



September 19, 2016

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Comments on the opportunity for industrial energy efficiency in California's State 111(d) Plan in response to EPA's Clean Power Plan

Dear Chairwoman Nichols and Members of the California Air Resources Board:

The Alliance for Industrial Efficiency (hereinafter, "The Alliance") appreciates the opportunity to comment on the California Air Resources Board's (CARB's) proposed amendments to California's existing Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (the "Mandatory Reporting Regulation" or the "MRR"). We want to take advantage of this opportunity to alert you to a new report that we just released on the potential role of industrial energy efficiency (including combined heat and power) as a compliance option.

Our report – "[State Ranking of Potential Carbon Dioxide Emission Reductions through Industrial Energy Efficiency](#)" – provides a fifty-state ranking of the potential carbon reductions (and related utility bill savings) from the industrial sector, which includes manufacturing, mining, construction and agriculture. Notably, the report finds that California is one of the top ten states for such reductions. In particular, the industrial sector consumes nearly one-quarter (24%) of electricity generated in California. By increasing industrial energy efficiency (IEE), including combined heat and power (CHP) and waste heat to power (WHP), California can:

- Reduce annual carbon dioxide (CO₂) emissions by 6.2-million tons in 2030;
- Achieve over 100 percent of the emission reductions called for under the Clean Power Plan (CPP);
- Save 35.0-million megawatt-hours of electricity in 2030;
- Make industrial companies more competitive by cutting their energy bills; and Save businesses customers \$35.3 billion in cumulative cost savings (2016-2030) from avoided electricity purchases.

The U.S. Environmental Protection Agency (EPA) has confirmed that states can use industrial efficiency to help meet their emission targets under the Clean Power Plan.¹ Indeed, energy efficiency should be the cornerstone of a least-cost compliance strategy. Industrial energy

¹ See, e.g., U.S. EPA, Oct. 23, 2015, 80 Fed. Reg. 64662, 64666, "Final Rule: Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Unit" ("Each state will have the opportunity to take advantage of a wide variety of strategies for reducing CO₂ emissions from affected EGUs, including demand-side EE programs and mass-based trading..."; U.S. EPA, August 20, 2015, "FACT SHEET: Energy Efficiency in the Clean Power Plan") (<http://www.epa.gov/cleanpowerplan/fact-sheet-energy-efficiency-clean-power-plan>).



efficiency represents not only an opportunity for achieving significant, low-cost emissions reductions, but also a means of supporting in-state jobs, economic competitiveness, and improved energy reliability. By including policies that advance industrial efficiency in its plan, California will strengthen its manufacturing base, promote economic growth, increase grid reliability, and reduce emissions while lowering everyone's electric bills.

In light of this authority and the tremendous potential for industrial efficiency in California, we are very pleased to see that industrial efficiency is recognized in the state's draft compliance plan and we urge you to make the industrial sector a cornerstone of the State's long-term climate strategy.

Thank you for the opportunity to comment.

Sincerely,

Jennifer Kefer, Director
Alliance for Industrial Efficiency

The [Alliance for Industrial Efficiency](#) is a diverse coalition of business, labor, and nonprofit organizations that advocate for policies that increase U.S. manufacturing competitiveness through industrial energy efficiency, especially the use of combined heat and power and waste heat to power.

Attachments:

- Alliance for Industrial Efficiency, Sept. 15, 2016, "State Ranking of Potential Carbon Dioxide Emission Reductions through Industrial Energy Efficiency," available online at <http://bit.ly/AIEreport>
- Alliance for Industrial Efficiency, Fact Sheet: "California's Carbon Dioxide Pollution could be Dramatically Reduced with Industrial Energy Efficiency and Combined Heat and Power," available online at <http://bit.ly/AIEreport-california>