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VIA ELECTRONIC FILING AND ELECTRONIC MAIL

Ms. Brenda Edwards
U.S. Department of Energy
Building Technologies Office, Mailstop EE–5B
1000 Independence Avenue SW
Washington, DC 20585–0121
(ComWaterHeating2014STD0042@ee.doe.gov)

Dear Ms. Edwards:

The U.S. Chamber of Commerce, the American Chemistry Council, the American Coke and Coal Chemicals Institute, the American Forest & Paper Association, the American Fuel & Petrochemical Manufacturers, the American Petroleum Institute, the Brick Industry Association, the Council of Industrial Boiler Owners, the National Association of Manufacturers, the National Mining Association, the National Oilseed Processors Association, and the Portland Cement Association (collectively, “the Associations”) submit these comments responding to the Department of Energy’s (‘DOE”) Notice of Proposed Rulemaking and Public Meeting for Energy Conservation Standards for Commercial Water Heating Equipment.¹

The **U.S. Chamber of Commerce** (“the Chamber”) is the world’s largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America’s free enterprise system.

The **American Chemistry Council** (“ACC”) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is an $801 billion enterprise and a key element of the nation's economy.

The **American Coke and Coal Chemicals Institute** (“ACCCI”), which was founded in 1944, is the international trade association that represents 100% of the U.S. producers of metallurgical coke used for iron and steelmaking, and 100% of the nation’s producers of coal chemicals, who combined have operations in 12 states. It also represents chemical processors, metallurgical coal producers, coal and coke sales agents, and suppliers of equipment, goods and services to the industry.

The **American Forest & Paper Association** (“AF&PA”) is the national trade association of the paper and wood products industry, which accounts for approximately 4 percent of the total U.S. manufacturing GDP. The industry makes products essential for everyday life from renewable and recyclable resources, producing about $200 billion in products annually and employing approximately 900,000 men and women with an annual payroll of approximately $50 billion.

The **American Fuel & Petrochemical Manufacturers** (“AFPM”) (formerly known as NPRA, the National Petrochemical & Refiners Association) is a national trade association whose members comprise more than 400 companies, including virtually all United States refiners and

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¹ 81 Federal Register 34440 (May 31, 2016) (“Proposed Rule”).
petrochemical manufacturers. AFPM’s members supply consumers with a wide variety of products and services that are used daily in homes and businesses.

The American Petroleum Institute (“API”) represents over 590 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America's energy, supports more than 9.8 million jobs and 8 percent of the U.S. economy, and, since 2000, has invested nearly $2 trillion in U.S. capital projects to advance all forms of energy, including alternatives.

The Brick Industry Association (“BIA”), founded in 1934, is the recognized national authority on clay brick manufacturing and construction, representing approximately 250 manufacturers, distributors, and suppliers that historically provide jobs for 200,000 Americans in 45 states.

The Council of Industrial Boiler Owners (“CIBO”) is a trade association of industrial boiler owners, architect-engineers, related equipment manufacturers, and University affiliates representing 20 major industrial sectors. CIBO members have facilities in every region of the country and a representative distribution of almost every type of boiler and fuel combination currently in operation. CIBO was formed in 1978 to promote the exchange of information about issues affecting industrial boilers, including energy and environmental equipment, technology, operations, policies, laws and regulations.

The National Association of Manufacturers (“NAM”) is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturing employs more than 12 million men and women, contributes $2.09 trillion to the U.S. economy annually, has the largest economic impact of any major sector and accounts for more than three-quarters of private-sector research and development. The NAM is the powerful voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

The National Mining Association (“NMA”) is a national trade association whose members produce most of America’s coal, metals, and industrial and agricultural minerals. Its membership also includes manufacturers of mining and mineral processing machinery and supplies, transporters, financial and engineering firms, and other businesses involved in the nation’s mining industries. NMA works with Congress and federal and state regulatory officials to provide information and analyses on public policies of concern to its membership, and to promote policies and practices that foster the efficient and environmentally sound development and use of the country’s mineral resources.

The National Oilseed Processors Association (“NOPA”) is a national trade association that represents 12 companies engaged in the production of vegetable meals and vegetable oils from oilseeds, including soybeans. NOPA’s member companies process more than 1.8 billion bushels of oilseeds annually at 63 plants in 19 states, including 57 plants which process soybeans.
The Portland Cement Association ("PCA") represents more than 92% of U.S. cement manufacturing capacity. PCA members operate manufacturing plants in 33 states, with distribution terminals in all 50 states, servicing nearly every congressional district. PCA has been a widely-recognized authority on the technology, economics, and applications of cement and concrete for 100 years. The association is a vocal advocate for sustainability, economic growth, sound infrastructure investment, and overall innovation and excellence in construction.

The Associations object to DOE’s continued use of the Social Cost of Carbon ("SCC") in the cost-benefit analysis performed in connection with this Proposed Rule, and believe the SCC should be withdrawn as a basis for the Proposed Rule. The SCC calculation should not be used in any rulemaking or policymaking until it undergoes a more rigorous notice, review and comment process. These arguments were more fully developed in comments filed by AFPM, the Chamber, American Petroleum Institute, and several other trade associations on DOE’s Energy Conservation Standards for Commercial Refrigeration Equipment, and more recent comments to the Office of Management and Budget on the Regulatory Impact Analysis of the Social Cost of Carbon, and are incorporated by reference herein.

In the Proposed Rule, the DOE also claims benefits based upon the reduction of fine particulate matter (PM2.5) using benefit-per-ton data from the EPA Clean Power Plan (CPP) rule. In terms of cost-benefit analysis, these PM2.5 benefits are questionable, and likely the result of the double counting of benefits that the EPA has already accounted for in its modeling for the CPP.

DOE appears to simply use model-generated PM2.5 benefit-per-ton estimates from the EPA’s CPP and multiply those values by estimated tons of PM2.5 equivalent NOx reductions due to reduced energy consumption from the Proposed Rule. There are two problems with this use of EPA’s rule-specific model-generated output, i.e. benefit-per-ton of PM2.5 reductions. First, the benefit-per-ton estimates from PM2.5 reductions in the EPA’s CPP are highly dependent upon modeled parameters, such as the geographic area where reductions occur and the population exposure risk in the specific area for the modeled pollutant. EPA uses multiple modeling steps to estimate how power plant emissions ultimately would lead to benefits. As part of its cost-benefit analysis for the Proposed Rule, DOE should not take the benefit-per-ton that results from the CPP modeling and automatically apply it to the commercial water heater energy efficiency standard. There is a strong likelihood that any PM2.5 emissions reductions that might occur as a result of the Proposed Rule would not match the geographic and population risk characteristics of the CPP rule, which likely will impact a much wider range of electric power generation facilities.

More importantly, the second reason why DOE should not claim PM2.5 benefits from the Proposed Rule is that EPA likely already accounted for these PM2.5 reductions by including them in its baseline projections for the CPP rule. In the Regulatory Impact Analysis (RIA) for the final CPP rule, EPA projected a baseline for both renewable energy generation and for increased energy efficiency that projected future trends in both metrics. Because increased energy efficiency across the board is already part of EPA’s projections of future emissions reductions, DOE should not claim additional benefits for achieving what are likely the same reductions. Nothing in these comments is intended to waive any argument that may be made challenging the PM2.5 benefits in the CPP or any other EPA rulemaking.

__2__In the Proposed Rule, the DOE also claims benefits based upon the reduction of fine particulate matter (PM2.5) using benefit-per-ton data from the EPA Clean Power Plan (CPP) rule. In terms of cost-benefit analysis, these PM2.5 benefits are questionable, and likely the result of the double counting of benefits that the EPA has already accounted for in its modeling for the CPP.


Thank you for your consideration of this important matter. If you have any further questions, please feel free to reach out to William Kovacs, Senior Vice President at the U.S. Chamber of Commerce at (202) 463-5457 or by e-mail at wkovacs@uschamber.com.

Respectfully submitted,

American Chemistry Council
American Coke and Coal Chemicals Institute
American Forest & Paper Association
American Fuel & Petrochemical Manufacturers
American Petroleum Institute
Brick Industry Association
Council of Industrial Boiler Owners
National Association of Manufacturers
National Mining Association
National Oilseed Processors Association
Portland Cement Association
U.S. Chamber of Commerce

5 Notably, even DOE has acknowledged in the Proposed Rules that (1) “[t]he estimates are presented with an acknowledgement of the many uncertainties involved and with a clear understanding that they should be updated over time to reflect increasing knowledge of the science and economics of climate impacts;” (2) “[i]t is important to recognize that a number of key uncertainties remain, and that current SCC estimates should be treated as provisional and revisable since they will evolve with improved scientific and economic understanding;” and (3) “[t]he interagency group also recognizes that the existing models are imperfect and incomplete.” See 81 Fed. Reg. 34500, 34502 (May 31, 2016). These acknowledgments provide further support for the Associations’ assertion that the SCC calculation should undergo further review before being used in any rulemaking or policymaking.