



Federal Register Department of Energy Notice of Inquiry and Request for Comment on Voluntary Reporting of Greenhouse Gas Emissions, Reductions, and Carbon Sequestration



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DEPARTMENT OF ENERGY

Voluntary Reporting of Greenhouse Gas Emissions, Reductions, and Carbon Sequestration

AGENCY: Department of Energy.

ACTION: Notice of inquiry and request for comment.

SUMMARY: The Department of Energy (DOE) is seeking comments on possible modifications to the guidelines governing the Voluntary Reporting of Greenhouse Gases Program (VRGGP) that allows for the voluntary reporting of greenhouse gas emissions and reductions, and carbon sequestration under section 1605(b) of the Energy Policy Act of 1992. On February 14, 2002, the President directed the Secretary of Energy to propose improvements to the current registry to "enhance measurement accuracy, reliability and verifiability, working with and taking into account emerging domestic and international approaches." This notice of inquiry is an initial step in a process to propose improvements to the current VRGGP Greenhouse Gas Registry (GHG Registry), for which guidelines were published in 1994. DOE is seeking comment on the issues posed below, and welcomes any other comments pertinent to future changes in the GHG Registry.

Because of the broad public interest in the issues involved, DOE believes that the public should have an opportunity to provide input on the issues raised in advance of the Secretary's recommendations to the President. DOE is requesting written comments as one means to bring a broad range of views into the process of developing recommendations for proposed improvement to the GHG Registry. After analyzing submissions made in response to this notice, DOE contemplates scheduling at least one public workshop for obtaining additional public input prior to finalizing the recommendations for proposed improvements to the GHG Registry. Notice of workshop(s) and other opportunities for input during development of proposed improvements to the GHG Registry will be published in the Federal Register.

DATES: Commenters should submit a signed original, a computer diskette (WordPerfect or Microsoft Word) and three copies of the written comments. Written comments are to be **filed** at the address listed below no later than 4:30 p.m., eastern time June 5, 2002. Alternately, comments can be **filed** electronically by e-mail to: ghgregistry.comments@hq.doe.gov, noting "Voluntary Reporting Comments" in the subject line.

ADDRESSES: Written comments should be submitted to: Office of Policy and International Affairs, Office of Electricity and Natural Gas Analysis, PI-23, Attention: Voluntary Reporting Comments, U.S. Department of Energy, Forrestal Building, Room 7H-034, 1000 Independence Ave., SW., Washington, DC 20585. Alternately, comments can

be filed electronically by e-mail to: ghgregistry.comments@hq.doe.gov, noting "Voluntary Reporting Comments" in the subject line.

FOR FURTHER INFORMATION CONTACT: Ms. Jean Vernet, U.S. Department of Energy, Office of Policy and International Affairs, Office of Electricity and Natural Gas Analysis, Forrestal Building, PI-23, Room 7H-034, 1000 Independence Ave., SW., Washington, DC 20585, (202) 586-4755, e-mail: jean.vernet@hq.doe.gov; or Mr. Peter Karpoff, PI-23, (202) 586-5639, e-mail: peter.karpoff@hq.doe.gov.

SUPPLEMENTARY INFORMATION:

I. Background

A. Section 1605(b) of EPAct and the Current Guidelines

Section 1605(b) of the Energy Policy Act of 1992 (EPAct), Public Law 102-486, required the Secretary of Energy, with the Energy Information Administration (EIA), to establish a voluntary reporting program and database on emissions of greenhouse gases, reductions of these gases, and carbon sequestration (42 U.S.C. 13385(b)). More specifically, section 1605(b) required that DOE's guidelines provide for the "accurate" and "voluntary" reporting of information on: (1) Greenhouse gas emission levels for a baseline period (1987-1990) and, thereafter, annually; (2) annual reductions of greenhouse gas emissions and carbon sequestration regardless of the specific method used to achieve them; (3) greenhouse gas emission reductions achieved because of voluntary efforts, plant closings, or mandatory state or federal requirements; and (4) the aggregate calculation of greenhouse gas emissions by each reporting entity (42 U.S.C. 13385(b)(1)(A)-(D)). Section 1605(b) contemplates a program whereby voluntary efforts to reduce greenhouse gas emissions could be recorded, with the specific purpose that this record could be used "by the reporting entity to demonstrate achieved reductions of greenhouse gases" (42 U.S.C. 13385(b)(4)).

To carry out this statutory mandate, DOE established the GHG Registry, a program for the voluntary reporting of greenhouse gas emissions, emission reductions and carbon sequestration that has been in operation since 1995. The GHG Registry currently is governed by the General Guidelines for the Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992 ("General Guidelines"), which were issued in 1994 after notice and public comment (59 FR 52769). The current General Guidelines are supported by two additional documents: Sector-Specific Issues and Reporting Methodologies, volumes one and two, which include supporting Appendices A-E. Volume one of the Sector-Specific Issues and Reporting Methodologies addresses the Electricity Supply Sector, Residential and Commercial Buildings Sector, and Industrial Sector. Volume two covers the Transportation Sector, Forestry Sector, and Agricultural Sector. Together, the General Guidelines and supporting documents establish a broad-based program for the reporting of greenhouse gas reductions and carbon sequestration that result from voluntary and other activities. The General Guidelines and supporting documents may be accessed at <http://www.eia.doe.gov/oiaf/1605/guidelns.html>.

The current General Guidelines encourage participants to report all types of greenhouse gas emission reduction and carbon sequestration activities, and participants are given flexibility in determining whether and how actual reductions are accomplished and reported. Any person or entity ("reporter") who wishes to participate in the current GHG Registry must, however, comply with the following minimum information requirements:

(1) Reporters must clearly identify the facilities involved, the greenhouse gases reduced, the amount of reduction, and the year of the emissions;

(2) Reporters must describe the emissions reduction or carbon sequestration project and

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provide sufficient data to permit database users to have "a clear understanding of the nature and scope" of the project, "including the cause of the change in emissions or carbon sequestration";

(3) Reporters must be able to identify the source of the data presented, the level of change in emissions or sequestration per year, and the year in which the change took place; and

(4) Reporters who submit a project report of their own design must identify the techniques used to gather the data and to make

estimates.

As required by section 1605(b)(2), EIA developed forms for reporting to the GHG Registry. As long as participants use EIA forms and meet the minimum reporting requirements, they are allowed to define the activities they report and to determine how to estimate the effects of those activities on greenhouse gas emissions and carbon sequestration. The General Guidelines require reporters to self-certify the accuracy of their reports, but does not specify verification measures. As part of the report review process, EIA evaluates each report received for consistency with the General Guidelines, comprehensiveness, and arithmetic accuracy, and makes suggestions for improving the accuracy and clarity of reports. EIA also provides reporters with suggested and default greenhouse gas emissions factors for optional use.

Additional information, including the program's annual reports and reporting forms, can be accessed at <http://www.eia.doe.gov/oiaf/1605/frntvrgg.html>.

B. The President's Directive To Improve the GHG Registry

On February 14, 2002, President Bush, in announcing a new approach for meeting the long-term challenge of climate change, directed the Secretary of Energy, in consultation with the Secretaries of Commerce and Agriculture, the Administrator of the Environmental Protection Agency (EPA), and other Departments and agencies, to propose improvements to the current program to "enhance measurement accuracy, reliability and verifiability, working with and taking into account emerging domestic and international approaches." \1\ The President directed that DOE recommend proposed improvements to the GHG Registry within 120 days. Also on February 14, 2002, the President directed the Secretary of Energy to recommend reforms "to ensure that businesses and individuals that register reductions are not penalized under a future climate policy, and to give transferable credits to companies that can show real emissions reductions." \2\ The President also directed the Secretary of Agriculture, in consultation with EPA and DOE, to develop accounting rules and guidelines for crediting carbon sequestration projects.

\1\ Global Climate Change Policy Book 2 (White House, February 14, 2002).
\2\ Id.

Pursuit of the related Presidential directives poses significant policy, technical, and legal questions. In light of the short time available, DOE began consultations with the Departments of Commerce and Agriculture, and the EPA immediately after the President's announcement. This notice is directed to obtaining information from interested parties that will be useful in developing proposed improvements to the GHG Registry consistent with the President's announcement. If, as a result, modifications to the guidelines for reporting are pursued, the public will be given an opportunity to comment on the proposed revised guidelines, as provided in section 1605(b)(1) (42 U.S.C. 13385(b)(1)).

II. Request for Public Comment

DOE requests written comments from interested persons on all aspects of possible revisions to the guidelines governing the GHG Registry. DOE is especially interested in receiving written comments from persons with particular knowledge of the institutional, legal, and technical issues related to measuring and reporting GHG emissions, emissions reductions, and carbon sequestration. All information provided by commenters will be available for public inspection at the Department of Energy, Freedom of Information Reading Room, room 1E-190, 1000 Independence Ave., SW, Washington, DC 20585, between the hours of 9 a.m. and 4 p.m., Monday through Friday, except Federal holidays.

DOE also intends to enter all written comments on a website specially established for this proceeding. The Internet website is <http://www.pi.energy.gov/enhancingGHGregistry>. To assist DOE in making public comments available on a website, interested persons are encouraged to submit an electronic version of their written comments in accordance with the instructions in the DATES section of this notice.

Because DOE intends to make all submissions publicly available on a website, it requests that commenters not submit information believed to be confidential and exempt from public disclosure. However, if any

person chooses to submit information that he or she considers to be privileged or confidential and exempt from public disclosure, that person must clearly identify the information that is considered to be privileged or confidential and explain why the submitter thinks the information is exempt from disclosure, addressing as appropriate the criteria for nondisclosure in DOE's Freedom of Information Act regulations at 10 CFR 1004.11(f). DOE also requests such submitters to provide one copy of their comments from which the information believed to be exempt from disclosure has been redacted, with the areas where information has been redacted clearly marked. DOE will determine if the information or data sought to be protected from disclosure is exempt from disclosure in accordance with the procedures set forth in its Freedom of Information Act regulations at 10 CFR 1004.11.

Commenters may find it helpful to review the notices that preceded the issuance of the current guidelines in 1994. These notices provide additional detail on issues considered during the development of the current guidelines: Notice of Inquiry (58 FR 40116; July 27, 1993); Notice of Availability requesting comment on the draft guidelines (59 FR 28345; June 1, 1994); and the Notice of Availability of the Guidelines (59 FR 52769; October 19, 1994). DOE has included these notices on the website established for this proceeding for the convenience of interested persons.

III. Issues for Comment

This section of the notice identifies specific areas for comment; however, these areas are not intended to limit the content of submissions.

A. Issues Related to Comment Scope

Identify and discuss whether and how any improvement you suggest is necessary and appropriate in light of the President's directives and the purposes of the reporting program, including reporting of emission reductions and carbon sequestration activities for transferable credits or protection against penalty under future climate policy.

B. Issues in the Relationship of the GHG Registry to Other Approaches in GHG Reporting

Identify and discuss whether and how your suggested improvements are consistent with existing and emerging domestic and international approaches to reporting GHG emissions, emission reductions and carbon sequestration. DOE is aware that efforts in the public and private sectors, domestic and international, have been undertaken to

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develop GHG reporting approaches. Included in these are efforts by U.S. state governments, foreign governments, and multinational stakeholder groups. Reporting protocols have also been developed under voluntary emissions reduction programs initiated by the federal government and others.

C. Institutional Issues

Time frame of data reported. Identify and discuss how any suggested improvements to the GHG Registry could accommodate the time period of reported emissions and emissions reductions, and carbon sequestration. The current GHG Registry accepts information on emissions and reductions back to 1991 and on emissions back to 1987, and provides for revision and supplementation of submitted reports. If your suggested improvements to the GHG Registry entail submission of additional accompanying information or new protocols for some types of reports, discuss how the guidelines could address the time frame of past and future reported data, and whether and how previously submitted data may be resubmitted under the revised purposes of the Registry.

Reporting entity definition. Discuss whether the GHG Registry's broad definition of "reporting entity" continues to be appropriate in any improved reporting program. The current guidelines define a reporting entity as "a legal U.S. entity," meaning "any U.S. citizen or resident alien; any company, organization, or group incorporated under or recognized by U.S. law; or any U.S. Federal, state, or local government entity."

Level of reporting. Discuss whether it is appropriate for reports to cover: (1) All emitting activities of the entire reporting entity; (2) emissions by facility/site, affiliate, or subsidiary; or

(3) an emissions reduction, emissions avoidance or carbon sequestration project. Identify how different levels of reporting may be appropriate for various reporting purposes, including for transferable credits and protection against penalty under future climate policy.

Reportable GHGs. Discuss whether and how it may be appropriate, in light of your suggested improvements to the GHG Registry, to modify the current GHG Registry approach which allows reports on various greenhouse gases and other pollutants, and their reduction. These gases include carbon dioxide, methane, nitrous oxides, perfluorocarbons (PFCs), hydrofluorocarbons (HFCs) and sulfur hexafluoride (SF6).

Indirect emissions. Identify and discuss how a reporter could treat indirect emissions, such as those resulting from electricity use, and indirect emissions reductions, such as those from decreased electricity use, in the context of an improved reporting program. Discuss whether and how life cycle and fuel cycle emissions, and wholesale electric or natural gas transactions should be treated. Indirect emissions are emissions from sources outside the reporting entity that are affected by the reporter's activities, for example, emissions of an electric utility resulting from the reporter's consumption of electricity.

Avoided emissions. Identify and discuss how a reporter could treat actions that avoid, at least in part, the production of GHG emissions. The GHG Registry currently includes these as reported reductions. Examples of activities that avoid emissions include, but are not limited to, electricity generation from renewable energy sources or nuclear power, the use of natural gas-fueled motor vehicles, and energy efficiency improvements in industrial or other applications.

Baselines (or reference case) definition. Identify and discuss appropriate changes to the GHG Registry's approaches to determining an emissions baseline(s) or reference case. Identify how different baseline determinations may be appropriate for reporting purposes, transferable credits, or protection against penalty under future climate policy. Discuss how the reporting program could be used by reporters who may wish to report their GHG emissions measured as emissions per unit of output or emissions intensity. Discuss how "units of output" or emissions intensity could be calculated for varying industries. The current guidelines permit the reporter several options for identifying the baseline (referred to as the reference case) for emissions reductions or carbon sequestration, including use of historical emissions or sequestration (historical reference case), or an estimate of what emissions or sequestration would have been in the absence of a project or a group of projects (modified reference case).

Thresholds for reporting emissions and for reporting emissions reductions.

The current guidelines do not set a minimum size for a reporting entity, or for reported emissions, emissions reductions, avoided emissions, or sequestered carbon. Identify and discuss whether and how an improved program might appropriately set minimum thresholds for these categories of data.

Reduction activity reports on domestic and international projects. The current GHG Registry accepts reports of project-level data for both domestic and international projects, without regard to entity-level emissions data. Discuss the need for, and appropriateness of, entity-level emissions data accompanying information on projects either within or outside the U.S.

Transferable credits and transferring ownership of reductions. Discuss any attributes of GHG emissions reductions or carbon sequestration that may be appropriate or necessary for transferable emissions reduction or carbon sequestration credits. Provide information on reporting parameters you believe are necessary to establish and transfer ownership of real emissions reductions or carbon sequestration credits.

Reporting joint activities, addressing duplication of reported emissions and reductions, and ownership. The current guidelines permit reporters, or third parties on the behalf of others, to report individual and joint activities, and to modify reporter-identification as needed. Discuss whether and what changes are appropriate or necessary to minimize duplicative reporting, and assure correct identification of the owner of emissions, emission reductions or avoidance, and carbon sequestration.

Verification and third-party audit standards. As required by 1605(b)(2), the current guidelines and EIA forms require that the reporter self-certify the accuracy of the reported information (42 U.S.C. 13385(b)(2)). No independent certification or verification is required. While the Federal government does not certify reported data, EIA currently reviews each report for consistency with the program guidelines, comprehensiveness, and arithmetic accuracy. Identify and

discuss any forms of verification that may be appropriate in a program that contemplates the use of the GHG Registry for transferable credits. If you suggest third party verification or certification, discuss possible standards for certifying bodies.

Confidentiality of reported data; public availability of information. The current guidelines provide that information determined under DOE regulations to be confidential under the Freedom of Information Act (5 U.S.C. 552(b)(4)) does not appear in EIA's public database and is not made available to the public. This is consistent with the provision in section 1605(b) requiring the protection of trade secret and commercial or financial information that is privileged or

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confidential (42 U.S.C. 13385(b)(3)). Discuss whether revised guidelines should include a provision requiring reporters to waive the protection provided by section 1605(b)(3) if they wish to obtain a certificate of emission reductions for potential use in connection with transferable credits, or for protection against penalty under future climate policy.

D. Technical Issues

Measurement and estimation techniques. Although the current guidelines and reporting forms provide a number of default and other estimation techniques, they do not prescribe measurement and estimation techniques. Identify and discuss the need for prescribed techniques for measurement and estimation under an improved GHG Registry that could provide the basis for transferable credits or protection against penalty under future climate policy. Provide specific examples and citations to techniques you identify.

Issued in Washington, DC, on April 15, 2002.
Robert Card,
Undersecretary.
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