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January 21, 2016

The Honorable Gina McCarthy, Administrator  
U.S. Environmental Protection Agency  
William Jefferson Clinton Building  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

**Re: Comments relating to "Federal Plan Requirements for Greenhouse Gas Emissions From Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations" (80 FR 64966; Docket ID: EPA-HQ-OAR-2015-0199)**

Dear Administrator McCarthy,

On behalf of the Commonwealth of Kentucky, the Energy and Environment Cabinet (Cabinet) formally submits the following comments relating to EPA's proposed rulemaking of the Federal Plan requirements for existing electric generating units and model trading rules, as referenced above. In addition to this cover letter, the Cabinet is providing comments specific to the proposed rulemaking.

As currently proposed, the federal plan and model trading rules constitute "cap and trade" mechanisms to regulate greenhouse gases from electric generating units. The Cabinet opposes such a regulatory strategy that lacks congressional statutory authority and fails to provide for meaningful comment. The Cabinet finds many statements in the proposed rule to be disingenuous and misleading. For example, EPA states: "Thus, the proposed rule would ensure that congressionally mandated emission standards under authority of section 111 of the CAA are implemented, either by the states in the first instance, or by the EPA where needed." This EPA statement fails to recognize previous "cap and trade" legislation rejected by Congress, including the Markey-Waxman Bill.<sup>1</sup>

More importantly, the Cabinet remains concerned with the devastating negative economic consequences as a result of this unprecedented rulemaking. As the Cabinet stated previously, citizens living in low-income communities, who spend a disproportionate share of their income on electricity, will be most affected and made economically vulnerable due to EPA's greenhouse gas regulations for existing electric generating units. Furthermore, manufacturing industries and their sustainability will be compromised by significant electric rate increases resulting from this proposed rulemaking.

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<sup>1</sup> American Clean Energy and Security Act of 2009, H.R. 2454, 111<sup>th</sup> Cong. (2009), America's Climate Security Act of 2007, S. 2191, 110<sup>th</sup> Cong. (2d Sess. 2007), The Global Warming Pollution Reduction Act of 2007, S. 309, 110<sup>th</sup> Cong. (2007).

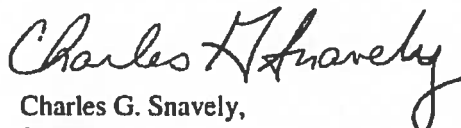
Kentucky is a national leader in manufacturing, producing more than 40% of the nation's aluminum and more than 30% of the steel in the U.S. These rules will have a far greater impact on Kentucky' economy than those service-oriented states that do not produce, but rather consume, goods and products. EPA fails to conduct and include a state-specific economic impact analysis of their proposal necessary to fully evaluate consequences of the proposed rule.

The Cabinet is also concerned with the potential devastating impacts to small business owners. In the proposed rule, EPA explains its obligations to small entities under the Regulatory Flexibility Act (RFA): "Pursuant to section 603 of the RFA, the EPA prepared an initial regulatory flexibility analysis (IRFA) that examines the impact of the proposed rule on small entities along with regulatory alternatives that could minimize that impact." In response to EPA's analysis, the Small Business Administration concluded "...that the SBREFA panel report and IRFA for the proposed federal plan do not provide small entities sufficient information to evaluate the impacts of potential federal plans or reasonable regulatory alternatives in their states."<sup>2</sup> The Small Business Administration also commented on the regulatory uncertainty associated with the proposed rule. "Because of these large uncertainties, Advocacy strongly recommends that EPA re-propose a separate federal plan for states that must be subject to one and develop a supplemental IRFA for each one."

The Cabinet also finds that the proposed rules lack sufficient information to fully evaluate the impact on the regulated community and the citizens of the Commonwealth. In this proposed rulemaking, consisting of 152 published pages in the Federal Register, EPA identifies more than 300 instances related to complex technical issues that remain unresolved where EPA seeks additional input. Due to EPA's uncertainty and failure to adequately supply all information necessary for a proposed rule, the Cabinet finds it impracticable to comment on the numerous significant, complex technical issues that are of vital relevance to the outcome of the rule.

In conclusion, the Cabinet does not support the proposed rule. It does not provide for the meaningful participation required for rulemaking, it improperly expands statutory authority, increases regulatory uncertainty, and is based upon uncertain and limited analysis.<sup>3</sup> The Cabinet requests EPA to withdraw the proposed rule. If you have questions relating to the comments, please contact me at your earliest convenience.

Sincerely yours,

  
Charles G. Snaveley,  
Secretary

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<sup>2</sup> Comments submitted by Claudia R. Rodgers, Acting Chief Counsel for Advocacy, U.S. Small Business Administration, Office of Advocacy, EPA Docket # EPA-HQ-OAR-2015-0199-0236 (December 22, 2015).

<sup>3</sup> "There are uncertainties and limitations in this analysis that may result in estimates that diverge from what we might see in reality." (80 FR 65055)

**Docket ID: EPA-HQ-OAR-2015-0199**

**Comments submitted by Kentucky's Energy and Environment Cabinet on behalf of the Commonwealth of Kentucky relating to:**

**“Federal Plan Requirements for Greenhouse Gas Emissions From Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations”, as published in the October 23, 2015 Federal Register (80 FR 64966)**

On behalf of the Commonwealth of Kentucky, the Energy and Environment Cabinet (Cabinet) formally submits the following comments relating to EPA's proposed rulemaking of the Federal Plan requirements for existing electric generating units and model trading rules, as referenced above.

The Cabinet does not support this proposed rulemaking. The proposed rule does not provide for meaningful public participation required for this rulemaking, it improperly expands statutory authority through a rulemaking action, increases regulatory uncertainty, and is based upon insufficient and erroneous data. EPA should withdraw this proposed rule.

**I. EPA fails to provide for meaningful public participation**

Pursuant to Section 307 of the Clean Air Act, EPA is required to provide for adequate public participation and meaningful comment in the promulgation of this proposed rule. In this proposed rulemaking, consisting of 152 published pages in the Federal Register, EPA identifies more than 300 instances related to complex technical issues that remain unresolved, where EPA seeks additional input. The Cabinet finds that the proposed rules lack sufficient information to fully evaluate the impact on the regulated community and the citizens of the Commonwealth. Due to EPA's uncertainty and specific requests for comments, the Cabinet finds it impracticable to comment on the numerous significant complex technical issues that are of vital relevance to the outcome of the rule.

The following excerpt of the proposed rule serves as an example of uncertainty that precludes the Cabinet from providing meaningful public comments:

*The EPA currently intends to finalize a single approach (i.e., either the mass-based or rate-based approach) for every state in which it promulgates a federal plan, given the benefits of a broad trading program, as discussed in section I.B of this preamble. We invite comment on which approach, i.e., either mass-based or rate-based trading, should be selected if we opt to finalize a single approach. (80 FR 64969)*

Specifically, EPA seeks suggestions and possible approaches to 53 distinct topics of central relevance to the outcome of the proposed rule.<sup>1</sup> (Please refer to Attachment A - EPA's *Summary and Location of Requests for Comments in the Proposed Federal Plan Requirements for Greenhouse Gas Emissions from Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations*)

By proposing multiple approaches and various intended outcomes in the proposed rule as a federal plan,<sup>2</sup> EPA has substantially complicated the rulemaking process by making it nearly impossible to provide meaningful comment. Such a document is more appropriately published as an advanced notice of proposed rulemaking that EPA often utilizes when gathering information relative to a potential regulatory strategy.

Due the various consequential outcomes of each independent evaluation, the Cabinet is unable to determine, which of the possible four approaches will better serve the citizens of the Commonwealth of Kentucky. Therefore, the Cabinet is not able to predict a logical outgrowth of the rulemaking process and to provide meaningful comment.

The Cabinet requests that EPA withdraw this proposed rule.

## **II. EPA fails to provide critical information of the proposed rule in the docket at time of promulgation**

Pursuant to Section 307(d)(6)(C) of the Clean Air Act, EPA shall not finalize a rule based upon, whole or in part, information or data, which has not been placed in the docket as of the date of promulgation. In reviewing the docket, on the date of publication in the Federal Register, many of the technical support documents (TSDs) referenced in the preamble of the rule were not made available on the date of publication in the Federal Register.

As explained in the preamble, EPA proposes to apply the Clean Energy Incentive Program (CEIP) in all states subject to the Federal Plan:

*The EPA proposes to apply the CEIP in all states subject to either a rate-based or mass-based federal plan. (80 FR 64970, 64978)*

EPA further explains the central relevance of the CEIP in the Federal Plans:

*Implementation of the CEIP in the federal plans would create ERCs and allowances before 2022, allowing for creation of banks that could be used in the event of an unforeseen, emergency reliability issue. (80 FR 64982)*

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<sup>1</sup> **Summary and Location of Requests for Comments in the Proposed Federal Plan Requirements for Greenhouse Gas Emissions from Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations (FR. October 25, 2015; V80.205)**  
<http://www.epa.gov/sites/production/files/2015-11/documents/cpp-fpmtr-requests-for-comment.pdf>

<sup>2</sup> "This document proposes four discrete actions: (1) A rate-based federal plan for each state with affected EGUs; (2) a mass-based federal plan for each state with affected EGUs; (3) rate-based model trading rule for potential use by any state; and (4) a mass-based model trading rule for potential use by any state." 80 FR 64968.

...

*For purposes of the proposed mass-based federal plan, the EPA proposes to implement the Clean Energy Incentive Program (CEIP) on behalf of a state by issuing early action allowances for eligible actions located in or benefitting the state. (80 FR 65025)*

The purpose of 40 CFR 62.16231 and 40 CFR 62.16431, as proposed, is to detail, “*How will the Clean Energy Incentive Program be administered under the federal plan?*” However, EPA fails to provide important information critical to the implementation of the CEIP. Instead EPA notes in the Federal Register that it intends to address implementation details at a later date, failing to include this important information upon which the rule is based:

*The EPA will address implementation details of the CEIP in a subsequent action. Allowances awarded by the EPA pursuant to the CEIP may be used for compliance by an affected EGU with its emission standards in any compliance period and are fully transferrable prior to such use. (80 FR 65026)*

More recently, EPA announced to stakeholders a future notice and comment opportunity on the Clean Energy Incentive Program on January 6, 2016.<sup>3</sup> It is important to note that the proposed rule published on October 23, 2015, with the public comment period ending January 21, 2016. To date, EPA has not proposed an action that outlines aspects of the CEIP.

Significant outstanding issues associated with the CEIP that EPA is seeking input include<sup>4</sup>:

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

*What should EPA consider regarding the timing and distribution of allowances under the CEIP?*

*What should EPA consider when designing the mechanics of the CEIP?*

Again, these are questions more appropriately suited for an advance notice of proposed rulemaking. Without a clear indication of fundamental issues such as definitions, terms, requirements, timing and distribution of allowances, and the basic design of the program’s mechanics, the Cabinet is unable to provide meaningful comment on the CEIP, which is a critical element to compliance under a federal plan, as proposed. The future notice and comment opportunity illustrates the fact that not all information is included in the docket and made available for public comment as is required by EPA in a proposed rule.

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<sup>3</sup> CEIP Future Notice and Comment Opportunity (January 2016) - <http://www.epa.gov/cleanpowerplan/ceip-future-notice-and-comment-opportunity-january-2016>

<sup>4</sup> Clean Energy Incentive Program - Questions and related issues about which EPA is seeking input and ideas, November 2015 - <http://www.epa.gov/sites/production/files/2015-11/documents/ceip-stakeholdercalls-attachment-november2015.pdf>

The Cabinet requests that EPA withdraw this proposed rule.

### **III. EPA Attempts to Improperly Expand Statutory Authority through this Proposed Rule**

The Cabinet is concerned with the novel approaches EPA is using to interpret and apply Clean Air Act obligations and requirements at this time. In the proposed rule, EPA explains that this interpretation departs from EPA's previous interpretation of the statute and expands the requirements of Section 110 (k)(5) of the Clean Air Act to another section, Section 111(d) of the Act:

*CAA section 110(k)(5) authorizes the EPA to find that a SIP does not comply with the requirements of the CAA. To date, the EPA has not considered using a similar procedure pursuant to the authority under CAA section 111(d). We now propose to do so. The ability to call for plan revisions is fundamental to a program that will be implemented over many years or multiple decades. (80 FR 65035)*

This new interpretation of statutory language concerns the Cabinet. EPA's statutory interpretation in this proposed rule exceedingly expands the statutory authority provided by Congress. The following excerpt from the proposed rule contains EPA explanation of newly established statutory interpretation and direct imposition of Section 110 requirements to Section 111(d):

*In this action, the EPA is also proposing a number of changes to the framework CAA section 111(d) ... Specifically, the EPA proposes six changes, to include: (1) Partial approval/disapproval mechanisms similar to CAA section 110(k)(3); (2) a conditional approval mechanism similar to CAA section 110(k)(4); (3) a mechanism for the EPA to make calls for plan revisions similar to the "SIP-call" provisions of CAA section 110(k)(5); (4) an error correction mechanism similar to CAA section 110(k)(6); (5) completeness criteria and a process for determining completeness of state plans and submittals similar to CAA section 110(k)(1) and (2); and (6) updates to the deadlines for EPA action. (80 FR 64971)*

If Congress intended to provide EPA with the same authority to find a state plan deficient as established in Section 110(k)(5), Congress simply would have included the same language in Section 111 or provided a direct citation to Section 110(k)(5).

The Cabinet requests that EPA withdraw this proposed rule.

#### IV. Regulatory Uncertainty

Similar to the concerns expressed by the Cabinet in Section III of these comments, EPA is interpreting statutory language, more specifically statutory definitions, for the sole purpose of the Clean Power Plan:

*In the proposal for the Clean Power Plan, we proposed to disallow existing sources to leave the CAA section 111(d) program through modification or reconstruction. We did this for two reasons. First, if a source did so, that could prove disruptive to the state plan. Second, allowing sources to do so could provide them an incentive that would be contrary to the purposes of CAA section 111(d). We then asked for comment on "whether this interpretation is supported by the statutory text and whether this interpretation is sensible policy and will further the goals of the statute."*

*We received many comments disagreeing with this approach. After reviewing these comments, the agency believes an alternative interpretation is more appropriate in the particular context here. In order to give the public an opportunity to comment on this, we are proposing this interpretation here. That is, when CAA section 111(d) EGs are initially promulgated for existing stationary sources in response to corresponding CAA section 111(b) standards of performance for the same pollutant, the statute prevents new, modified, or reconstructed sources (including under those particular CAA section 111(b) standards of performance and as those terms are applied in the relevant new source performance standards (NSPS)) from simultaneously being subject to state plans under those particular CAA section 111(d) EGs. This interpretation gives meaning to the definition of "existing source" in CAA section 111(a)(6) and is consistent with the definition of "new source" in CAA section 111(a)(2). Further, it is consistent with the historical treatment of modified and reconstructed sources in the CAA section 111 program.*

*The EPA notes the concerns it noted in the proposal supporting why the originally proposed interpretation was reasonable are being addressed in other ways in the final EGs, and in the proposed federal plan. In other words, there will be other ways to minimize disruption to state plans if such a modification or reconstruction were to take place. We invite comment on the agency's proposed interpretation that when an existing source modifies or reconstructs in such a way that it meets the definition of a new source, for purposes of a particular NSPS and emission guideline, it becomes a new source under the statute and is no longer subject to the CAA section 111(d) program (80 FR 65038, 65039)*

Statutory definitions speak for themselves and interpretations should not be manipulated for the sole purpose of implementation of one particular rulemaking. Any deviation from "...historical treatment of modified and reconstructed sources in the CAA section 111 program..."<sup>5</sup> will create unnecessary regulatory uncertainty.

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<sup>5</sup> 80 FR 65039

Regarding the affected EGUs that may be subject to the federal plan, EPA does not make a final determination. Existing units constructed prior to January 8, 2014, are a defined universe and subject to other EPA regulatory programs, such as Acid Rain Program, Mercury and Air Toxics Standards, and the Cross-state Air Pollution Rule. However, EPA failed to provide regulatory certainty by clearly identifying affected units subject to the proposed federal plan:

*Each affected EGU is assigned its proposed applicable standards if a federal plan were to be promulgated for that affected EGU. The EPA solicits comment on the list of affected units. This list is not a final determination and the EPA may incorporate units that are not defined here.”<sup>6</sup>*

The Cabinet requests that EPA withdraw this proposed rule.

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<sup>6</sup>Memorandum to Docket EPA-HQ-OAR-2015-0199, Subject : *Federal Plan Affected EGU Technical Support Document*, pg. 1



## **Attachment A**

***Summary and Location of Requests for Comments in the Proposed Federal Plan Requirements for Greenhouse Gas Emissions from Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations***

***(FR. October 25, 2015; V80.205)***

**Summary and Location of Requests for Comments in the Proposed Federal Plan Requirements for Greenhouse Gas Emissions from Electric Utility Generating Units Constructed on or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations (FR. October 25, 2015; V80.205)**

Please note that comments must be received on or before January 21, 2016. For more information on how to submit comments for this rulemaking, please visit: <http://www.regulations.gov>. Additionally, for more information on this rulemaking, please visit: <http://www2.epa.gov/cleanpowerplan/clean-power-plan-existing-power-plants>.

<b>Section</b>	<b>PDF Page Number</b>	<b>CFR Page Number</b>	<b>Comment</b>
I, A	4, 5	64969	The EPA currently intends to finalize a single approach (i.e., either the mass-based or rate-based approach) for section I.B of this preamble. We invite comment on which approach, i.e., either mass-based or rate-based trading, should be selected if we opt to finalize a single approach for a Federal Plan.
I, A	5	64969	The agency requests comment on an interpretive issue raised in the Clean Power Plan proposal regarding whether a reconstruction or modification that is subject to a CAA section 111(b) standard moves an existing source out of a CAA section 111(d) program.
Reference Notes	10	64974	To the extent states may be interested in accepting a federal plan, the EPA would be interested in hearing that through the comment process on this proposal.
II, D	11	64975	Because the EPA is proposing a federal plan that would apply emission standards to affected EGUs in all states that the agency determines not to have an approvable plan, the EPA invites comment from all persons with concerns about or comments on the proposed federal plan as it may apply in any state, whether or not that state has submitted, or intends to submit, its own plan on which the EPA has yet to take action.
Reference Notes	12	64976	State officials responsible for developing state plans, should be aware of the procedural enhancements being proposed to the framework regulations of 40 CFR part 60, subpart B, in this rulemaking document. These changes are discussed in section VII of this preamble below. These changes are not a component of the proposed federal plan or the EGs. Although these changes do not alter the deadlines or submission obligations provided in the Clean Power Plan, state officials and other interested parties are encouraged to review and comment on these changes.
III, A, 1	13	64977	The state plan must use an EPA administered tracking system (we are also requesting comment on expanding this to include a state plan that uses an EPA-designated tracking system that is interoperable with an EPA-administered system, as detailed below).

			<p>The EPA also requests comment on expanding the scope of interstate trading to include linking states covered by the rate-based trading federal plan with any state that has an approved rate-based trading state plan meeting the proposed conditions for linkages and that uses an EPA designated ERC tracking system that is interoperable with an EPA-administered ERC tracking system. The EPA also requests comment on allowing a state that has an approved rate-based trading state plan meeting the proposed conditions for linkages and that uses an EPA-designated ERC tracking system to register with the EPA, and after registration, to link with states covered by the rate-based trading federal plan.</p>
III, A, 1	13	64977	
			<p>The agency also requests comment on whether to extend linkage to state plans that issue allowances in metric tons and on what provisions would be necessary to implement such linkages.</p>
III, A, 1	13	64977	
			<p>The agency requests comment on these and any other considerations for linkages between the federal plan and state plans that issue allowances in metric tons.</p>
III, A, 1	13	64977	
			<p>The EPA also requests comment on expanding the scope of interstate trading to include linking states covered by the mass-based trading federal plan with any state that has an approved mass-based trading state plan meeting the proposed conditions for linkages and that uses an EPA-designated allowance tracking system that is interoperable with an EPA-administered allowance tracking system. The EPA also requests comment on allowing a state that has an approved mass-based trading state plan meeting the proposed conditions for linkages and that uses an EPA-designated allowance tracking system to register with the EPA, and after registration, to link with states covered by the mass-based trading federal plan. The EPA broadly requests comment on this described proposed approach.</p>
III, A, 1	13	64977	
			<p>The agency requests comment on the proposed approach to interstate trading linkages in the federal plans.</p>
III, A, 1	13	64977	
			<p>The EPA requests comment on this expectation of a competitive ERC market and a competitive allowance market, and comment on potential program design choices that could address any identified market power concern.</p>
III, A, 1	13	64977	
			<p>The agency requests comment on appropriate market monitoring activities, which may include tracking ownership of allowances or ERCs, oversight of the creation and verification of credits, and tracking market activity (e.g., transaction volumes and prices).</p>

		As part of this federal plan, we are proposing that this can be demonstrated through the provision of a power delivery contract or power purchase agreement in which an entity in the rate-based state contracts for the supply of the MWhs in question and providing documentation that the electricity was treated as comparable to a generation resource used to serve regional load that included the rate-based state. This demonstration must be included as part of the project application for ERC issuance to the EPA or its agent from the RE provider in the mass-based state. Once the project is approved, subsequent applications for issuance of credit to the EPA will need to reference that the MWh submitted are associated with that contractual arrangement with the mass-based RE provider. The EPA
III, B	14	64978 requests comment on this approach. The EPA requests comment on the proposed treatment of leakage and of interstate effects under both the proposed rate-based federal plan approach and the proposed mass-based federal plan approach,
III, B	14	64978 and as part of the corresponding proposed model rules. The EPA also requests comment on an alternative compliance pathway that could be available to units
III, C	16	64980 under a mass-based approach. The The EPA requests comment on whether the alternative compliance demonstration should be available for all units or limited to small units (e.g. less than 100 MW nameplate capacity). The EPA also requests comment on whether and how such an approach could be included under a rate-based approach.
III, C	16	64980 In the federal plan Affected EGU TSD, the EPA lists all applicable affected EGUs according to our records from the National Electric Energy Data System (NEEDS), Energy Information Administration (EIA), and comments from the Clean Power Plan. In this TSD, each affected EGU is assigned its proposed applicable standards if a federal plan were to be promulgated for that affected EGU at any
III, C	16	64980 time. The EPA requests comments and updates to this list of affected units. We request comment on whether it would be possible to grant, on a case-by-case basis, certain affected EGUs, particularly small entities, additional time to come into compliance, and to request additional input from the public as to the design of such flexibility that would be compatible with the
III, D	17	64981 EGs and a federal plan that implements a trading system. The EPA solicits comment on approaches not described that will ensure market liquidity while
III, D	17	64981 continuing to meet the stringency of the final EGs. The EPA invites comments on the proposed approach in the federal plan that a reliability safety valve is
III, E	18	64982 unnecessary.

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III, E	18	64982	<p>The EPA is not proposing to include an allowance set-aside, or similar mechanism in a rate-based approach, to address reliability issues in the federal plan; however, we request comment on including such a set-aside in the context of a mass-based approach. The EPA requests comment specifically on creation of an allowance set-aside for the purpose of making allowances available in emergency circumstances in which an affected EGU was compelled to provide reliability critical generation and demonstrated that a supply of allowances needed to offset its emissions was not available.</p>
III, E	18	64982	<p>The EPA requests comment on a reliability set aside and more specifically: what events would trigger the need for allowances from the reliability set-aside; eligibility criteria to receive the set-aside allowances; size of the set-aside; and the timing of distribution of allowances from the reliability setaside.</p>
III, E	18	64982	<p>The EPA requests comment on how a reliability “set-aside” approach could be implemented in the rate based federal plan.</p>
III, F	18	64982	<p>The EPA asks for comments as to whether the federal plan should encourage EGUs to ask for a demonstration that the work undertaken under a federal plan is performed by a proficient workforce.</p>
III, G	20	64984	<p>The EPA invites comment on the EPA's approach for facilities’ “remaining useful lives” in the federal plan.</p>
III, H, 1	21	64985	<p>The EPA invites comment on its proposed approach to permitting requirements for the federal plan, including whether it would be of use to develop guidance similar to the guidance developed for permitting under CSAPR. The EPA invites comment on its proposed approach to incorporating applicable requirements of the federal plan into title V permits and revising those requirements, including specifically seeking comment on whether all requirements should be eligible for incorporation into title V permits via minor modification procedures or if only a specified subset of such requirements should be eligible for such procedures.</p>
III, H, 2	21	64985	<p>The EPA invites comment on potential scenarios in which affected EGUs, particularly small entities, could be subject to the requirements of the NSR program as a result of taking compliance measures under the federal plan, and any ideas for harmonizing or streamlining the permitting process for such sources that are consistent with judicial precedent. Any comments related solely to the NSR program will be considered outside the scope of this proposed rule.</p>
III, H, 3	22	64986	<p>The EPA solicits comment on whether there are specific things the EPA can do in the design and implementation of the federal plan that will aid in coordinating with other EPA regulations affecting EGUs.</p>

III, I, 3	22	<p>The EPA is requesting comment on the use of the regulations for appeals procedures set forth in 40 CFR part 78, to provide for the adjudication of certain disputes that may arise during the course of implementation of a federal plan under CAA section 111(d).</p>
		<p>The EPA requests comment on the list of actions for both types of approaches to the federal plan, and whether there are other decisions that may be made in the course of implementation of the federal plan that are party-specific that would be appropriate to list as appealable under part 78. We also request comment on whether it would be appropriate for the EPA to finalize an administrative appeals process that differs in any way from that offered under part 78, or in addition to that offered under part 78. If so, we request comment broadly on all aspects of the alternative or additional administrative appeals process, including with respect to any structural, procedural, substantive, and timing requirements it should include, who should have access to it and in what manner, and how it would differ from part 78. Finally, we request comment on whether, similar to other programs identified in 40 CFR 78.1(a)(1), the agency should make the procedures of part 78 available to any actions of the Administrator under the comparable state regulations approved as a part of a state plan</p>
	22	64986 under the EGs.
III, J,	22	<p>The EPA invites comment on the legal discussion and the agency’s interpretation of its authority to implement an emissions trading program that is a lawful and appropriate form of federal “implementation” of a “standard of performance” under CAA section 111(d)(2).</p>
III, J, 2	25	<p>The EPA invites comment on the agency’s interpretation that CAA section 111(d)(2) authorizes the two approaches to a federal plan proposed here.</p>
		<p>The EPA requests comment on whether to limit the scope of the federal plan to the described eligible resources in this manner, and if not, what other sources of low- or zero-emitting electricity in federal plan states should also be eligible to generate ERCs for compliance purposes. For both the proposed federal plan and model rule, the EPA requests comment on which EM&amp;V plan, measurement and verification (M&amp;V) report, and verification report requirements should apply for each eligible resource.</p>
IV, A	26	64990
		<p>The EPA solicits comments on whether the subcategorized rate approach is the preferred rate-based approach for the federal plan and model trading rule. If a subcategorized approach for a rate based model rule and federal plan is not preferred by commenters, the EPA requests comment on the perceived benefits of an alternative rate or set of rates (e.g., applying a uniform rate, i.e., the state goal, to all affected units within the state as the EGUs’ emission standard).</p>
IV, B	26	64990
IV, C	27	64991 The EPA requests comment on ways that the EPA could safeguard the validity of an ERC.

IV, C, 1	27	64991	<p>The EPA invites comment on use of the method of implementation of a federal plan and a model trading rule, and we request comment on any alternatives to this approach that still fall within the established criteria described in the Clean Power Plan EGs.</p>
IV, C, 2	29	64993	<p>The EPA solicits comment on applying the least stringent regional factor to calculate GS-ERCs for all affected NGCC units subject to the federal plan and model rule on a national level. Conversely, the EPA also requests comment on applying, for each region, its own regional GS-ERC generation rate. As proposed, the least stringent region could change from compliance period to compliance period. The EPA requests comment on whether a single “least stringent” region should be chosen and used for calculations or whether being “least stringent” should be evaluated on a compliance period by compliance period basis. The EPA also requests comment on whether “least stringent” should be evaluated on a year-to-year basis. The EPA also requests comment on whether the GS-ERC Emission Factor should be calculated on a unit by unit basis (as currently proposed) or be calculated based on the least stringent region’s baseline 2012 average emission rate.</p>
IV, C, 2	29	64993	<p>The EPA requests comment on the proposed approach and requests comment and suggestions on other approaches for existing NGCC units to generate GS-ERCs at all times. The EPA is considering this methodology that GS-ERCs are generated for all NGCC generation because it ensures that all existing NGCC units are encouraged to run at a greater capacity. The EPA requests comment on alternative methods to account for NGCC units</p>
IV, C, 2	30	64994	<p>The EPA solicits comment on the methodology of NGCC units generating GS-ERCs once a threshold of electric generation for the year is exceeded.</p>
IV, C, 2	30	64994	<p>The EPA requests comment on whether a distinct type of ERC that comes with the proposed restrictions (i.e., GS-ERCs) is necessary to maintain the integrity of the rate-based trading proposal. Comments regarding this section that solely relate to determinations finalized in the EGs will be considered outside the scope of this proposed rule.</p>
IV, C, 2	30	64994	<p>The EPA requests comment on the inclusion of emission reduction measures as eligible for ERC issuance under the rate-based federal plan that have not been proposed. This may include other RE technologies not included in this such as distributed RE generation and various types of biomass.</p>
IV, C, 2	31	64995	<p>The EPA requests comment on the inclusion of various types of demand-side EE as eligible measures for ERC issuance under the federal plan, such as state and utility EE programs, project based demand-side EE, state building codes, state appliance standards, and conservation voltage reduction.</p>
IV, C, 2	31	64995	<p>The EPA requests comment on the inclusion of CHP as an eligible measure under the federal plan. The EPA requests comment on the requirements for inclusion in the federal plan.</p>

			For all of the measures described in the preamble to generate ERCs, the EPA requests comment on how EM&V methods can be implemented for these measures across applicable jurisdictions in the timeframe provided by this proposal in a way that is rigorous, straightforward, widely demonstrated, and in accordance with the EM&V requirements in this proposal, outlined in section IV.D.8 of the proposed Federal Plan and Model Rule preamble, and within the requirements outlined in the final
IV, C, 2	31	64995	Guidelines (see section VIII.K.3 of the final EGs). The agency requests comment on appropriate processes through which, after the federal plan is finalized, the EPA or stakeholders could demonstrate the appropriateness of new measure types and the EPA could evaluate and approve the demonstration so that a new measure type could be
IV, C, 2	31	64995	considered eligible for ERC issuance under the federal plan. The EPA is soliciting comment on the requirements of CHP and WHP for the proposed model rule and
IV, C, 2	31	64995	the inclusion and those requirements for proposed federal plan. The EPA is also requesting comment on the treatment options for biomass if biomass is included as an eligible measure. If biomass is included as an eligible measure, we are taking comment on an option for biomass treatment under the rate-based federal plan, which would also potentially apply to eligible generation under the proposed mass-based model trading rule allowance set-aside and to the calculation of covered emissions for affected EGUs that are cofiring biomass. This option offered for
IV, C, 2	31	64995	comment is to specify a list of pre-approved qualified biomass fuels. The EPA also requests comment on options for how EGUs would demonstrate that feedstocks meet
IV, C, 2	32	64996	the requirements to be accepted as a preapproved qualified biomass feedstocks. The EPA requests comment on the methods that we should specify in the final model rule for the measurement of the associated biogenic CO2 for such feedstocks, as well as what other requirements we should specify in the final model rule related to biomass. Specifically, we seek comment on the level of detail provided and whether more or less detail (and what detail) should be included in the final model rule. We request comment on any other requirements that should be included in the final
IV, C, 2	32	64996	model rule regarding EM&V for qualified biomass. Where fossil fuel is used to supplement waste heat in a WHP application, the EPA requests comment on what provisions to include in the final model rule to prorate the proportion of fossil fuel heat input
IV, C, 2	33	64997	to total heat input that is used by the WHP unit to generate electricity. The EPA solicits comments on potential accounting mechanisms for WHP not discussed in the
IV, C, 2	33	64997	preamble.



			<p>The EPA requests comment on each component of the trading system that is proposed in the preamble and the associated model rule, the trading program as a whole, and specifically requests comment on means to expedite the process of issuing ERCs, any minimum and maximum periods for which ERCs should be issued (e.g., monthly, quarterly, annually), and any means to ensure that the ERCs issued</p>
IV, D	33	64997	<p>meet the requirements of the EGs and these proposed rules.</p> <p>The rate-based federal plan and model rule borrow many concepts from other successful trading programs, and the agency is interested in receiving additional information through comments on</p>
IV, D	33	64997	<p>successful implementation of similar programs.</p>
IV, D, 4	34	64998	<p>The EPA requests comment on the compliance mechanisms described in the preamble.</p> <p>The EPA solicits comment on the annual issuance of ERCs and whether issuance should occur at different intervals (e.g., quarterly, biannually, or other time frames). The EPA requests justification along with corresponding comments regarding ERC-issuance intervals. We request comment on how reporting and recordkeeping requirements could be minimized, particularly for small entities, to the</p>
IV, D, 6	35	64999	<p>extent possible under the statute and existing regulations.</p> <p>The EPA also requests comment on how an ERC issuance process would apply to emission reduction measures for which we are requesting comment regarding their eligibility for ERC issuance under the federal plan, including types of RE not covered by the federal plan, demand-side EE, CHP, WHP,</p>
IV, D, 6, b	35	64999	<p>biomass, and any other measure that could be considered eligible under the final guidelines.</p> <p>The EPA requests comment on each criterion of the eligibility application described herein and in the proposed model rule, for each eligible resource. Specifically, we seek comment on the substantive content of the criteria, and we seek comment on the level of detail provided and whether more or less</p>
IV, D, 6, b,	35	64999	<p>detail (and what detail) should be included in the final model rule.</p> <p>While EPA is proposing to allow eligible resources to use a general account to receive any ERCs issued under this section, the EPA requests comment on extending the designated representative provisions</p>
IV, D, 6, b,	36	65000	<p>in 40 CFR 62.16485 to eligible resources instead of the general account provisions.</p> <p>The EPA requests comment on the content of each of the provisions in the model rule, and specifically seek comment on whether the model rule should include different or additional details related to either procedure or substance for error correction and the revocation of the qualification status of an</p>
IV, D, 6, b,	36	65000	<p>eligible resource or independent verifier.</p> <p>The EPA requests comment the potential for payments to be channeled through the EPA as fees for the</p>
Reference Notes	37	65001	<p>rate-based trading system.</p>

IV, D, 6, b,	37	65001	<p>The EPA requests comments on all potential methods to adjust state targets, including modeling-based approaches, and on what information the state must present to demonstrate that the new targets preserve the needed stringency. More generally, the EPA requests comments on these ideas, as well as on alternatives for maintaining the stringency of a rate-based plan implementing the CEIP so as to have no impact on the aggregate emission performance of sources required to meet rate-based emission standards during the compliance periods.</p>
IV, D, 6, b,	37	65001	<p>The EPA requests comment on the size of reserve of matching ERCs for eligible low income EE programs as well as for eligible wind and solar projects. The EPA requests comment on the size of reserve of matching ERCs for eligible low-income EE programs as well as for eligible wind and solar projects. The EPA is proposing that unused ERCs in either reserve would be redistributed among participating states. This redistribution could be executed according to the pro rata method discussed above. Alternatively, unused matching EE or RE ERCs could be swept back into a federal pool and distributed to project providers on a first-come, first served basis. EPA requests comment on these ideas as well as alternative proposals regarding the method for redistributing matching ERCs, as well as the appropriate timing for such a redistribution.</p>
IV, D, 7	38	65002	<p>The EPA requests comment on the proposed necessary requirements for an independent verifier to perform verification services in connection with the federal plan, including those requirements specifically detailed in this section of the preamble and the related language in the proposed model rule, and including whether there are any requirements that are not included in this proposal that should be included in the final rule. We further request comment on the level of detail that we should include in the final model rule regarding all requirements for independent verifiers, and all aspects of verification.</p>
IV, D, 8	38	65002	<p>While they are currently being proposed as part of the model rule and not the federal plan, the EPA requests comment on the inclusion of other RE measures, demand-side EE measures, and any other measures that may be eligible under the final guidelines as eligible measures under the federal plan. For stakeholders that are submitting comments on the inclusion of such additional measures, the EPA requests comment on how the EPA could implement across applicable jurisdictions a rigorous, straightforward, and widely demonstrated set of EM&amp;V methods, procedures, and approaches that could be implemented in the time frame allowed by the federal plan and that also meet the requirements outlined in the final guidelines. To the extent they are proposed for inclusion in the model trading rule, we also invite comment on these requirements in the context of state implementation as part of a state plan.</p>

We request broad comment on each criteria specified below and in the proposed model rule, for each eligible resource. Specifically, we seek comment on the substantive content of the criteria, and we seek comment on the level of detail provided and whether more or less detail (and what detail) should be included in the final model rule, and whether the criteria should differ for each eligible resource.

IV, D, 8, a	39	65003	
IV, D, 8, b	40	65004	The EPA requests comment on this proposed requirement for quantifying RE generation for the purpose of ERC issuance.
IV, D, 8, b	40	65004	The EPA requests comment on how existing reporting systems can play a role in meeting EM&V requirements under the federal plan and model rule, particularly, in assuring that each MWh of RE generation is uniquely identified and recorded to avoid double counting.
IV, D, 8, b	40	65004	The EPA requests comment on all metering, measurement, verification, and other requirements proposed in this subsection, including the appropriateness of their use for each type of RE resource (including the relevant size and distribution of such resource) that qualifies for issuance of ERCs for use for compliance.
IV, D, 8, b	40	65004	For RE resources with a nameplate capacity of 10 Kilowatt or more and for RE resources with a nameplate capacity of less than 10 Kilowatt for which metered data are available, we request comment on the appropriateness of the requirement to use a revenue quality meter for monitoring generation, and we request comment on the definition of revenue quality meter. We request comment on the appropriateness of other types of meters for monitoring generation. We request comment on whether 10 Kilowatt is the appropriate threshold, under which an eligible resource can be issued ERCs for generation based on data other than metered generation, and if not, what would be the appropriate threshold.

For RE resources of all sizes and means of monitoring, we request comment on the appropriate requirements for allowing generation data to be aggregated, including comment on the provisions in the proposed model rule and any alternatives to them. We request comment on whether all of the generating units have the same essential generation characteristics, in order for their data to be aggregated, and if so, what is the appropriate definition of “essential generation characteristics” (e.g., are essential generating characteristics determined on a resource by resource basis, or can generation from a group of wind turbines be aggregated with generation from a group of solar panels?) We seek comment on the appropriate thresholds for the aggregated of individual units (e.g., nameplate capacity of less than 150 Kilowatt per unit and the units collectively do not exceed a total nameplate capacity of 1 MW when aggregated, as in the proposed model rule). For non-metered units of less than 10 Kilowatt, we request comment on whether the final model rule should specify the specific estimating software or algorithms by which generation data should be measured, and if so, we request broad comment on the appropriate estimating software or algorithms and the appropriate characteristics for such estimating software or algorithms. We request comment on any other requirements that should be included in the final model rule regarding EM&V of RE resources. For all energy generating resources (such as RE, but also including applicable resources requiring EM&V described below), we request comment on the appropriate place of measurement of the generation, including comment on whether measurement should be at the bus bar or at a different location (or in the case of meters on units of less than 10 Kilowatt, at the AC output of the inverter or elsewhere), whether measurement should be before or after parasitic load (and how to separate out parasitic load). In addition, for all energy generating resources, we request comment on whether generation data should go through a control area settlement process prior to issuance of ERCs, and if so, what level of specificity with respect to that process we should include in the final model rule. If not, or if the unit does not go through a control area settlement process, we request comment on how the data collection should be specified in the final model rule. Finally, we request comment on the frequency with which data should be collected, for all energy generating resources, of all sizes.

IV, D, 8, b

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65004

The EPA requests comment on all metering, measurement, verification, and other requirements, including the appropriateness of their use for each type of nuclear energy resource (including the relevant size and distribution of such resource) that qualifies for issuance of ERCs for use in Clean Power Plan compliance. We request comment on whether nuclear energy resources should be subject to the same EM&V requirements as RE resources, and if not, we request comment on to which EM&V requirements nuclear energy resources should be subject.

IV, D, 8, c

40, 41

65004

IV, D, 8, d	41	65005	<p>The EPA requests comment on all metering, measurement, verification, and other requirements with respect to CHP, including the appropriateness of their use for CHP (including with respect to the size of the CHP resource). We request comment on whether a CHP unit should be subject to the same EM&amp;V requirements as RE resources, and we request comment on any additional EM&amp;V requirements to which CHP units should be subject. Specifically, we request comment on specifying in the final model rule that if a CHP unit has an electric generating capacity greater than 25 MW, its EM&amp;V plan must specify that it will meet the requirements that apply to an affected EGU under 40 CFR 62.16540. We also request comment on specifying in the final model rule that if a CHP unit has an electric generating capacity less than or equal to 25 MW, the EM&amp;V plan must specify that it will meet the low mass emission unit CO2 emission monitoring and reporting methodology in 40 CFR part 75. We request comment on any alternatives to these measurement methodologies that should be specified in the final model rule. We request comment on any other requirements that should be included in the final model rule regarding EM&amp;V of CHP.</p>
IV, D, 8, e	41	65005	<p>The EPA requests comment on all metering, measurement, verification, and other requirements with respect to biomass, including the appropriateness of their use for qualified biomass. We request broad comment on the types of qualified biomass feedstocks that should be specified in the final model rule, if any. We request comment on the methods that we should specify in the final model rule for the measurement of the associated biogenic CO2 for such feedstocks, as well as what other requirements we should specify in the final model rule related to qualified biomass. We request comment on any other requirements that should be included in the final model rule regarding EM&amp;V for qualified biomass</p>
IV, D, 8, f	41	65005	<p>The EPA requests comment on all metering, measurement, verification, and other requirements with respect to waste-to-energy, including the appropriateness of their use for waste-to-energy. We request comment on whether a waste-to-energy resource should be subject to the same EM&amp;V as RE resources, and we request comment on any additional EM&amp;V requirements to which waste-to-energy resources should be subject, including comment on any specific methods for determining the specific portion of the total net energy output from the resource that is related to the biogenic portion of the waste that the EPA should include in the final model rule.</p>
IV, D, 8, g	41	65005	<p>The EPA is soliciting comment on the incorporation of EE for the federal plan and by extension the EM&amp;V associated with it.</p>

The EPA requests broad comment on each EE EM&V criterion described for each type of EE activity, project, program, or measure. Specifically, we seek comment on the substantive content of the criteria, and we seek comment on the level of detail provided regarding these criteria and whether more or less detail (and what detail) should be included in the final model rule. In addition, we seek comment on whether some of the EE EM&V criteria (and if so, which criteria) included in the draft guidance document released simultaneously with this proposed rulemaking should instead be included in the final model rule, instead of in guidance. Similarly, we seek comment on whether some of the EE EM&V criteria (and if so, which criteria) included in the proposed model rule should instead be addressed in the final EM&V guidance. More generally, we seek comment on what EE criteria the EPA should describe in guidance versus what criteria the EPA should specify in the final model rule, whether or not those criteria are already included in the draft guidance or proposed model rule. We request broad comment on the appropriate EE EM&V criteria for quantifying the electricity savings from every type of EE program, project, or measure. We request broad comment on what constitute EE best-practice protocols and procedures for every type of EE program, project, or measure. We request broad comment on whether, when, and how common practice baselines should and should not be used in calculating electricity savings from EE activities, projects, programs, and measures, including comment on which common practice baselines should be used in which circumstances. We also request comment on whether some alternative metric should be used in lieu of the common practice baseline and, if so, what that metric should be. We request broad comment on the appropriateness of quantifying electricity savings by applying one or more of the following methods and comment on all aspects of each method: Project-based measurement and verification (PB-MV), comparison group approaches, or deemed savings. We take further comment on circumstances in which it is appropriate (or inappropriate) to use each of these methods, including when it is appropriate to use RCT and quasi-experimental methods, and the circumstances in which they can be encouraged and applied in practice (e.g., when a suitable control or comparison group can be identified and applied in a cost-effective manner). In addition, we request comment on whether the general suitability and application of quantification methods, such as RCT, quasi-experimental techniques or other comparison group approaches when they are available at reasonable cost for purposes of quantifying MWh savings for

If deemed savings are to be used in quantifying electricity savings from an EE program, project, or measure, we request comment on the appropriate characteristics and presumptively approvable provisions for their use in generating qualifying ERCs, including the basis and frequency for their determination, and the appropriateness of their application to particular EE programs, projects or measures in particular states or regions. We further request comment on the presumptively approvable provision for public access and input to the development of the technical reference manuals (TRMs) used to house the applicable deemed savings values. We request comment on the minimum and maximum intervals (in years) over which electricity savings must be quantified, including those time intervals specified in the proposed model rule, and we request comment on any factors that must be taken into consideration when determining the appropriate time interval for specific EE programs, projects, or measures. Because many states have different EE programs in place today, and we would expect them to leverage these programs if they incorporated EE into a rate-based trading scheme with ERCs, it is theoretically possible that an ERC could be issued in one state that would not have been issued in another, even if both states have rate-based programs in place that meet all of the EGs. The EPA requests comment on what criteria it should include in the final model rule, and what level of details with respect to those criteria that it should include, in order to ensure that an ERC issued for an EE program, project, or measure in one state reflects the same MWh of energy or electricity saved in another state. We further request comment on whether there are provisions that the EPA should include in the final model rule that would prevent an entity seeking to be issued an ERC (whether from EE or energy generation) from forum shopping, in an effort to find a state with standards for ERC issuance that it deems more lenient or less burdensome than those in another state. We request comment on how to appropriately consider factors that affect energy savings in the quantification and verification process, including those identified in the proposed model rule, and we request comment on whether these factors should be addressed in every plan or just certain types of plans. Such factors may include the effect of changes in independent factors, effective useful life (and its basis), and interactive effects of EE programs, projects, and measures.

IV, D, 8, g, (6)	44	65008	
IV, D, 8, h, 10	45	65009	The EPA requests comment on an earlier ERC transfer deadline, such as June 1 or March 1, of the year after the last year in the compliance period.
IV, D, 8, h, 10	46	65010	The EPA solicits comment on sources owing two ERCs to make up for each insufficient ERC in previous compliance periods and whether two for one is the proper makeup rate or whether there should be a stricter or a more lenient ratio.
IV, D, 8, h, 11	46	65010	The EPA solicits comment on potential alternatives for error correction that may be simpler or more efficient than what is proposed.

IV, D, 8, h, 12	46	65010	<p>The EPA requests comment on whether there should be a quantitative limit or cap on the number of ERCs that can be banked. The EPA also requests comment on whether an ERC should be eligible to be banked between the interim and final compliance periods. The EPA is also proposing that ERCs will not expire after any duration of time. Other trading rules that the EPA has instituted (e.g., CSAPR) do not have expiration on the tradable properties. The EPA requests comment on the shelf-life of an ERC. ERC “borrowing” is a flexibility that the EPA is not proposing, but is soliciting comment on. ERC borrowing is the concept that an affected EGU may use an ERC that the EGU will acquire in a future compliance period to meet its current compliance obligations.</p>
IV, D, 8, h, 13	47	65011	<p>The EPA also requests comment on requiring monitoring and reporting of CO2 mass and net generation for the year before the initial compliance period begins, i.e., to commence January 1, 2021.</p>
IV, E, 2	47	65011	<p>The EPA requests comment on whether there are reasons that a state should be allowed to transition from a federal plan to a state plan in the middle of a compliance period and if so what requirements should be put in place to do so while ensuring the integrity of both the federal plan and the state plan and while enabling the affected EGUs covered by the plans to understand and meet their compliance requirements.</p>
V, C	50	65014	<p>The EPA proposes to evaluate compliance after each multi-year compliance period and is not proposing to implement intervening compliance requirements such as those in the RGGI or CARB programs, however, the agency requests comment on the inclusion of such requirements.</p>
V, C	50	65014	<p>The EPA requests comment on the proposal to provide for unlimited allowance banking including the banking of Interim-Period allowances for use during the Final Period.</p>
V, C	50	65014	<p>Although not proposing to provide for allowance borrowing across compliance periods, the agency requests comment on the potential inclusion of allowance borrowing in the proposed mass-based trading federal plans, including from how far into the future to allow allowances to be borrowed, how inclusion of borrowing would affect opportunities for states to take over implementation of the EGs (or implementation of the allowance distribution provisions in the mass-based trading federal plan), how to address removing the extra allowances from circulation that would result if borrowed allowances originate in a state that subsequently withdraws from the mass-based trading program, and on other complexities that borrowing across compliance periods would introduce.</p>
V, C	50	65014	<p>The agency also requests comment on an earlier or later allowance transfer deadline for allowances.</p>
V, D	51	65015	<p>The EPA requests comment on the proposed and other described methodologies to distribute allowance. The EPA also requests comment on any other approaches to distribute allowances.</p>



V, D	51	65015	The EPA invites comment on any factors or considerations which commenters believe should inform the allocation method.
V, D	51	65015	With that analysis as a basis, the EPA requests comment on an alternative allocation approach that would first divide the total number of allowances from each state's mass goal into source subcategories based on analysis done in CO2 emissions performance rates promulgated in the EGs and then allocate to affected EGUs within each category based on shares of historical generation.
V, D, 1	52	65016	The agency requests comment on the proposed historical generation-based allocation approach and on other allocation approaches.
V, D, 1	52	65016	The EPA included generation from all units in the historical data set in the proposed allowance calculations and calculated allowances for all such units; the agency requests comment on the treatment of generation from and allocations to units that operated in the historical data set but retired before the start of the program.
V, D, 1 (5)	52	65016	The EPA also requests comment on a historical-data approach based on historical emissions.
V, D, 1 (5)	53	65017	In addition to the proposed historical data-based allocations approach, the EPA also requests comment on other allocation approaches.
V, D, 1 (5)	53	65017	The EPA requests comment on an alternative approach that divides the allowances in a state by source category. This may result in an initial distribution of allowances that would be closer at the source-category level to the future category-level pattern of emissions, and thus to allowances ultimately used, than the proposed approach.
V, D, 1 (5)	54	65018	The EPA requests comment on the use of other, not described, updating allocation approaches.
V, D, 1 (5)	54	65018	The agency requests comment on the idea of auctioning all, or a portion of, each state's allowances in the proposed federal plan, on how much of each state's allowances to auction if not the entire amount, on the frequency (e.g., yearly or every few years), design of auctions (e.g., spot or advance; first, second-price or other) and who may participate in the auction. The EPA requests comment on an alternative approach, which is allocating a portion of the allowances to load-serving entities (LSEs) rather than to affected EGUs.

The EPA requests comment on the design and utility of allocating allowances to LSEs to help mitigate electricity price impacts. In particular, the EPA requests comment on options to establish conditions requiring pass through of allowance value and verification of such pass-through, whether it would be appropriate to identify any conditions related to equitable distribution of allowance value among ratepayer categories, as well as the EPA's legal authority to apply any such conditions. The EPA requests comment on the additional design aspects of any potential allocation to LSEs, including but not limited to the following questions: In particular, what metric should provide the basis for LSE allocation, e.g., electricity demand served by the LSE, population served by the LSE, emissions associated with generation serving the LSE, or some other metric. If emissions are used as the basis for such allocation, what approach should be taken: On a historical basis or a continually updated basis, on the basis of estimated emissions for the relevant region or some other basis, and using what data to calculate such emissions. Also, the EPA requests comment on the form by which LSEs may distribute the allowance value to rate-payers, e.g. as a fixed amount, through reduced rates, etc. Finally, the EPA requests comment on what share of the total number of allowances should be distributed to LSEs and what monitoring and reporting requirements may be necessary to support an effective program.

V, D, 1

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65018

The EPA also requests comment on the proposed historical-generation based allocation approach, the alternative approach that divides total allowances from a mass goal into source subcategories before allocating to individual affected EGUs within each source category based on historical generation, and on the other alternative approaches described in this section. The EPA also requests comment on allocating allowances to all generation in a state (including non-emitting generation) using a historical generation-based approach. The agency also requests comment on the proposed allowance set-asides, which are detailed below. The agency requests comment on allocation approaches that may minimize the impact of this proposed rule on small entities. The EPA also requests comment on any other approaches to distribute allowances.

V, D, 1

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65018

The EPA requests comment on the proposed approach of recording allowances 7 months prior to the start of each compliance period, and on an alternative of recording allowances 13 months prior to the start of each compliance period.

V, D, 2

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65019

The EPA solicits comment on set-aside options that could address leakage, including a set-aside that provides an incentive for demand-side EE.

V, D, 3

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65020

V, D, 3, a	56	65020	<p>The EPA is inviting comment on key parameters for the appropriate design of the output-based allocation approach used for the proposed set-aside. Key parameters to be identified under the output-based allocation approach include which affected EGUs receive the allocation, the timing of the set-aside's allocation procedure, the allocation rate(s), and the size of the set-aside. The EPA also invites comment on what other parameters may be relevant for design of an appropriate output-based set-aside. The EPA solicits comment on which EGUs should be eligible to receive output-based allocation from the set-aside.</p>
V, D, 3, a	56	65020	<p>The EPA requests comment on extending output-based allocation from this set-aside to affected SGUs. Output based allocation for SGUs may increase generation subject to the mass limit, leading to reduced generation and emissions from new emitting sources. However, the EPA does not propose this approach because it is not as effective as output-based allocation to NGCC units.</p>
V, D, 3, a	57	65021	<p>The EPA requests comment on extending output-based allocation from this set-aside to zero-emitting generators (including both renewable and nuclear generation), and how the design of the OBA set-aside for such generators would differ relative to the NGCC approach (e.g., the amount of allowances earned per MWh, the capacity-factor threshold, the size of the total set-aside).</p>
V, D, 3, a	57	65021	<p>The EPA solicits comment on the timing of the output-based allocation set-aside's allocation procedure, which involves the relationship between the time at which eligible generation occurs and the vintage year(s) of the allowances allocated from this set-aside to recognize that generation.</p>
V, D, 3, a	57	65021	<p>The EPA requests comment on whether the "maximum load value," which is a parameter that EGUs report to the EPA in their monitoring plans, is a reasonable proxy for EGU-level net summer capacity for these calculations. The EPA also requests comment on an alternative approach of basing the capacity-factor calculation on nameplate capacity instead of net summer capacity, or other approaches to the calculation.</p>
V, D, 3, a	57	65021	<p>The EPA requests comment on the proposed capacity data used as the basis for determining the size of the output-based set-aside, and alternative sources of capacity data that may be used for determining its size.</p>
V, D, 3, a	58	65022	<p>The EPA requests comment on a potential limit for the size of the set-aside in a compliance period based on a percentage of the state's total allowances for the compliance period.</p>
V, D, 3, a	58	65022	<p>The agency proposes to provide 30 days for comment on the data and allocations, until August 31, and to provide notice of the final set-aside allocations by November 1 of the same year and record the allocations in the source accounts at that time. The EPA requests comment on other approaches to providing notice of the data and allocations. The EPA requests comment on all aspects of the proposed approach to calculate output-based set-aside allocations. Further details are in the Allowance Allocation Proposed Rule TSD in the docket.</p>

V, D, 3, a	58	65022	The agency requests comment on whether distribution should extend to DS-EE, CHP, and other types of projects for the RE set-aside.
V, D, 3, a	58	65022	The EPA is requesting comment on options for a percentage of allowances to be reserved ranging from 1 to 10 percent of total allowances in each state in context of the RE set-aside.
V, D, 3, a	59	65023	The agency requests comment on an additional potential conditions that would limit eligibility to project providers that are also the owners or operators of affected EGUs in context of the RE set-aside.
V, D, 3, a	59	65023	The agency invites comment on whether capacity outside the state should be recognized, and how that could be implemented in context of the RE set-aside.
			For example, the EPA is requesting comment on the inclusion of other RE measures, incremental nuclear, demand-side EE measures, CHP and any other emission reduction measures beyond those mentioned here, as long as they meet the eligibility requirements outlined in the final EGs for rate-based crediting, as eligible measures to receive set-aside allowances. We particularly request comment on how a set-aside to provide an incentive from these particular measures will serve to address leakage to new sources. We also request comment on the implications of the inclusion of such technologies for the streamlined implementation of projection-based EM&V requirements of the set-aside specified below in a federal plan context across the applicable jurisdictions, while still maintaining necessary rigor. We request comment on the appropriateness of the biomass treatment requirements offered for comment in section IV.C.3 of the preamble in the context of a mass-based set-aside. We request comment on requirements for the treatment of CHP and WHP, in the context of the mass-based set-aside. We also request comment on appropriate processes through which, after the federal plan is finalized, the EPA and/or stakeholders could make a demonstration of the appropriateness of new measure types and the EPA could evaluate and approve the demonstration so
V, D, 3, a	59	65023	that a new measure type can be considered eligible for the set-aside.
V, D, 3, a	59	65023	The EPA requests comment on extending the designated representative provisions in 40 CFR 62.16290 to eligible resources instead of the general account provisions.
V, D, 3, a	59	65023	The EPA requests comment on what documentation would be required if other measure types were considered eligible to receive set-aside allowances.
V, D, 3, a	60	65024	The EPA invites comment on these proposed requirements for projections. We also request comment on whether set-asides should be distributed proportional to actual MWh provided by the installation in a prior year or compliance period, or another form of historical generation data.
V, D, 3, a	60	65024	The EPA requests comment on whether to restrict projects to a maximum number of allowances they can receive per MWh of generation, such as 1 allowance per MWh.
V, D, 3, a	60	65024	The EPA requests comment on the process for submitting M&V reports with actual generation.

V, D, 3, a	60	<p>The EPA requests comment on whether a provider with continuing deficits should also be disqualified from receiving ERCs for the generation in question from states with rate-based plans. The agency requests comment on all of the specified aspects of this distribution process.</p>
		<p>The EPA is seeking comment, in the context of the proposed rate-based federal plan and model rule, on whether a portion of this set-aside should be targeted to RE projects that benefit low-income communities. This benefit could be in the form of MWh provided to the low-income community, financial proceeds from the project primarily benefiting the low-income community, or the project lowering utility costs of low-income rate-payers. The EPA seeks comment on how a low-income community should be defined as eligible under this set-aside. We seek comment on how much of the set-aside should be designated as targeted at low-income communities. We also request comment on whether the methods of approval and distribution of allowances to projects that benefit low-income communities should differ from the methods that are proposed to apply to other RE projects. The EPA seeks comment, in the context of the proposed rate-based federal plan and model rule, on all aspects of this proposed RE allowance set-aside program, including whether it should be included as part of a</p>
V, D, 3, a	60	65024 mass-
V, D, 4	61	<p>The EPA requests comment on other approaches for determining the size of this set-aside in the mass-based federal plan.</p>
V, D, 4	61	<p>The EPA requests comment on the size of reserve of matching allowances for eligible low income EE programs as well as for eligible wind and solar projects.</p>
V, D, 4	61	<p>The EPA requests comment on alternative proposals regarding the method for redistributing matching allowances, as well as the appropriate timing for such a redistribution.</p>
V, D, 4	61	<p>The EPA seeks comment on whether the number of matching allowances available to a state under the mass-based federal plan should be limited to a number equal to the number of early action allowances included in each federal plan state's early action set-aside.</p>

V, D, 4	62	<p>The EPA requests comment on all aspects of implementing the CEIP under a mass-based federal plan approach, including (1) The size of the early action allowance set-aside; (2) the approach for distributing the early action allowance set-aside among states; (3) the timing of distribution of set-aside and matching allowances; (4) the amount of allowances awarded per eligible MWh generated or avoided; (5) the criteria for eligible projects, including criteria for awards to EE projects implemented in low-income communities; (6) the mechanism for reviewing project submittals and issuing early action allowances; (7) EM&amp;V requirements for eligible projects; and, (8) the number of early action and matching allowances that should be awarded for each ton of emissions reduced from eligible generation or low-income efficiency projects to ensure a robust response to the program. The EPA also seeks comment on how states, tribes and territories for whom goals have not yet been established in the final EGs may be able to participate in the CEIP in the future. The EPA also requests comment on the proposed approach of requiring states to implement this program as a condition of a state choosing to determine its own allocation approach via a partial state plan or a delegation of the federal plan.</p>
V, D, 4	63	<p>The agency requests comment on the approach for treatment of allocations to affected EGUs that retire, including on the number of years of non-operation for which a unit would continue to receive allocations. The EPA also requests comment on an alternative of distributing such allowances to the set-aside for output-based allocations, or to the remaining affected EGUs in the state in a pro-rata fashion (on the same distribution basis as the initial allocations were made), instead of allocating such allowances to the state's RE set-aside. The agency requests comment on a further alternative approach, which would be to continue allocations to the retired units. The EPA also requests comment on treatment of allocations to units that are in long-term cold storage.</p>
V, D, 4	63	<p>The EPA requests comment on the proposed approach of including on the number of years for which a unit would continue to receive allocations. The agency also requests comment on an alternative of distributing such allowances to the set-aside for output-based allocations, or to the remaining affected EGUs in the state in a pro-rata fashion (on the same distribution basis as the initial allocations were made), instead of allocating such allowances to the state's RE set-aside. The agency requests comment on a further alternative approach, which would be to continue allocations to the modified or reconstructed units.</p>
V, E	63	<p>The EPA believes that the state-determined allocation approach offers significant advantages and solicits comment on how to ease its application by states.</p>
V, E	63	<p>The EPA is also requesting comment on any appropriate constraints to impose on state allowance-distribution methodologies.</p>

V, E 63 65027 The EPA requests comment on the proposed approach for addressing leakage in a state allowance-distribution methodology and on any other approaches for doing so.

V, E 64 65028 The EPA requests comment on an alternative option where a state that chooses to submit a state allowance distribution methodology could provide a demonstration that leakage will not occur (without implementing the allocation strategies specified here) due to specific characteristics of the state; the EPA proposes that such demonstration must meet the requirements in the final EGs, including support by credible analysis, for such a demonstration (see final EGs section VII.D).

V, E 65 65029 The EPA requests comment on a recordation deadline 13 months prior to the start of the compliance period (i.e., December 1 of the year, 2 years before the compliance period starts). If the EPA adopted the earlier recordation deadline on which it requests comment or any other deadline, then we would adjust the deadlines for submission of state allowance-distribution methodologies and submission of unit-level allowance tables accordingly

V, E 65 65029 The EPA requests comment on the proposed approach to allow states to determine allocations via state allowance-distribution methodologies and replace the federal plan allowance distribution provisions. The EPA requests comment on the proposed schedule for submitting state allowance distribution methodologies to the agency, for submitting the resulting unit-level allowance tables to the agency, and for the agency to record allowances. The EPA requests comment on its proposed approach of not replacing EPA-determined allocations for a compliance period for which allowances have already been recorded.

V, E 65 65029 The EPA requests comment on an alternative approach where a state could notify the EPA of its intent to submit a state allowance-distribution methodology in advance, in which case the agency would hold off on recording EPA-determined allocations to allow more time for state-determined allowances to be recorded, similar to the alternative timing approach discussed in section V.F of the proposed preamble. The EPA is also requesting comment on an alternative approach to provide the opportunity for a state to determine its allowance-distribution provisions in the federal plan mass-based trading program.

V, E 65 65029 The EPA requests comment on the relative efficiency and ease of implementation of the two approaches (the state allowance distribution methodology or the partial delegation). The agency requests comment on whether the partial delegation approach would provide sufficient flexibility for a state to choose any method to distribute its allowances including approaches that the EPA is not proposing here.

			<p>The EPA requests comment on other approaches to provide a smooth transition from federal plan implementation to implementation by state plans, and on its proposed approach of not replacing a federal plan for any compliance period for which allowances were already recorded. The agency requests comment on an alternative of providing for a state to give notice to the EPA of its intent to submit a state plan to replace the federal plan (or a state allowance-distribution methodology to replace federal plan allocations), and for the agency to delay recording federal plan allocations for sources in that state until a later date than proposed. The EPA requests comment on whether this alternative would help smooth the transition from federal plan implementation to state plan implementation, and on the tradeoff between recording allowances in a timely way and providing this</p>
V, F	65	65029	increased timing flexibility.
V, G, 5	67	65031	The EPA is requesting comment on earlier or later allowance transfer deadlines.
			The EPA requests comment on requiring monitoring and reporting of CO2 mass and net generation for
V, G, 6	68	65032	the year before the initial compliance period begins, i.e., to commence January 1, 2021.
			The EPA invites tribes with an EGU in their area of Indian country to comment on the level of their
VI, D	69	65033	interest, if any, in developing their own plans.
			The EPA will continue to consult with the governments of the Navajo Nation, Fort Mojave Indian Tribe, and the Ute Tribe of the Uintah and Ouray Reservation during the comment period for this proposal, and prior to taking any action to finalize a necessary or appropriate finding and/or a federal plan.
			Comments on the appropriateness of the proposed finding should be submitted within the comment
VI, D	70	65034	period specified in the DATES section of the proposed preamble.
			The EPA invites comment on all of these proposed changes to the framework regulations. The EPA notes that the addition of these mechanisms to the framework regulations will make them available for all CAA section 111(d) regulations, not just those under the Clean Power Plan at 40 CFR part 60,
VII, F	74	65038	subpart UUUU.
			The EPA invites comment on the agency's proposed interpretation that when an existing source modifies or reconstructs in such a way that it meets the definition of a new source, for purposes of a particular NSPS and emission guideline, it becomes a new source under the statute and is no longer
VII, G	75	65039	subject to the CAA section 111(d) program
			The EPA requests comment on its proposed conclusion that Endangered Species Act section 7
VIII, A	77	65041	consultation is not required for this action.



In section V.D of the proposed preamble, The EPA outlines that we are seeking comment on whether a portion of this set-aside should be targeted to RE projects that benefit low-income communities. Furthermore, the EPA is seeking comment on how a low-income community should be defined as eligible under this set-aside. We also seek comment on how much of the set-aside should be designated as targeted at over-burdened communities. We also request comment on whether the methods of approval and distribution of allowances to projects that benefit low-income communities should differ, and if so, in what manner, from the methods that are proposed to apply to other RE projects.

IX, C

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We invite comments on the proposed impacts, including potential adverse impacts, on small entities.

X, D

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