

March 5, 2003

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Office of Policy and International Affairs
Office of Electricity and Natural Gas Analysis
U.S. Department of Energy
Forrestal Building, PI-23
Room 7H-O34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Attention: Voluntary Reporting Comments

Dear Ms. Vernet:

The Electric Power Industry Climate Initiative (EPICI) respectfully submits additional comments relevant to the consideration and development by the Department of Energy (DOE) and Energy Information Administration (EIA) of revised guidelines and an improved data base/registry under section 1605(b) of the Energy Policy Act of 1992 (EPAct). These comments are intended to supplement EPICI's earlier comments to Assistant Secretary Vicki A. Bailey of April 17, 2002, and our comments to you of June 5, 2002, and September 25, 2002.

As you may be aware, the power sector accounted for nearly half of all reports under EPAct section 1605(b) in 2000 and 2001, and more importantly, 70-79 percent of total reported emission reductions, avoidances and sequestrations in those years.

We take this opportunity to express our appreciation to all of the officials and staff of DOE, EIA and other federal agencies that organized the several workshops in Chicago, Houston, San Francisco and the Washington, D.C. area from November 2002-January 2003 and prepared the transcripts thereof. They were all very informative and well run. We particularly commend the facilitator of the workshops for a job well done.

We have reviewed the workshop transcripts and the other relevant materials included with them as well as recent submittals to the docket. We note that at the November 18, 2002, workshop, the deadline for written comments was extended "indefinitely." The primary purposes of this letter, the enclosure and attachments are to:

- Make it abundantly clear that the ability of the power sector to meet the goals that it expressed in its climate action plans to DOE Secretary Spencer Abraham prior to February 12, 2003, is directly linked to the design of the reporting reforms embodied in the revised guidelines and improved registry.
- Highlight and clarify our positions on several policy matters that need to be resolved in order to support the power sector's voluntary goals and programs.

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EPICI places great importance on the revised guidelines and improved data base/registry in facilitating the six climate action plans that our seven organizations have submitted to the government. For example, in its letter of January 17, 2003, to the DOE Secretary, the Edison Electric Institute (EEI) stated that its voluntary numeric “goal will be achievable only if all EPICI trade groups and their members – **with government support and appropriate policies** – work together to implement robust supply- and demand-side actions as well as offset policies” (emphasis added). In addressing the “critical area of government policies,” EEI in an enclosure to its letter added, “Reporting reforms under Energy Policy Act. . .section 1605(b) are critical to industry participation in voluntary programs.”

Overall, we cannot overemphasize the very pertinent remarks of the February 14, 2002, climate policy statement by President Bush. In his statement the President called the registry a “tool for companies to publicly record their progress in reducing emissions, providing public recognition of a company’s accomplishments, and a record of mitigation efforts for future policy design.” He said that this “**tool goes hand-in-hand with voluntary business challenges**” (emphasis added), which he also discussed on February 14, “by providing a standardized, credible vehicle for reporting and recognizing progress.” He added that even though businesses can now register emissions reduced under section 1605(b) of EPAAct, “participation has been limited.” Accordingly, he proposed “improvements” in the 1605(b) guidelines that “will enhance measurement accuracy, reliability and verifiability, working with and taking into account emerging domestic and international approaches.” As to an enhanced registry, he said it “will promote the identification and expansion of innovative and effective ways to reduce greenhouse gases” and it “will encourage participation.”

The President added that the aim is to “improve the current” federal “registry” that “recognizes” greenhouse gas (GHG) reductions from a wide range of public and private stakeholders. Thus, we understand that the Administration wants to build upon the current registry rather than starting from ground zero, making appropriate changes and additions to the registry through the revised guidelines that, consistent with the President’s directives, will “promote the identification and expansion of innovative and effective ways to reduce” GHGs and provide a “standardized, credible vehicle for reporting and recognizing progress.”

Moreover, EPICI does not believe that voluntary climate programs would be well served by a federal reporting system fragmented into compartmentalized or non-complementary systems. Given the President’s emphasis on a GHG intensity metric that accommodates economic growth, the EPAAct section 1605(b) reporting system should not be divided into one registry that focuses on GHG/carbon intensity and another that focuses on absolute reductions. The fundamental problem with a reporting system that would feature a tier of absolute reductions (eligible for transferable credits) reported solely on an entity-wide basis is that it would be inconsistent with the President’s climate policy, which emphasizes reducing GHG intensity, not achieving absolute GHG reductions.

Finally, it is important to retain flexibility in order to encourage the broadest possible voluntary participation by stakeholders operating in the United States. Flexibility is particularly important

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in the development of what we called the "robust reporting" concept in our earlier comments regarding how information is developed and reported. We noted that under this concept, "reporting entities would have flexibility on the choice of baselines and methodologies for estimating the emissions reductions, and may elect to self certify," as specifically provided in section 1605(b), "or validate the report through other means." We added that "in all cases, the reporting requirement would be focused on 'full disclosure,' i.e., providing detailed documentation to support the information reported in the registry." In this regard, we note that in the opening remarks at the November 2002 workshop, the voluntary nature of the program was reiterated, as was the fact that the program is based on the statutory provisions of section 1605(b) that themselves offer considerable flexibility. At the same time, it was stated that there is a "need to balance rigor with practicality" (i.e., if it "isn't practical and cost effective for our reporters, we're not likely to have very many reporters"). We agree. Such a "balance" is imperative if DOE is to accomplish the President's directives and achieve his goal of reducing, avoiding and sequestering as many tons of GHGs as possible in improving the nation's GHG intensity.

Enclosed are our supplemental comments and two attachments for the docket. We look forward to continuing discussions with the White House, DOE, EIA and other departments and agencies on these and other issues.

Sincerely yours,

Robert P. Gehri / by W.L. Fang

Robert P. Gehri
Co-chairman, Electric Power Industry
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Enclosure

WLF:wg

cc (w/ enc & atts):

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