January 15, 2016
The Honorable Gina McCarthy
Administrator
U.S Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Dear Administrator McCarthy:

Our group – the American Gas Association, Edison Electric Institute, the National Association of State Energy Officials, the National Energy Assistance Directors' Association, and the National Energy and Utility Affordability Coalition – appreciates the opportunity to submit the following joint comments to the Environmental Protection Agency (EPA) on the design and implementation of the Clean Energy Incentive Program (CEIP) under the Clean Power Plan (CPP), Docket No. EPA-HQ-OAR-2015-0199. Our groups individually submitted comments regarding the proposed 111(d) guidelines. Then and now, we urge the Agency to take into account the particular needs of low-income households and the nature of their energy burden.[1] In addition to these comments on the CEIP, we would like to take this opportunity to thank the EPA for specifically recognizing in the final 111(d) guidelines that energy efficiency programs for the low-income sector represent an important and appropriate measure toward the achievement of the desired goal of reducing power plant emissions.

The American Gas Association (AGA), founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 72 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — just under 69 million customers — receive their gas from AGA members. Today, natural gas meets more than one-fourth of the United States' energy needs.

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, operate in all 50 states and the District of Columbia, and directly employ more than 500,000 workers. EEI member companies, along with municipal and cooperative utilities, are the largest energy efficiency providers in the country and are responsible for 89 percent of the total customer funded efficiency programs nationwide.

The National Association of State Energy Officials (NASEO) is an organization representing the 56 State and Territory Energy Offices. State Energy Offices are agents of change – advancing practical energy policies and supporting energy technology research, demonstration, and deployment. In partnership with the private sector, the state energy offices accelerate energy-related economic development and enhance environmental quality through energy solutions that address their citizens' needs and enhance national energy security.[2]

The National Energy Assistance Directors' Association (NEADA) represents the state directors of the Low Income Home Energy Assistance Program (LIHEAP).State LIHEAP offices work closely with their local utility counterparts to provide comprehensive energy assistance to help low income families pay their winter heating and summer cooling bills.

[1] NEUAC's previous comments can be found in Docket No. EPA-HQ-OAR-2013-0602.
[2] While NASEO has not taken a position on the appropriateness of EPA's Clean Power Plan, the organization works to ensure states have maximum flexibility in responding to the rule, and assists states which choose to develop compliance approaches.

The National Energy and Utility Affordability Coalition (NEUAC) is national, broad-based and diverse. Its mission is to heighten awareness of the energy needs of low- and moderate-income Americans. NEUAC members are working to reduce the energy burden of vulnerable households through advocacy, policy improvements and partnerships.

While these joint comments do not take a position on the proposed federal plan and model trading rules, we do offer general comments in response to EPA's specific requests regarding the CEIP. Our overarching concern is that the CEIP be designed and implemented in a broad and flexible manner that allows for maximum participation and the ultimate achievement of the early adoption of energy efficiency programs in low-income communities. EPA has set a laudable, yet ambitious goal with its proposal to create 300 million short ton carbon dioxide emissions-equivalent matching federal credits for the CEIP program. In order to help meet this important policy objective, the group supports certain modifications to the proposed CEIP that would provide important flexibility to both states and participants.

The Definition of Low-Income Community Should Be Broad and Include both a Geographic and Household Metric

In the November 2015, Clean Energy Incentive Program "Questions and related issues about which EPA is seeking input and ideas" (CEIP Questions), EPA specifically asked for guidance on how to define "low-income community" for purposes of the eligibility criteria for energy efficiency projects under the CEIP. The group recommends a broad definition for "low-income" that ideally would encompass both a geographically-based, as well as a household-based definition. This broad approach is consistent with the policy objective to drive early adoption of energy efficiency projects that benefit low-income communities and would increase the opportunities for all low-income households irrespective of whether that qualifying household is in a low-income neighborhood. For guidance, EPA could look to a number of existing federal agencies and programs that utilize geographic-based or household-based definitions and criteria such as: the Internal Revenue Service's New Market Tax Credit Program (geographic),[3] the Department of Health and Human Services' Low Income Home Energy Assistance Program (household),[4] or the Community Reinvestment Act.[5]

Energy Efficiency Project Eligibility Should Commence After the Submission of a State's Initial Plan in September 2016

The EPA also sought comment on the appropriate commencement date for a project or program to qualify for the CEIP. The current proposal is to tie eligibility of energy-efficiency projects to the date that the state submits a ***final*** compliance plan or becomes subject to the federal plan. EPA should consider utilizing the earlier date of September 6, 2016, when the states are required to submit their ***initial*** plans for all states that opt to participate in the CEIP. The submission date for initial plans would provide a consistent start date for the program across the country, which is important given that the incentive credits have the potential to be traded between states, while further incentivizing energy efficiency projects to

[3] https://www.irs.gov/pub/irs-utl/atgnmtc.pdf at p. 1: "A "low-income community" is defined as any population census tract where the poverty rate for such tract is at least 20% or in the case of a tract not located within a metropolitan area, median family income for such tract does not exceed 80 of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income."

[4] http://www.acf.hhs.gov/programs/ocs/resource/fact-sheet-0: "The federal income eligibility range within which grantees may provide assistance is based on a household's income and must not exceed the greater of 150 percent of the federal poverty level (FPL) or 60 percent of the State median income. Grantees may not set income eligibility standards below 110 percent of FPL."

[5] 12 CFR 228.12(m)(1): "Low-income, which means an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography."

commence operation as soon as possible. Moreover, EPA should clarify that pre-existing programs that invest resources after the eligibility date and drive reductions during the crediting period also are eligible for CEIP participation.

The Crediting Period Should Be Extended In Order To Maximize the Potential Value of the CEIP

In addition to moving the commencement date, the EPA should also consider extending the crediting period in order to maximize the potential value of the CEIP. The creation of 300 million federal early action incentive credits/allowances provides a potentially valuable tool, as well as an ambitious goal, to promote the deployment of renewable energy and low-income energy efficiency projects before the start of the compliance period in 2022. It is not entirely clear, however, that the two-year window provided presents enough time for qualifying projects to achieve the reductions necessary to earn the full complement of CEIP credits/allowances. If the EPA's goal is truly to incentivize the early deployment of eligible energy efficiency projects, the Agency should instead consider allowing projects and programs to earn credits/allowances as soon as they come on line and not just in the 2020-2021 periods.

States Should Be Permitted to Rely on Their Existing Evaluation, Measurement, and Verification Programs

Our group understands that evaluation, measurement and verification (EM&V) will play an important role in the CEIP to assure that energy savings are real and quantifiable for purposes of earning, and potentially selling or trading the incentive emission rate credits (ERCs) or allowances. To the extent possible, EPA should consider allowing the states to rely on their existing EM&V programs and procedures for purposes of the CEIP, which could include the use of existing Technical Reference Manuals, the International Performance Monitoring and Verification Protocol (IPMVP), and other deemed savings resources. Allowing the states to rely on already established EM&V programs will serve to remove an important and potentially costly hurdle that has the potential to limit a state's willingness to opt-in to the CEIP.

Qualifying Low-Income Energy-Efficiency Projects Should Be Eligible for CEIP Credits Irrespective of the Funding Source

We strongly support the proposition that all qualifying low-income energy-efficiency projects should be eligible to participate in the CEIP regardless of the source of funding. It is our understanding that there is some confusion among stakeholders as to the eligibility of reductions that are the result of certain federally funded or utility funded programs, such as the Low-Income Weatherization Assistance Program. The source of funding, however, should not be relevant so long as the project is found to produce the requisite emissions reductions during the crediting period.

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Again, we wish to thank the EPA for its recognition of the importance of low-income energy efficiency programs in the final Clean Power Plan rule. The Clean Energy Incentive Plan has the potential to be a critical opportunity to mobilize near-term investments in energy efficiency in low-income communities and with EPA's continued leadership such investments could be deployed to ensure that the populations that are most in need have full access to these cost-saving and energy-saving programs.

Sincerely,

American Gas Association
Edison Electric Institute
National Association of State Energy Officials
National Energy Assistance Directors' Association
National Energy and Utility Affordability Coalition