



November 1, 2016

VIA ELECTRONIC MAIL & ELECTRONIC SUBMISSION

Environmental Protection Agency
EPA Docket Center (EPA/DC)
Mail Code 28221T
Attention Docket ID No. EPA-HQ-OAR-2016-0033
1200 Pennsylvania Avenue, NW
Washington, DC 20460
a-and-r-Docket@epa.gov

**Re: Gasp and Energy Alabama's Comments on EPA-HQ-OAR-2016-0033
Clean Energy Incentive Program Design Details**

Dear Sir or Madam,

Gasp¹ and Energy Alabama² (we) respectfully submit the following comment to the Environmental Protection Agency (EPA) regarding the proposed rule for the Clean Energy Incentive Program Design Details (the CEIP proposed rule). We appreciate the opportunity to weigh in on the CEIP proposed rule. We look forward to the EPA revising these aspects of the CEIP to more equitably define “low income communities,” not retire emission rate credits (ERC’s) and to utilize existing monitoring and verification (M&V) resources already active in the market.

I. Purpose

As groups advocating for the growth of sustainable energy, we have a vested interest in the success of the CEIP. Where the CEIP incentivizes renewable energy and energy efficiency, if Alabama were to opt into the program, we could improve our air quality and grow the sustainable energy sector in Alabama. Accordingly, there are several suggestions for improvement and clarification that we would like to offer in order to ensure not only that it is beneficial for Alabama to opt into the CEIP, but also to enhance the success of the program.

¹Gasp is a non-profit health advocacy organization fighting for healthy air in Alabama. We strive to reduce air pollution through education and advocacy — because Alabamians deserve clean, healthy air. <http://www.gaspgroup.org>

² Energy Alabama is accelerating the transition to clean, sustainable energy. EA achieves this by promoting sustainable energy as a feasible, state-wide goal, by executing high-impact, sustainable energy projects across the state, and by providing people with information and opportunities to help make sustainable energy choices. <http://alcse.org/>

II. Low income communities should be defined at the household level.

In the CEIP proposed rule, EPA gives guidance to states on how they might define a “low-income community.” We agree that the state should consider a range of factors specific to the state that impact the energy burden on low income ratepayers. However, we also urge the EPA to narrow their definition to focus on household-based definitions instead of community-based definitions of “low-income community.”

The impact of the energy burden in Alabama on low income ratepayers is crucial to how a “low-income community is defined.” For example, generally, Alabama has some of the highest electricity rates in the Southeast³. Similarly, it has been documented that in 2013, Alabamians spent four percent of the median household income on electricity bills⁴. Accordingly, it is imperative that when finalized, the CEIP’s primary purpose is to improve energy efficiency for the housing where low-income ratepayers are spending almost four percent of their income paying for the electricity bills. Where the low-income portion of the CEIP was developed to help “overcome historical barriers to the development of energy efficiency projects in low-income communities,⁵” low-income electricity ratepayers in Alabama would surely benefit from the state opting into the CEIP and taking advantage of these programs under the CEIP.

Furthermore, where the CEIP’s low-income prong is primarily focused on housing, EPA should narrow the definition of “low-income community” to focus on identifying the income status of households. Accordingly, EPA should not open the definition to consider geographic definition for low-income communities. There are various communities throughout Alabama (and across the U.S.) where people with varying incomes live in the same geographic area. The unintended consequence of broadening the definition of “low-income community” beyond the household definition would be that higher-income households within a “low-income community” defined by the geographic area could receive more of the projects and programs, thus not benefitting the low-income households. Two such definitions that could avoid this unintended consequence and that we recommend EPA list as presumptively approvable would be the Federal Poverty Guidelines and definitions used by states in their Weatherization Assistance Program.

Finally, EPA should prioritize the types of projects it awards in low-income communities. We support expanding the definition to include public school buildings, hospitals (or other, similar healthcare facilities), wastewater treatment plants and governmental buildings located within designated low-income communities. Because a household definition would not translate well to public buildings, a geographic definition could suffice for these buildings. However, in

³ “The average price paid by Alabama Power Company’s residential ratepayers for electricity during the years 2008-2011 was approximately fourteen percent higher than the average price paid by the customers of investor-owned utilities in the other Southern states [...] during the years 2008-2011, the customers of Alabama Power paid higher average residential bills and average commercial prices than customers of the three other sister utility companies owned by Southern Co. (Georgia Power, Gulf Power and Mississippi Power).” Schlissel, D., Somer A., “Public Utility Regulation Without the Public,” (Mar. 1, 2013) *available at* http://arisecitizens.org/index.php/component/docman/doc_view/948-arise-report-public-utility-regulation-without-the-public-3-1-13?Itemid=44

⁴ Greater Birmingham Ministries, “What Public Service,” (May 2015), *available at* <http://gbm.org/what-public-service/>

⁵ Clean Energy Incentive Program Design Details, 81. Fed. Reg. 206 (June 30, 2016) (to be codified at 40 CFR pt. 60) at 42960.

order for the purpose of the CEIP to be fulfilled, projects improving the efficiency of the housing where low-income residents live (defined through a household, not geographic definition) should be the first priority. Projects that reduce electricity demand in public buildings within a low-income community should be next in line.

III. ERC's should not be retired.

In the CEIP proposed rule, EPA states that they “will retire matching allowances on ERC’s that remain in each of the state’s two reserves⁶.” EPA reasons that “[s]uch retirement is appropriate given that the intent of the matching pool is to incentivize early actions in 2020 and 2021, and matching allowances and ERC’s in this pool should not be available to aware to actions from 2022 onward, during the performance periods under the Clean Power Plan⁷.”

It is unclear to us what will happen to unused allowances for a state opting into the CEIP. We would like to propose that unused ERC’s will not be permanently retired, but will revert back into the state’s budget to be reapportioned to projects during the compliance period. Although the CEIP encourages early action, we believe it would run afoul of the purpose of the CEIP to retire allowances for projects simply because they did not commence construction according to the timeline. However, we also agree with EPA’s rationale, and suggest that EPA require performance assurances of eligible projects. In order to fulfill the purpose of the CEIP, projects must demonstrate that additional emissions reductions, that but for the CEIP awards would not have occurred, have actually been achieved.

IV. Existing energy evaluation, measurement and verification already available in the market should be used by the CEIP.

The Guidance is currently written for those who understand EM&V, and may be unnecessarily complicated for air regulators who will be tasked with adopting the CEIP. We request that EPA adopt as a guiding principle that EM&V requirements for EE, while maintaining adequate rigor, should be practical and readily achievable by the full range of EE services and investments covered by states and utilities. This principle should recognize that the level of resources devoted to EM&V, and the stringency of EM&V requirements, should be commensurate with the magnitude of resulting CO2 reductions, relative to other measures, and the ability to reduce uncertainty with additional (or more complex or stringent) EM&V. We also request that the EPA accept EM&V that has been established by the federal government for other existing programs such as the Low Income Weatherization Assistance Program and deem these approaches to EM&V as presumptively approvable.

⁶ Id. at 42952.

⁷ Id. at 42952.

V. Conclusion

We strongly support the CEIP and the benefits it will bring to ratepayers, the renewable energy industry and air quality in Alabama. We hope this public comment process will reflect the aforementioned suggestions and provide clarity.

We appreciate the opportunity to comment.

Sincerely,



Haley Colson Lewis
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Gasp



Daniel Tait
CEO
Energy Alabama