, EPA should work closely with state and local air agencies in developing the emissions guidelines under section 111(d).
- Section 111(d) provides that EPA establish the “best system of emissions reductions” taking into account costs. EPA should establish a flexible program that recognizes that end-use energy

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<sup>1</sup> NACAA is a national, non-partisan, non-profit association of air pollution control agencies in 43 states, the District of Columbia, four territories and 116 metropolitan areas. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the U.S. The views expressed in these comments do not necessarily represent the positions of every state and local air pollution control agency in the country.

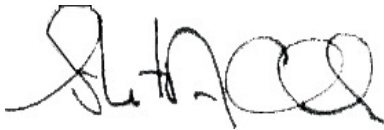
efficiency and renewable energy investments, policies and programs (“programs”) and shifting utilization towards lower emitting power plants reduce GHG emissions from the electrical system as a whole. EPA should set emissions standards that take into consideration the flexibility provided by such a proposal.

- State and local energy efficiency and renewable energy programs implemented after a designated baseline period should be recognized for their GHG reduction benefits. Furthermore, appropriate credit should be provided to existing programs to recognize state leadership, and appropriate incentives should also be provided to strengthen these programs.
- The emissions guidelines should take into account the different makeup of existing fossil fuel generation in each state and provide compliance pathways or mechanisms that recognize such state variations and the different levels of effort that may be required, while maintaining the overall stringency of the emissions guidelines.
- Evaluation, measurement and verification (EM&V) are important components of any program for quantifying end-use energy efficiency and renewable energy GHG reduction benefits. Methodological consistency and minimum standards are critical to ensuring program integrity and stringency. However, EM&V programs can be resource-intensive and air pollution control agencies may not have the appropriate staffing or expertise to “certify” energy efficiency reduction credits. EPA should provide flexibility and resources to assist state and local agencies in quantifying the benefits of end-use energy efficiency and renewables, while ensuring that methods for quantifying benefits are consistent across the country.
- Given the highly complex nature of the issue, EPA should provide ample time for comment on its proposed emissions guidelines.
- EPA should allow states or groups of states (for example, California’s AB32 and the Northeast and Mid-Atlantic states’ Regional Greenhouse Gas Initiative (RGGI)) to demonstrate that their GHG reduction programs achieve equivalent or greater GHG reductions from the power sector than if they had implemented EPA’s proposal.
- EPA should ensure that states that choose to meet federal emissions standards through an existing or new cap-and-trade program maintain authority over GHG allowance auction proceeds. This source of funding is supporting highly successful state efforts to increase end-use energy efficiency and renewable measures, which are key to achieving our national climate goals.

We plan to provide additional details regarding these principles and look forward to working with the agency in this effort so that we can achieve a flexible, cost-effective program that reduces emissions of greenhouse gases and other air pollutants and is easily administered by state and local air pollution control agencies.

Please feel free to contact either of us or Bill Becker, Executive Director, at 202-624-7864. We look forward to working with you.

Sincerely,



Stuart A. Clark  
Washington  
Co-Chair  
NACAA Global Warming Committee



Larry F. Greene  
Sacramento, CA  
Co-Chair  
NACAA Global Warming Committee