

June 5, 2002

Electronic submission to [ghgregistry.comments@hq.doe.gov](mailto:ghgregistry.comments@hq.doe.gov)

Hard copy submission 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., S.W.  
Washington, D.C. 20585

**Toyota Motor Manufacturing  
North America, Inc.**  
25 Atlantic Avenue  
Erlanger, KY 41018-3151  
(859) 746-4049  
(859) 746-4190 Facsimile  
[dcuneo@mail.tmmna.com](mailto:dcuneo@mail.tmmna.com)

**Dennis C. Cuneo**  
Senior Vice President

RE: Comments of **Toyota Motor Manufacturing North America** on the  
Department of Energy's Notice of Inquiry on Voluntary Reporting of  
Greenhouse Gas Emissions, Reductions, and Carbon Sequestration  
(67 Fed. Reg. 30370, May 6, 2002)

Dear Sir/Madam:

**Toyota Motor Manufacturing North America, Inc.** (TMMNA) welcomes this opportunity to provide the Department of Energy (DOE) with comments on the President's initiative to improve the 1605(b) voluntary greenhouse gas (GHG) registry. TMMNA is the manufacturing arm of Toyota's operations in North America and is responsible for manufacturing in excess of 1 million vehicles per year. Toyota accounts for over 10% of the vehicles sold annually in the U.S.

Toyota is a member of the Alliance of Automobile Manufacturers (Alliance), a trade association of 12 car and light truck manufacturers, which account for more than 90 percent of U.S. vehicle sales. The Alliance also has submitted comments in response to the Notice of Inquiry. See Attachment A. Toyota supports the comments submitted by the Alliance. These comments are intended to reinforce and amplify some of the points made in the Alliance comments.

Toyota strongly supports the concept of voluntary corporate action to address GHG emissions, which follows the voluntary approach of the President's U.S. global climate change program. Toyota's U.S. manufacturing operations are an illustration of the effectiveness of such voluntary approaches. Toyota voluntarily set a goal in 2000 of reducing energy use at its U.S. manufacturing facilities by 15 percent per unit produced by 2005. Toyota also employs technologies in its vehicles, which allow it to be a full line manufacturer that has consistently exceeded applicable fuel economy standards for both passenger cars and light-duty trucks.

122615-1

Toyota also wishes to emphasize the need for assurances that companies that undertake reductions will not be penalized under a future climate policy. These assurances will be more meaningful for companies, like Toyota, that are in highly competitive sectors and that have already achieved substantial levels of energy efficiency, to potentially make significant new investments in technology and production processes. In addition, Toyota advocates the President's call to provide transferable credits to companies that achieve real emission reductions. Baseline protection and transferable credits will be key incentives for achieving the President's goal of reducing the nation's emissions intensity by 18 percent by 2012.

Toyota encourages DOE to take into account the following considerations as it undertakes the initiative to improve the 1605(b) program:

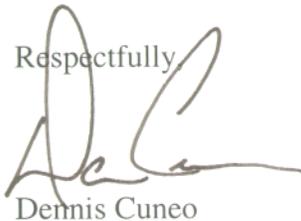
- With regard to the level of reporting, flexibility will be key, particularly for highly diversified companies. Reporting flexibility has a sound basis in public policy where there is no significant risk of leakage, *i.e.*, the risk of shifting emitting activities from reporting facilities or operations to non-reporting facilities or operations. Accordingly, companies in the automotive industry should have the option to elect to report with regard to their manufacturing facilities and/or their motor vehicle sales divisions. In addition, within categories of facilities for which companies have elected to report, it should be possible to exempt facilities with standard *de minimis* levels of emissions established by the program.
- Toyota cautions DOE that the issue of determining ownership of facilities or operations for purposes of the reporting program requires careful attention, particularly for industries in which there multiple and complex ownership structures and interests. In the automotive industry, for example, one finds different brands owned by different companies, joint ventures between companies with regard to particular facilities or particular brands, and various other highly variegated equity structures. Overly simplistic rules could limit the ability of companies in this sector to report and obtain credits for innovative approaches and solutions.
- Participating companies need the option of baseline protection and transferable credits for reductions of their indirect emissions, *e.g.* emissions from on-site consumption of electricity, heat, and steam generated off-site. On this point, Toyota wishes to underscore the observation made in the Alliance's comments: "Providing this option would encourage voluntary reporting by facilities with indirect emissions greater than their direct emissions and ensure that those responsible for energy conservation and/or improved energy efficiency receive credit for those reductions." The option of registering reductions in indirect emissions is particularly needed for a company like Toyota, which has made and is making substantial investments in improving the energy efficiency of its manufacturing facilities and evaluating new energy conservation strategies.

- Toyota urges DOE to develop guidelines for baseline definition that emphasize flexibility and accommodate growth. Companies need to have flexibility in designating a baseline year against which to measure emissions changes. Moreover, Toyota strongly endorses the emissions intensity approach adopted by the President for the national emissions target and recommends application of the same type of approach to company reporting. The emissions intensity approach is ideally suited to a company like Toyota, which is making substantial strides in increasing its energy efficiency as it expands U.S. and North American production.

While the primary focus of these comments is on stationary sources, Toyota would be willing to exchange ideas with DOE and other agencies on alternatives for optional reporting of emission reductions from motor vehicles.

Toyota appreciates this opportunity to provide comments in support of the President's initiative to enhance the nation's voluntary GHG reporting program. Toyota looks forward to participating in other opportunities for stakeholder input and invites DOE to contact Gary Ross (859-746-4121) or Bruce Bremer (859-746-4761) if TMMNA can be of assistance.

Respectfully,



Dennis Cuneo

cc: [jean.vernet@hq.doe.gov](mailto:jean.vernet@hq.doe.gov)  
[margot.Anderson@hq.doe.com](mailto:margot.Anderson@hq.doe.com)

Attachment A



# Alliance OF AUTOMOBILE MANUFACTURERS

June 5, 2002

Electronic submission to [ghgregistry.comments@hq.doe.gov](mailto:ghgregistry.comments@hq.doe.gov)

Hard copy submission 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 D.C. 20585

Re: Comments on Voluntary Reporting of Greenhouse Gas Emissions, Reductions, and Carbon Sequestration; Notice of Inquiry (67 FR 30370, May 6, 2002)

Dear Sir/Madam:

The Alliance of Automobile Manufacturers (Alliance) is a trade association of 12 car and light truck manufacturers who account for more than 90 percent of U.S. vehicle sales. Member companies, which include BMW Group, DaimlerChrysler, Fiat, Ford Motor Company, General Motors, Isuzu, Mazda, Mitsubishi Motors, Nissan, Porsche, Toyota, and Volkswagen, employ about 600,000 people in the United States at 250 facilities in 35 states. The Alliance is pleased to offer the following comments regarding modifications to the guidelines governing voluntary reporting of greenhouse gases (GHG) under the Energy Policy Act of 1992, pursuant to the U. S. Department of Energy's May 6 Notice of Inquiry referenced above.

The Alliance supports improving voluntary reporting of greenhouse gases as currently structured under the existing protocol established by the Department of Energy's (DOE) 1605(b) Voluntary Greenhouse Gas Registry. In light of a recent proliferation of proposed state and federal GHG reporting initiatives, we urge the DOE to take the lead in advancing a single, coordinated, national, voluntary reporting system. This will help avoid the intrinsic inefficiencies of multiple federal and state-level reports and the likelihood of non-uniform, irreconcilable reporting approaches. For Alliance members, with facilities in many different states, multiple reporting requirements would be unnecessarily burdensome, and provide no incremental benefit to a single, centralized system.

Two of the President's announced goals are to ensure that businesses that register reductions are not penalized under a future climate policy, and to give transferable credits to companies that can show real emissions reductions. We fully support these goals, as they provide positive incentives for reporting and avoid penalizing companies that contribute to the national goal of an 18% GHG intensity reduction by 2012.

In support of the GHG intensity metric, the DOE 1605(b) Registry should continue to allow for reporting of GHG emissions on a production-normalized basis. This is in line with the Administration's GHG intensity metric and allows for production fluctuations and growth, important factors influencing the amount of energy used in operations and the efficiency of that use.

**BMW Group • DaimlerChrysler • Fiat • Ford Motor Company • General Motors  
Isuzu • Mazda • Mitsubishi Motors • Nissan • Porsche • Toyota • Volkswagen • Volvo**

---

1401 H Street, NW—Suite 900, Washington, DC 20005 • Phone 202.326.5500 • Fax 202.326.5567 • [www.autoalliance.org](http://www.autoalliance.org)

---

In its May 6<sup>th</sup> Notice of Inquiry, the DOE raised questions regarding the need for independent verification and certification of reported emissions reductions. The current DOE 1605(b) system is already verifiable, and reports submitted to the agency are required to be accurate and complete under the 1992 Energy Policy Act. The Department of Energy should continue to permit internal verification and certification of data reported by, for example, a registered Professional Engineer (PE) or an officer of the company, rather than require third party auditing.

The DOE 1605(b) system should anticipate and allow for a future emissions trading program, using a market-based approach. At the point of credit transfer under an emissions trading scheme, the verifiable data submitted under the DOE 1605(b) system can be subjected to a centralized audit function (e.g., Securities and Exchange Commission) or an independent third party certification in order to provide accurate valuation of the credits being negotiated for transfer. Baseline protection should be ensured.

Entities devoting considerable resources to energy conservation and efficiency projects should continue to benefit from using the DOE 1605(b) GHG Registry. Facilities should have the option of reporting and receiving transferable credits related to both direct emissions (resulting from on-site combustion of fossil fuel for on-site use) and indirect emissions (resulting from on-site consumption of electricity, heat, and steam generated off-site). Providing this option would encourage voluntary reporting by facilities with indirect emissions greater than their direct emissions and ensure that those responsible for energy conservation and/or improved energy efficiency receive credit for those reductions.

Published Energy Information Administration (EIA) emission factors should be used for all fuels except landfill gas and renewable energy sources. For direct use landfill gas and renewable energy sources an emission factor of zero, and/or a reduction credit, should be used to account for the offset of emissions from conventional fuel sources, to encourage industry use of these alternatives. The CO<sub>2</sub> sequestration benefit of all carbon sink projects (including international projects) should also be recognized within the DOE 1605(b) Registry.

In conclusion, we express our support for improving the DOE 1605(b) Voluntary Greenhouse Gas Reporting Registry to develop a flexible, effective, and coordinated national voluntary reporting system. We appreciate the opportunity to submit these comments and look forward to participating in the planned workshops. Individual Alliance member companies may also submit comments. Please call if you have any questions.

Sincerely,



Valerie Ughetta,  
Director of Stationary Sources  
202-326-5549  
vughetta@autoalliance.org

cc: Jean.Vernet@hq.doe.gov  
Peter.Karpoff@hq.doe.gov  
Margot.Anderson@hq.doe.gov