



Catherine E. Heigel, Director

Promoting and protecting the health of the public and the environment

December 15, 2015

United States Environmental Protection Agency
EPA Docket Center
Mail Code 2882T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Attention: Docket ID No. EPA-HQ-OAR-2015-0734-0001, Clean Power Plan's Clean Energy Incentive Program (CEIP)

To Whom It May Concern:

Thank you for the opportunity to provide comments on the Clean Power Plan's Clean Energy Incentive Program (CEIP). The South Carolina Department of Health and Environmental Control (Department) is the public health agency for the State of South Carolina, and we are committed to promoting and protecting the health of the public and the environment for the State of South Carolina.

The Department would like to congratulate the Environmental Protection Agency (EPA) on the extraordinary outreach process its staff undertook to gather input from the various stakeholders across the United States. Following President Obama's Climate Change remarks made on June 25, 2013, at Georgetown University, the EPA has welcomed interaction with interested organizations in an unprecedented fashion, culminating in the vastly different federal Clean Power Plan rule (80 FR 64622). We applaud this public engagement. The resulting final federal rule developed by the EPA is also an unprecedented attempt to incorporate flexibility into an extremely complex issue involving environmental and national energy policy.

The EPA first introduced the concept for this program in the final Clean Power plan rule. However, the EPA did not make specific questions available to stakeholders until much later (October 21, 2015) and further provided just a few short weeks to submit comments. The Department respectfully requests that the EPA provide a sixty (60)-day extension to the comment period to provide additional time to comment on the CEIP proposal. The CEIP is an integral component of the Clean Power Plan final rule, the proposed draft Federal plan and the model rules. The Department, and its stakeholders, need more time to analyze the potential for this program and its impact on the direction the state of South Carolina may take in the near future to comply with the Clean Power Plan final rule.

We also strongly encourage the EPA to provide the opportunity to submit comments again once the program itself has been fully developed. All comments received on the CEIP should also be accepted as part of the comment period for the proposed federal plan and model state rules. It is most important to finalize the model rules first before the final iteration of the CEIP is promulgated. While we applaud the EPA efforts to develop the CEIP as an option for states in implementing the Clean Power Plan, it is difficult to adequately develop and submit comments when so much of the program has yet to be developed. As such, the Department was not able to provide answers to all of the questions posed by the EPA in the CEIP proposal, but does provide the comments below to the following questions:

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

2600 Bull Street • Columbia, SC 29201 • Phone: (803) 898-3432 • www.scdhec.gov

1. What commencement date is appropriate for a project to qualify as eligible for the CEIP?

The EPA has noted that early action programs should commence after 2018, for the resulting credits or allowances to be utilized during the 2020-2021 timeframe. The Department respectfully requests that the EPA consider allowing more time for planned, scalable Renewable Energy (RE) and Energy Efficiency (EE) programs to be implemented. Scalable projects require time to initiate and deploy, once resources have been identified and placed into action. To this end, any qualifying project should be eligible between the date in which the CEIP program is considered final and the end of 2021.

2. Define ‘commence construction’ of an eligible wind or solar project and ‘commence operations’ of an eligible low income EE project.

The definition for “commenced construction” for eligible wind or solar projects should be the same as the definition long used for Major New Source Review (NSR) projects. The Department would like for the EPA to define the term “commence construction” to broadly enable energy stakeholders to better plan projects they may consider deploying, if they are participating in the CEIP. Perhaps, as a better alternative, the EPA should consider using a different term all together to reduce confusion.

3. What should EPA consider when defining criteria, terms and requirements under the CEIP?

The EPA should define “low income community” in a way to enable the most flexibility for states to develop CEIP projects. The Department believes that this definition should be as broad as possible. Limiting the implementation of solar/wind projects and energy efficiency can result in less effective and efficient programs.

4. What criteria should be used to define eligible wind and solar projects, as well as eligible EE projects implemented in low income communities? (e.g., by sector (residential, commercial, etc.) or by geography (where a project takes place and who benefits from it))

The EPA has stated in the CEIP that only on-shore wind projects are to be eligible for consideration. The Department requests that the EPA broaden the eligibility criteria for these projects. Staff at the Clemson University Restoration Institute (CURI-the US DOE is a major funder) have estimated that there is enough energy from wind several miles off of South Carolina’s coast to power over 1 million homes. The Department would like for this RE option to be available given the state's already existing commitment to CURI, a large scale wind turbine testing facility located in North Charleston.

5. What should be the evaluation, measurement and verification (EM&V) requirements for eligible projects; the requirements for EM&V reports of quantified megawatt-hour (MWh); and the requirements for verification reports from an independent verifier?

The Department would like a better understanding of the requirements for a state participating in the CEIP in regards to the independent verifiers that will be required. The language the EPA includes in describing the program's implementation at the state level indicates that the state would be responsible for establishing a list of independent verifiers of the evaluation, measurement and verification of energy efficiency programs. For South Carolina, this would mean developing and establishing this list and maintaining it long term. Additional resources will be needed for states to support this new administrative function.

States should be allowed to use existing EM&V programs (offered by our electric utilities and cooperative) where appropriate for CEIP projects and limit duplication as much as possible. These existing EM&V programs (where approvable) should be the basis for the final CEIP requirements.

6. What should EPA consider when designing the mechanics of the CEIP?

Several of our stakeholders have suggested that allowing states that opt for the sub-categorized rate-based compliance method to trade emission reduction credits (ERCs) with states that opt for the mass-based approach will provide more flexibility. The Department is aware of the EPA’s integrity and leakage

concerns regarding this issue. However, enabling this type of cross-over trading could greatly incentivize RE/EE program development in South Carolina. The Department would like to request that the EPA reconsider its current position on this issue, and our stakeholders would be very willing to hold additional discussions with the EPA staff at the regional and/or headquarter level.

7. How should the 300 million short ton matching pool be split between the two reserves: one for wind/solar, one for low income EE?

The pool should not be split, but used to match projects as they are approved so that as many allowances can be issued as possible.

8. How should the 300 million short ton CO₂ emissions equivalent matching pool be converted into ERCs, which are based on MWh?

The EPA should use its best judgment, considering comments provided, to equitably convert the allowances to ERC as needed, and then use this process to allow ERC/allowance trading between rate – based plan states and mass-based plan states.

Summary

South Carolina requests consideration of its recommendations for the final CEIP to facilitate the development of a plan that will keep compliance costs as low as reasonably possible and lessen the cost impact to consumers, while also continuing to improve the air quality in the State, region, and country. The Department looks forward to working with the EPA and our stakeholders to achieve this end goal.

Respectfully,



Myra C. Reece, Interim Director
Environmental Affairs
Environmental Quality Control
SC DHEC

cc: Ms. Beverly Banister, Director, Air, Pesticides and Toxics Management Division, EPA
Region 4
Kathleen Lusky, EPA Region 4
Rhonda Thompson, Interim Chief, Bureau of Air Quality, SC DHEC