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May 31, 2002

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 Avenue, S.W.
Washington, DC 20585

RE: Notice of Inquiry on Voluntary Reporting of Greenhouse Gas Emissions, Reductions, and Carbon Sequestration

Dear Sir/Madam:

The American Portland Cement Alliance (APCA) welcomes the opportunity to provide comment on the Section 1605(b) reporting program and make suggestions as to how to enhance the program in the future. The notice of inquiry to which this response is directed was published on May 6, 2002 (67 Fed. Reg. 30370).

APCA is a trade association representing virtually all domestic producers of portland cement. APCA's 42 member companies operate 104 manufacturing plants in 34 states and distribution centers in all 50 states. Approximately 80 million metric tons of CO_2 is emitted annually by U.S. cement manufacturers. These emissions result from fuel combustion and limestone calcination. Consequently, the cement industry is very interested in federal reporting programs designed to collect information on greenhouse gas emissions.

Portland cement is the powder which acts as the "glue" or bonding agent that, when mixed with water, sand, gravel and other materials, forms concrete. Cement is produced from various raw materials, including limestone, shale, clay, and silica sand. Portland cement is an essential construction material and a basic component of our nation's infrastructure. It is utilized in numerous markets, including the construction of highways, streets, bridges, airports, mass transit systems, commercial and residential buildings, dams, and water resource systems and facilities. The low cost and universal availability of portland cement ensure that concrete remains one of the world's most widely used construction materials.

APCA and the U.S. cement industry have actively participated in a number of efforts with ties to the 1605(b) reporting program. The cement industry was the first to

participate in the former *Climate Wise* program as an industry sector representing a majority of U.S. production capacity. To facilitate this effort, APCA met with DOE officials to ensure that the reports produced by *Climate Wise* also provided the information needed for proper 1605(b) reporting. As a result of our work on *Climate Wise*, APCA was presented with an EPA Climate Protection award in 2000.

With *Climate Wise* now merged into the *Energy Star* program, APCA remains involved in encouraging active participation by the cement industry. APCA and the cement industry have also been active in developing the cement reporting section of the Greenhouse Gas Protocol under the auspices of World Resources Institute (WRI), as well as the related Sustainable Cement Industry effort of the World Business Council on Sustainable Development (WBCSD).

Because of these ongoing activities, the U.S. cement industry has a keen interest in the future enhancement of the 1605(b) program. In general, APCA's comments will make the following points:

1. Reporters should have the option of reporting on a facility or project basis.
2. Both absolute and unit-based emission reductions should be recognized.
3. The 1605(b) program should tabulate reductions of both direct and indirect emissions.
4. Reporters should be encouraged to include avoided emissions.
5. The emission baseline year should be 1990 or a later year, as determined by the individual reporter.
6. Emission reduction credits should be transferable.
7. The verification requirements for emission reductions should depend upon the intended use of the credits.
8. The program should utilize existing WRI/WBCSD protocol for quantifying greenhouse gas emission reductions from cement manufacturers.

1. Reporters should have the option of reporting on a facility or project basis

In the past, the 1605(b) program has allowed reporting of greenhouse gas emissions on either a facility (i.e., entity) or project basis. This is consistent with such programs as *Climate Wise* and *Energy Star*. The program should continue to offer both options. Altering this historical precedent would diminish the flexibility of the program without providing any additional benefits.

2. Both absolute and unit-based emission reductions should be recognized

Again, DOE should maintain flexibility in its efforts to enhance the 1605(b) program. Allowing reporters to choose between calculating both absolute and unit-based reductions will increase the attractiveness of participation in the program for many industries. Encouraging unit-based reductions will allow the capacity of the U.S. cement industry to continue to expand, as plants maximize efficiency.

APCA, through the unanimous approval of its members, has endorsed a voluntary CO_2 emission-reduction goal that is premised upon reduction measured on a unit basis using 1990 as a baseline year. Allowing cement companies to report to 1605(b) in this same format will encourage them to participate more vigorously in both efforts.

3. The 1605(b) program should tabulate reductions of both direct and indirect emissions

Allowing facilities to report both direct and indirect emissions will encourage energy efficiency and the use of co-generation. APCA recommends that indirect emissions reductions be reportable for which energy consumption reductions can be qualified.

4. Reporters should be encouraged to include avoided emissions

As with the above recommendation, APCA encourages DOE to allow reporting of avoided emissions. This will encourage effective energy planning—and other means of reducing greenhouse gas emissions—among facilities, including cement plants.

5. The emission baseline year should be 1990 or a later year, as determined by the individual reporter

The baseline year for the Framework Convention on Climate Change is 1990. The same year has become the standard for the U.S. cement industry CO_2 reduction goal and for many other such goals throughout the world. Because 1990 has become the de facto baseline year for greenhouse gas reductions, it would be appropriate for the 1605(b) program to use 1990 as its default baseline. However, individual reporters might not have adequate data to quantify—or even estimate—their greenhouse gas emissions as far back as 1990. In these cases, some reporters might wish to select a later baseline year than 1990. In short, there are no justifications for extending the baseline to earlier than 1990, but there might be logical reasons for selecting individual baselines after that year.

6. Emission reduction credits should be transferable

A primary motivation for companies—particularly multinationals—to participate in the 1605(b) program will be the opportunity to potentially trade or sell emission credits that are accumulated. APCA urges DOE to retain the option of transferability of reduction credits to other countries through an international emission trading program. We stress, however, that the U.S. cement industry remains opposed to a mandatory cap and trade scheme for U.S. facilities. Such a requirement could result in the transfer of U.S. cement capacity to developing countries. Unlike greenhouse gas sources such as coal-fired power plants, U.S. cement plants cannot dramatically reduce emissions through such "low-hanging fruit" as fuel switching, and thereby create substantial emission reduction credits.

7. **The verification requirements for emission reductions should depend upon the intended use of the credits**

APCA suggests a three-tiered approach for verifying emission reductions reported under 1605(b). For reductions reported for the sake of reporting only—that is with no associated credit to the reporter anticipated—companies should be allowed to self-certify reductions. If the reporter wishes to retain the option of getting credit for reductions under a potential future domestic reduction or trading program, the self-certification would be subject to discretionary audit by DOE or other third party. Reporters that might desire to transfer reduction credits to another entity in the U.S. or abroad pursuant to an emission-trading program should be required to verify the reductions through the services of a third party. This three-tiered system allows for the rigor of the verification process to be flexible, yet case appropriate.

8. **The program should utilize existing WRI/WBCSD protocol for quantifying greenhouse gas emission reductions from cement manufacturers**

As mentioned above, APCA and the cement industry—both in the U.S. and abroad—have been actively involved in the WRI GHG protocol-development effort and the WBCSD Sustainable Cement study, which is described at www.wbcsdcement.org. The output of these efforts represents a culmination of this activity, as well as the industry's previous work on *Climate Wise*. Many cement plants throughout the United States and the world are already using the emission quantification methodologies developed by these efforts.

Since these methodologies are well established and supported by years of activity by scores of experts, it is not necessary to prescribe another quantification protocol for the 1605(b) program. To do so could diminish participation by cement companies.

For these reasons, APCA recommends that the WRI/WBCSD approach for quantification of cement greenhouse gas emissions be adopted by the 1605(b) program. Attached please find a copy of the WRI protocol. It can also be found on the web at www.ghgprotocol.org/standard/cement.doc.

Again, APCA appreciates the opportunity to help shape the future of voluntary greenhouse gas emission reporting in the United States. Please contact me at 202-408-9494 if you have any questions or comments.

Sincerely,

Thomas B. Carter

Thomas B. Carter
Director, Environmental Affairs

Cc: Dr. Paul F. McArdle, DOE/EIA (w/out enclosure)