



Johns Manville

A Berkshire Hathaway Company

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California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET

11-IEP-1D

DATE	MAR 03 2011
RECD.	MAR 03 2011

Re: **Docket #11-IEP-1D Reliability**

Dear Sir:

We understand from our review of the slides presented at the joint California Energy Commission (CEC) and Air Resources Board (ARB) workshop on February 15, 2011, that there is a significant need for emissions offsets (emission reduction credits – “ERCs”) for new and upgraded electric generating units in the SCAQMD and SCAB.

According to the Tollstrup slides, a number of alternatives are being evaluated. These would include the following:

Modify SCAQMD policies and practices. For example: Evaluate additional mechanisms to increase credit generation opportunities –identify non-traditional sources of ERCs

We urge the CEC and ARB to consider as a potential “non-traditional” source of ERCs large-scale energy efficiency projects in which both commercial and residential buildings are retrofitting to achieve much higher levels of energy efficiency; projects could also include new construction beyond what is required by current Title 24 energy code.

Such new construction beyond code and retrofit of existing buildings and homes is perhaps the quickest and cheapest way to achieve emissions reductions – and emissions offsets – in the electric generation sector of our economy.

Energy efficiency also has the following important co-benefits that should make it an attractive choice for ERCs. Thus, energy efficiency:

- Increases health and comfort of home and building occupants and public health generally (per Harvard University study);
- Reduces heating and cooling costs;
- Increases affordability of home ownership;
- Increases home values.

There is no technical reason why we could not, e.g., retrofit hundreds of thousands of homes in the SCAQMD/SCAB to make them much more energy efficient. Johns Manville's Formaldehyde-freeTM fiber glass home insulation is literally off-the-shelf technology available at all Lowe's stores in California and a variety of installation contractors. And only Johns Manville offers a complete line of home insulation that is certified to meet the stringent new specification for ***Environmentally Preferable Insulation***, which was developed in 2010 by US EPA Region 9 and Alameda County, California. A trained workforce is available to begin such a project and many others are eager to get back to work and could be trained.

Ultimately any source of ERCs would need to be recognized as valid under the Clean Air Act and corresponding State laws. Fortunately, the US EPA's 2004 guidance gives a detailed roadmap on how to do this.¹ That EPA policy underscores just how important it is to promote energy efficiency as a compliance tool under the Clean Air Act.

If you have any questions concerning our comments, please do not hesitate to contact me.

Sincerely,

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Bruce D. Ray
Associate General Counsel

¹ "Guidance on SIP Credits for Emission Reductions From Electric-Sector Energy Efficiency and Renewable Energy Measures," Air Quality Strategies and Standards Division, Office of Air Quality Planning and Standards, U.S. Environmental Protection Agency, Research Triangle Park, North Carolina 27711, (2004) available at http://www.epa.gov/ttncaaa/t1/memoranda/ereaserem_gd.pdf.