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October 30, 2018

Andrew Wheeler
Acting Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Re: Docket ID Number EPA-HQ-OAR-2017-0355

Acting Administrator Wheeler,

On behalf of the Midwest Energy Efficiency Alliance (MEEA), I am pleased to submit to the U.S. Environmental Protection Agency (EPA) the below comments on the "Affordable Clean Energy" (ACE) proposed rule (EPA-HQ-OAR-2017-0355). We are concerned the proposed ACE rule could eliminate opportunities for states to advance energy efficiency. We recommend that the EPA continue to increase efforts to promote energy efficiency investments and environmental stewardship.

MEEA is a regional non-profit membership organization which serves as the Midwest's key proponent and resource for energy efficiency. MEEA covers 13 states in the Midwest and our 160+ members include investor-owned, cooperative and municipal utilities; energy efficiency service and technology providers; manufacturers; state and local government representatives; and, academic, advocacy and research organizations. MEEA serves as a nonpartisan resource to policymakers and our organization does not lobby or intervene before regulatory commissions. A leader in raising and sustaining the level of energy efficiency in the Midwest, MEEA fosters market penetration of existing energy-efficient technologies and promotes new technologies, products and policy and program best practices. As the trusted source on energy efficiency in the Midwest, MEEA educates and advises a diverse set of stakeholders on new and meaningful ways to pursue an energy efficient agenda that's both achievable and cost-effective.

The Value of Energy Efficiency

Energy efficiency has a long and successful history in the Midwest, helping states lower their energy consumption while improving their local economies. Energy efficiency in the Midwest has a return on investment of more than two dollars for every dollar invested.¹ These energy and financial savings also multiple over time, which means pursuing energy efficiency programs today will continue to pay off into the future. Energy efficiency policies help customers save money and lowers the stress on existing infrastructure by reducing peak energy load. Efficiency also helps businesses in the

¹ Midwest Energy Efficiency Alliance. "Energy Efficiency Policies, Programs, and Practices in the Midwest: A Resource Guide for Policy Makers." May 2014.



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region reduce their energy costs. When business saves money, they have more to invest in other capital needs, allowing them to become more competitive.

Energy efficiency reduces the need to build new and costly generation. In fact, energy efficiency is the cheapest resource and is the most cost-effective and affordable way to meet our energy needs. In 2015, energy efficiency cost just \$14 per megawatt hour on average in the Midwest.² It is three times as expensive to build new natural gas and coal-fired power plants than to meet our energy needs through efficiency. Reducing or delaying the need for new generation, not only saves money, but also helps reduce harmful emissions. In 2017 alone, electricity generation emissions of carbon dioxide (CO₂) were 1,744 million metric tons.³ Reducing these emissions from fossil fuel power plants leads to improved air quality which improves overall health and quality of life.

Energy efficiency also drives job creation. Energy efficiency jobs are the energy sector's fastest growing and largest sector. In 2017, energy efficiency jobs accounted for half of the entire energy industry's job growth, with 133,000 jobs being added.⁴ In the Midwest region, energy efficiency accounts for a total of 513,695 jobs in 2017, which is 71.9% of all Midwest clean energy jobs.⁵ These jobs are in a variety of sectors ranging from the construction and building materials industries to equipment manufacturing, building design and professional energy services.

The Clean Energy Incentive Program

The Clean Energy Incentive Program (CEIP) was a component of the finalized Clean Power Plan (CPP) that incentivized state investments in demand-side energy efficiency. Under this program, states that made early investments in renewable energy generation and demand-side energy efficiency measures, were given additional allowances or Emission Rate Credits (ERCs) through the EPA.⁶ These early investments in energy efficiency would have allowed states to receive credits within the two years before the CPP would go into effect in 2022. This was a voluntary program that targeted low-income communities and communities of color. The elimination of the CEIP by the EPA in ACE curtails potential increases to energy efficiency efforts and therefore eliminates any new economic and societal benefits associated with energy efficiency. These benefits include those discussed above, such as an increase in local, high-quality jobs, an improved economy, a reduced demand on the electric load and reduced emissions.

End-Use Energy Efficiency

The CPP also encouraged residential efficiency upgrades in the home. Under the Rule, states could receive credit for reduced emissions throughout the energy cycle: from

² Lazard. "Lazard's Levelized Cost of Energy Analysis –Version 9.0." November 2015.

³ U.S. Energy Information Administration. "How much of U.S. Carbon Dioxide emissions are associated with electricity generation?" June 2018.

⁴ E2. "Energy Efficiency Jobs in America." September 2018.

⁵ Clean Energy Trust and E2. "Clean Jobs Midwest: Executive Summary." 2018.

⁶ Environmental Protection Agency. "Fact Sheet: Clean Energy Incentive Program."



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generation to transition to end-use consumption. Using the process under CPP, states had the option to comply with the emission caps placed on power plants through household energy efficiency. The ACE rule limits emission reduction measures to only at the source heat-rate efficiency improvements,⁷ making end-use energy efficiency no longer a possible source of emission reduction, effectively no longer incentivizing new investment in household efficiency. By only encouraging at the source heat-rate, power plants could have a greater incentive to invest revenues in more costly upgrades to aging facilities⁸ and pass those costs onto customers rather than to invest in end-use efficiency. This will not only increase rates but also increase emissions, as plants that release harmful emissions will be upgraded to last longer as opposed to reducing emissions through a reduction on energy demand.

Conclusion

ACE significantly changes the finalized CPP which was expected to increase investments in clean energy across the nation. The proposed ACE tradeoffs noted above undermines the opportunities for energy efficiency. Energy efficiency is the lowest cost resource, is a recognized job generator and can serve as a positive compliance tool for states to reduce emissions while improving the community's health and economy.

We strongly urge the EPA to maintain the CEIP program in the revised ACE rule and value end-use efficiency upgrades. Our comments reflect the views of MEEA, and not the views of the organization's members or individual entities represented on our board of directors. MEEA is the trusted source and advocate for energy efficiency policy in the Midwest. We inspire active participation in the Midwest's portfolio of energy efficiency programs, develop and facilitate trainings and services and support emerging technologies. Our comments leverage our deep and long-standing experience in the energy efficiency industry. Please do not hesitate to reach out if we can be of further assistance.

Respectfully submitted,

Stacey Paradis
Executive Director, Midwest Energy Efficiency Alliance

⁷ Environmental Protection Agency, Emission Guidelines for Greenhouse Gas Emissions from Existing Electric Utility Generating Units: Emission Guideline Implementing Regulations; New Source Review Program. 83 Federal Register 170 (August 31, 2018), pp. 44749.

⁸ Marquis, Caitlin. Advanced Energy Economy. "No ACE in the Hole: EPA Rule Would Force States on Narrow, Costly Path—Potentially Disrupting Markets for Advanced Energy." September 2018.