



# AMERICAN PUBLIC GAS ASSOCIATION

November 25, 2014

U.S. Environmental Protection Agency  
Attention: Docket ID No. EPA-HQ-OAR-2013-0602  
Mail Code 28221T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

**Re: Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, EPA-HQ-OAR-2013-0602, 79 Fed. Reg. 34830 (June 18, 2014) Docket No. EPA-HQ-OAR-2013-0602**

Dear Administrator McCarthy,

On behalf of the American Public Gas Association (APGA), we appreciate this opportunity to submit comments on the Environmental Protection Agency's (EPA) proposed Clean Power Plan for Existing Power Plants rule under the Clean Air Act (CAA) (Docket No. EPA-HQ-OAR-2013-0602).

APGA is the national association for publicly owned natural gas distribution systems. There are approximately 1,000 public gas systems in 37 states, and over 700 of these systems are APGA members. Publicly-owned gas systems are not-for-profit, retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities in their communities.

Public gas systems' primary focus is on providing safe, reliable, and affordable service to their customers. Our members serve homeowners and small businesses, who rely on affordable natural gas to heat their homes, cook their meals, power their restaurants, schools and hospitals, and service businesses of all types.

Over the years, both Federal and State policies have moved the end-use energy market towards an all-electric society. This shift in thinking has created a huge demand for centralized power plants, and failed to recognize the environmental and economic benefits of moving the energy resource closer to the end user. One example of moving the energy resource closer to the end user is the direct-use of natural gas.

One of the building blocks referenced in this rule is the expansion of energy efficiency programs. APGA believes this building block will be the key provision that will allow states to obtain long term Greenhouse Gas (GHG) reductions. The environmental benefits of an energy efficiency program go well beyond just GHG reduction, and at minimum will lead to the overall improvement in our air quality. One of the best ways to maximize these potential benefits is to broaden the scope of what an allowable energy efficiency program can utilize. By allowing states to fully account for the emission reduction from switching to cleaner burning fuel, the EPA would further promote technologies such as natural gas appliances, small scale CHP, and micro-grids. By moving the fuel source closer to the end user, the emissions profile will drop. We would like to advocate for expanding the energy efficiency program provisions to cover all energy types.

By expanding the energy efficiency program scope, the EPA could make an immediate impact on how consumers shop for appliances, as well as influence how states utilize high efficiency and clean energy programs to help curb air pollution.

Because emissions are directly related to energy consumption, our universal focus must be on "Source Efficiency" when measuring energy use. All other things being equal, less energy consumed equates to lower emissions. We must embrace an efficiency standard encompassing the full-fuel-cycle. Full-fuel-cycle energy is defined by DOE as, "Point-of-use energy, the energy losses associated with generation, transmission, and distribution of electricity, and the energy consumed in extracting, processing, and transporting or distributing primary fuels."<sup>1</sup> Simply put, we must consider the entire energy chain, from source to site, and establish rules and policies accordingly. DOE has recognized the shortcomings of site-based analysis as well as the National Academy of Sciences in a 2009 report. EPA's own ENERGY STAR® Portfolio Manager program is already using and promoting source-based energy analysis.

For example, according to DOE's point of use consumer disclosure labels for appliances, an electric water heater may appear to consumers to be over 60% more efficient than a gas water heater, despite the fact that current national generation, transmission, and distribution efficiency for central station electricity is, according to the U.S. Energy Information Agency, only 29.3% efficient, while the transmission and distribution of natural gas directly to the consumer is over 90% efficient. Ignoring these energy losses makes electric-resistance heating appliances appear more efficient when in fact they use more energy, and will emit more pollution.

The same logic applies to other thermal applications such as space heating, cooking, and clothes drying. Importantly, it also applies to larger commercial and industrial applications such as combined heat and power units. We owe it to the consuming public to properly inform them, and if incentives are to be employed by states and utility companies, they should be offered such that consumers are purchasing the most efficient, environmentally-friendly, and cost-effective appliances; again, using the full-fuel cycle methodology.

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<sup>1</sup> *Federal Register* / Vol. 76, No. 160 / Thursday, August 18, 2011 / Proposed Rules 51282)

Two of the best energy technologies that will help localize energy production are Combined Heat and Power (CHP) and Waste Heat Power (WHP). By producing both heat and power from a single fuel source (CHP) and by capturing otherwise wasted heat from industrial processes to generate additional electricity (WHP), CHP and WHP are significantly more efficient than central power generation. CHP and WHP are proven and demonstrated approaches to lower emissions, make U.S. manufacturers more competitive, and enhance electric reliability. The Administration recognizes these benefits and has established a national goal to encourage greater deployment of CHP and WHP. If the final rule continues to rely on a system-wide approach to emission reductions, APGA would like to make the following three recommendations to strengthen and improve the proposal:

- EPA should clarify that CHP and WHP at unaffected units are eligible compliance strategies for EGUs;
- Several modest changes are needed to ensure the Rule recognizes CHP's and WHP's benefits for affected units; and,
- EPA should provide guidance to states to enable them to most effectively incorporate CHP and WHP into their compliance plans to reduce emissions from unaffected units.

As the national conversation on how to regulate GHG continues, the direct use of natural gas, the increased use of renewable energy and most importantly the growth of energy efficiency programs must be part of not just the climate debate but also part of the larger air quality discussion. Because future generations are dependent on our actions, APGA and our members strongly believe in the effective stewardship of our environment, and recognize the unique and important role natural gas plays in helping our nation achieve better air quality, while at the same time consuming our natural resources responsibly. And for the sake of our economy, we must all remain vigilant in our efforts to minimize cost impacts on energy consumers as we consider changes in policies and rules. Natural gas, used efficiently and responsibly has the potential to actually reduce overall energy expenditures for consumers.

APGA thanks the EPA for its consideration of these comments. Please do not hesitate to contact us if you would like to further discuss our comments and recommendations.

Sincerely,



Bert Kalisch  
APGA President and CEO