



To: Environmental Protection Agency

From: Institute for Agriculture and Trade Policy

Re: Clean Energy Incentive Program Design Details, Docket ID No. EPA-HQ-OAR-2016-0033

The Institute for Agriculture and Trade Policy (IATP) promotes rural development that boosts community resilience, equity, and democracy. IATP supports policies that address climate change in a way that benefits rural communities and addresses rural inequities.

IATP thanks the Environmental Protection Agency (EPA) for establishing the Clean Power Plan and for including the Clean Energy Incentive Program (CEIP) to provide support for low-income communities—many of which are rural—to undertake renewable energy and energy efficiency projects. Both renewable energy and energy efficiency can help keep energy affordable and mitigate the disproportionate public health impacts that low-income communities face as a result of air pollution and other environmental justice impacts.

The CEIP can benefit rural, low-income communities throughout the country that are facing negative impacts from climate change. Rural communities have higher poverty rates (18.1% in rural areas compared to 15.1% in urban areas), more persistent long-term poverty rates, and higher child poverty rates than urban communities. Rural areas also have lower housing quality with lower average energy efficiency. This means that households with lower average incomes are paying a higher percentage of their income to heat, cool, and power their homes. Climate change will exacerbate this inequity by increasing the number and extremity of heat and cold events. The CEIP can help lower the average energy bill for rural households by increasing the energy efficiency of rural building stock. In addition, investment in renewable energy in rural communities can create local jobs and decrease the air and water pollution associated with fossil fuel production.

We support the goals of the CEIP to reward states for early action, install more renewable energy, and improve energy efficiency in low-income communities. However, we have several comments to increase equity overall and for rural communities in particular.

Define “low-income communities” to direct investment to those households and communities that need it most, including rural communities. We understand that definitions of low-income communities will vary from state to state, but it is important that the definition remains narrow and specific enough everywhere to ensure the funding goes to those households and communities that need it most. We support requiring states to use existing definitions used by federal and state agencies, utilities, or affordable housing providers. The definition of low-income communities should ensure that both urban and rural communities benefit; for instance, incomes in rural areas are often uniformly low, so using a definition that compares the median income of a census tract to the area’s median income can exclude rural communities from qualifying as low-income. Rural communities are disproportionately impacted by climate change and could greatly benefit from CEIP funding. Many rural economies are linked to natural resources (agriculture, forestry, fishing, tourism), so extreme weather impacts these areas much more. In addition, rural communities tend to have fewer resources to invest in infrastructure and lower average incomes, making climate disruptions more challenging to handle financially. For these reasons, rural communities should be eligible in the low-income communities definition for CEIP funding as much as possible.



Do not tie the CEIP to trading-based State Implementation Plans. The CEIP incentivizes energy efficiency in low-income communities through matching allocations of Emission Rate Credits or Allowances, depending on whether the State Implementation Plan at hand is rate-based or mass-based. This encourages states to engage in carbon trading if they wish to participate in the CEIP. We disagree with this approach. Carbon market schemes have struggled in other contexts and have raised serious environmental justice issues when certain highly polluting entities responsible for a disproportionate amount of emissions are allowed to avoid reductions. These highly polluting entities are often located in rural and minority communities, furthering existing inequities. Although we strongly support incentives for low-income energy efficiency and renewable energy investments, we encourage the EPA to decouple the CEIP from carbon trading.

Focus CEIP funding on residential projects over commercial projects. We recommend that CEIP funding be used to expand energy efficiency and renewable energy access for homes and apartment buildings occupied by low-income residents. Although we recognize that investment in public buildings and community spaces is also important, we believe that directing CEIP funding to residential projects will reduce monthly electricity demand and bills for those households directly, thereby providing the most benefit for low-income individuals. An EPA fact sheet says that the Clean Power Plan will “reduce electricity bills in 2030 by \$7/month on average for American families and businesses.” The only way American families will see this direct energy bill decrease is if their homes receive the necessary energy efficiency upgrades. In order to ensure that all eligible and interested households can reap benefits, there should be enough funding for the CEIP to prevent creating a scenario where some individuals or communities receive funding and others do not.

We thank the EPA for the ability to comment on the CEIP. We are supportive of this mechanism to reward states for early action on renewable energy and energy efficiency, and we are especially happy to see a program within the Clean Power Plan that benefits low-income communities specifically. If implemented well, the CEIP could be an enormous help to low-income and rural communities across the country.

Sincerely,

Institute for Agriculture and Trade Policy
Minneapolis, MN