



February 13, 2004

Electronic submission to 1605bgeneralguidelines.comments@hq.doe.gov

Hard copy submission to:
Mr. Mark Friedrichs, PI-40
Office of Policy and International Affairs
U.S. Department of Energy
Room 1E190
1000 Independence Ave., S.W.
Washington D.C. 20585

Re: **Alliance Response to the Department of Energy (DOE) Proposed General Guidelines for Voluntary Greenhouse Gas (GHG) Reporting, 68 FR 68204 (December 5, 2003)**

Dear Mr. Friedrichs:

The Alliance of Automobile Manufacturers (Alliance) is a trade association of nine car and light duty truck manufacturers including BMW Group, DaimlerChrysler, Ford Motor Company, General Motors, Mazda, Mitsubishi Motors, Porsche, Toyota, and Volkswagen.

The Alliance supports the President's U.S. climate change strategy announced on February 14, 2002. In order to contribute toward the President's goal to voluntarily reduce GHG intensity by improving the energy efficiency of our manufacturing facilities, the Alliance has become a partner with the DOE and the federal government in the President's public-private partnership initiative Climate VISION (Voluntary Innovative Sector Initiatives: Opportunities Now). Alliance member companies committed to achieve at least a 10 percent reduction in GHG emissions from their U.S. automotive manufacturing facilities, based on U.S. vehicle production, by 2012 from a base year of 2002. All Alliance members have committed to report individually their GHG emissions, reductions, avoidance, and sequestration activities to the 1605(b) Registry. Therefore, the DOE 1605(b) Registry can be used for measuring progress toward this goal.

The Alliance is pleased to provide the following comments regarding the proposed General Guidelines for the Voluntary Greenhouse Gas (GHG) Reporting under Section 1605(b) of the Energy Policy Act, published in the December 5, 2003 Federal Register. The proposed General Guidelines will revise the existing General Guidelines issued in October 1994 by the Department of Energy (DOE) under Section 1605(b) of the Energy Policy Act of 1992.

**BMW Group • Daimler Chrysler • Ford Motor Company • General Motors
Mazda • Mitsubishi Motors • Porsche • Toyota • Volkswagen**

- The Alliance supports the Administration’s goal to make the DOE 1605(b) Registry the single national voluntary reporting system for GHG emissions and reductions data.** The Administration and DOE should strive to ensure the creation of one standardized federal GHG registry program rather than numerous programs operated by various government agencies (e.g., EPA or individual states) or non-governmental organizations. This will avoid redundant and possibly conflicting requirements among multiple federal and state-level reporting programs and emission estimation methodologies. Since Alliance members own or operate facilities in nearly every state, multiple reporting mechanisms would be overly burdensome and diminish the consistency and effectiveness of a single, coordinated, national voluntary reporting system. It is important that the GHG Registry facilitate a voluntary, focused, and centralized GHG emissions reporting program.
- The Alliance supports guidelines that maintain flexibility and attract broader participation.** The President’s directive to “enhance measurement accuracy, reliability, and verifiability” in the voluntary GHG reporting program can be achieved while maintaining the flexibility inherent to the program. The Alliance believes the current 1605(b) program should continue to be a flexible program that encourages voluntary participation by minimizing obstacles to reporting GHG emissions, reductions, avoidances, and carbon sequestration activities. We believe the President’s initiative to strengthen the 1605(b) program and encourage the broadest possible participation can be achieved without changing the basic voluntary nature of the program.

The Alliance supports a two-tiered system, as proposed. However we have provided comments on the basic reporting requirements of the first tier as well as the additional rigor proposed for registration under the second tier. Detailed comments on the proposed two-tiered system, as well as our replies to certain solicitations for comment by the DOE, can be found in the attached document. The issues of primary importance to Alliance members, as well as the overall success of the 1605(b) program, are summarized below:

- Defining Entity and Operational Boundaries (§300.3-§300.5):** The Alliance supports the approach to entity definition proposed in the General Guidelines, subject to certain qualifications, to ensure reporting at the highest meaningful level of aggregation. Any proposed definition of a reporting entity must allow for a company, plant, or group of business units to define itself as an entity, whether partially or wholly owned by another company. The entity should have the discretion to select its operational boundaries to allow reporting of one or more wholly distinct and self-contained business units. The information required as part of an “entity statement” should be streamlined to require enough information to understand an entity’s basic scope of business operations and the operational boundaries of reported data.
- Emissions Inventories (§300.6):** The reporting of all six GHGs should not be required by the 1605(b) registry guidelines. Companies should have the flexibility to determine which GHGs are dominant for their particular industry and to report accordingly. Since CO₂ is the primary GHG emission in the automotive manufacturing industry, automotive companies should report CO₂ with optional reporting of the significantly smaller non- CO₂ GHGs.

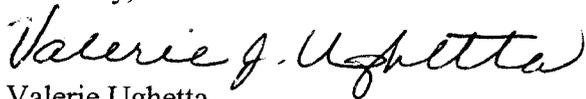
- **Treatment of Reported Pre-2002 Reductions (§300.7):** The Alliance supports reporting and registering reductions prior to 2002 and believes that if an entity is or has been proactive in reporting to the 1605(b) program prior to 2002, then it should not be penalized for achieving emission reductions prior to 2002. This is consistent with the President's position that entities which register reductions should not be penalized under a future climate policy. The Alliance suggests that the revised Guidelines continue to allow entities to report historical emission reductions, as allowed under the current 1605(b) statute, and also allow registration of verifiable historical reductions as well. Reported emission reductions should be updated as necessary to comply with the revised Guidelines for reporting and registration.
- **Effects of Changes in Output on Emissions (§300.8):** The Alliance opposes the exclusion of emission reductions caused by declines in output, closure of inefficient facilities or elimination of inefficient operations because the manner in which an entity achieves emission reductions is irrelevant as long as real reductions take place. This is fair, as increased emissions due to added production and new facilities will be reflected in total emissions and emission intensity rates. Additionally, the effort of quantifying specific sub-components (i.e., production declines, weather variables, utility energy mix, energy conservation efforts, etc.) which resulted in emission reductions throughout a corporation is not practical in many instances and should not be a requirement of the 1605(b) proposal.
- **Reporting of Absolute Emissions versus Emissions Intensity Metrics (§300.8):** The Alliance believes that the 1605(b) Registry must be flexible to allow reporters to submit emissions and emission reductions on an absolute or production normalized basis. The flexibility proposed within the Guidelines, allowing reporters to develop their own appropriate emissions intensity metric(s), should be maintained.
- **Emission Reduction Calculations (§300.8):** The proposed Guidelines related to the calculation of emission reductions are overly prescriptive as proposed and may diminish participation in the 1605(b) program. Reporting entities should have the flexibility to utilize their preferred emission estimation techniques. Additionally, the effort of quantifying the specific actions resulting in emission reductions throughout an entity is not feasible.
- **Report Certification and Verification (§300.10-§300.11):** The current DOE 1605(b) self-certification requirement is adequate. Certification by a registered Professional Engineer (P.E.) or an officer of the company should be an option, as opposed to mandatory certification by a CEO. The Alliance agrees that third party certification and verification should not be required for reporting and/or registering reductions under the 1605(b) program (however, independent third party certification or verification may be performed at the entity's discretion).

It should be noted that throughout the proposed General Guidelines, there are numerous references to the Technical Guidelines. During the Public Workshop conducted on January 12, 2004, the DOE indicated the Technical Guidelines would not be issued for public comment until late spring or early summer. The expected 3-part Technical Guidelines will have a significant impact on the interpretation of the proposed General Guidelines. Therefore, the comments provided herein should be considered within the context of the incomplete nature of the

Guidelines as a whole. The Alliance reserves additional comments on the General Guidelines until the Technical Guidelines are developed.

The attached document provides more detailed comments related to the specific sections of the proposed General Guidelines as outlined in 68 FR 68204 (December 5, 2003). The Alliance and its members appreciate the opportunity to participate in the DOE's Public Workshop, which took place on January 12, 2004. We also appreciate the opportunity to respond to the DOE's Proposed General Guidelines for Voluntary Greenhouse Gas Reporting. We look forward to the continued enhancement of the DOE 1605(b) program as a single, coordinated, national voluntary reporting system that maintains flexibility and supports the President's goals and directives. Individual Alliance member companies may also submit comments under separate cover. Please contact the undersigned if you should have any questions.

Sincerely,



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Enclosure

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Alliance Response to the Department of Energy (DOE) Proposed General Guidelines for Voluntary Greenhouse Gas Reporting, 68 FR 68204 (December 5, 2003)

- **The Alliance supports the Administration’s goal to make the DOE 1605(b) Registry the single national voluntary reporting system for GHG emissions and reductions data.**
- **The Alliance supports a two-tiered system, as proposed. However we have provided comments on the basic reporting requirements of the first tier as well as the additional rigor proposed for registration under the second tier.**

Defining the Reporting Entity (§300.3)

Promote flexibility to allow the reporting entity to define itself (§300.3)

The Alliance supports the approach to entity definition in the proposed guidelines, subject to certain qualifications. The Alliance generally backs DOE’s proposal, under which an entity may be any company, plant, group of business units, or activity, so long as it is “legally distinct.” Any proposed definition of a reporting entity must allow for a company, plant or group of business units to define itself as an entity, whether partially or wholly owned by another company. This approach will tend to encourage companies to report at the highest meaningful level of aggregation. More prescriptive approaches are unnecessary, may deter participation, and may actually discourage companies from reporting at the highest meaningful level of aggregation. However, the Alliance emphasizes that its views on what is an appropriate entity definition are linked to and contingent on implementation of its recommended modifications to the guidelines’ approach to selecting the operational boundaries for entity reporting. This issue is discussed in greater detail below.

Reporting through trade associations should be optional (§300.3)

Collective reporting is often very difficult to coordinate if member companies are competing with one another on business matters. There are also added costs to involve trade associations in collective reporting. Confidentiality concerns can be problematic when reporting through a trade association as well. Additionally, reporting via a trade association does not provide a transparent link to the reporting entity that is ultimately necessary for creating a formal public record of emissions and achievements.

Determining the proper owner of registered emission reductions when reported through trade associations would be problematic (i.e., provides another opportunity for double counting). Furthermore, selecting the proper official to certify a report’s accuracy on behalf of a trade association would also be challenging.

For these reasons, the Alliance believes reporting through trade associations should be allowed, but not required. However, trade associations should encourage their members to report to the 1605(b) program.

Selecting Operational Boundaries for Reporting (§300.4)

Entities should be allowed to report emissions only from significant business units (§300.4(a))

Members of the Alliance are opposed to the breadth of the entity-wide reporting requirements, in which an entity must inventory emissions over *de minimis* amounts from all of the stationary source and mobile sources owned, or even partially-owned, by the entity. The comprehensiveness of this approach is unnecessary and would be highly costly for almost all entities, particularly those entities with large and diverse structures. Automobile manufacturers, for example, not only operate manufacturing facilities but also own office buildings and various other loosely related operations. Moreover, these various segments of any one company are functionally distinct; it would not be feasible, for example, to shift operations (and emissions) between a company's automobile manufacturing facilities and its office buildings.

For these reasons, members of the Alliance support an alternative approach to selecting the operational boundaries for reporting. Under this approach, an entity would have the discretion to select one or more wholly distinct and self-contained business units for reporting purposes, so long as there is no realistic potential for the entity to shift emissions and activities away from the selected business unit(s) to other entity business units outside the reporting boundaries. Likewise, if the company chooses to include both its manufacturing facilities and its office buildings or other functions in defining itself, it should be allowed to do so, so long as this is identified in the operational boundaries. In the view of the Alliance members, this approach would be more cost-effective, yet still would offer a comprehensive and, indeed more meaningful, picture of the entity's emissions profile.

Within organizational boundaries, reporting of vehicle fleet related emissions and changes in carbon stocks at sinks owned by the entity should be optional (§300.4(b))

Members of the Alliance support reporting emission changes at their automotive manufacturing facilities. However, reporting of emissions associated with vehicle fleets wholly owned by and operated by the reporting entity within operation boundaries should be at the reporter's discretion. Therefore, §300.4(b) should be revised to clearly allow *optional* reporting of vehicle fleets without regard to whether the *de minimis* threshold is applicable.

Additionally, the Alliance is interested in *optional* reporting of sequestration activities they control in accordance with the Guidelines (i.e., activities owned, managed or operated). The reporting of carbon stock changes at sinks owned by the entity, including sequestration activities, should not be required. Additional comments related to the reporting of sequestration activities can be found under §300.6.

Submission of an Entity Statement (§300.5)

Information required as part of an “entity statement” should be streamlined (§300.5(a-c))

The Alliance supports the submission of a reasonable “entity statement” required as part of an entity-wide inventory in order to register emission reductions. Information defining the “entity” should be included, up-front, in the annual reporting form. A considerable amount of information required as part of an “entity statement”, as proposed under §300.5, is currently included in the 1605(b) reporting forms. For instance, items such as the reporting entity name, type of reporter, and the types of activities reported are inherent to the current Form EIA-1605.

However, the additional constraints to include the information proposed in §300.5(a)(6), such as the names of entities that share the ownership or operational control of significant facilities or sources included in the reporting entity’s report, creates problems with respect to confidentiality in a public database such as the 1605(b) Registry and should be eliminated. DOE should only require enough information to understand an entity’s basic scope of business operations necessary to confirm legitimacy of reported data.

Alliance members do not object to providing a statement of corporate acquisitions and divestitures as proposed under §300.5(c)(1)(i). However, we should not be required to submit information concerning the closure or opening of significant facilities as proposed under §300.5(c)(1)(ii). We are concerned that this particular information will be utilized as a means to adjust an entity’s baseline. As commented upon later in this document under §300.8, the Alliance believes companies should not be penalized for the closure of inefficient facilities or declines in output, and therefore its baseline should not be affected. Entities are required to demonstrate a net entity-wide emissions decrease in order to register emission reductions if it should open significant facilities. Therefore, it should be rewarded conversely if it should close significant (inefficient) facilities.

Furthermore, the requirements provided in §300.5(c)(1)(iii) and §300.5(c)(1)(vi) are overly burdensome. As with the requirements proposed under §300.5(a)(6), only a minimal amount of information is needed to discuss the effects on emissions annually. The reporting of changes in economic activity to or from specific operations outside the U.S. (§300.5(c)(1)(iii)) promotes confidentiality concerns, and furthermore, will not provide a direct correlation to its influence on reported emissions and sequestration. Additionally, the requirement proposed under §300.5(c)(1)(vi) to include details related to changes in activities or operations should be limited to corporate acquisitions/divestitures, not routine changes in business conditions (e.g., output, contractual arrangements, outsourcing, plant closure). Required reporting of routine changes in economic activity and business conditions is overly prescriptive and burdensome and may diminish participation in the 1605(b) program. The Alliance believes the proposed certification requirements for an entity’s reported emissions should be sufficient. Certification indicates that an entity maintained ownership and management control and is authorized to report the entity’s emissions and reductions. Therefore, the proposed submission of an entity statement should be streamlined to eliminate the prescriptive requirements specified in §300.5(c)(1)(iii), §300.5(c)(1)(vi), as well as §300.5(a)(6).

Emissions Inventories (§300.6)

The reporting of all six GHGs should not be required by the 1605(b) registry guidelines (§300.6(f))

The Alliance does not support the proposed mandatory requirement that entity-wide emissions inventories must include all six GHGs specified in the Guidelines (CO₂, CH₄, N₂O, HFCs, PFCs and SF₆) whether emitted directly or indirectly (indirect includes only purchased electricity, steam and heat). Industries should be required to report dominant GHGs for their specific industries (e.g., CO₂ for automotive manufacturing). While the other gases provide some opportunity for reduction, individual manufacturer circumstance will ultimately determine the most cost effective opportunities.

CO₂ is the primary GHG emission in the automotive manufacturing industry, predominantly due to the combustion of fossil fuels and consumption of purchased electricity. Members of the Alliance would like to focus their efforts on the reduction of CO₂ emissions rather than expend time and resources on tracking and reporting of the significantly smaller non-CO₂ emissions. Therefore, the Alliance suggests that entities be allowed to report dominant GHG emissions alone to the 1605(b) Registry and report the smaller non-CO₂ GHGs at their option.

The DOE may wish to specify the dominant GHGs that must be reported for particular industries in order to eliminate expenditure of time and resources on reporting information that provides minimal benefit to the 1605(b) Registry. It may be appropriate for the pending Technical Guidelines to address this particular issue. The intent of requiring reporting of the six GHGs within entity-wide emission inventories is to encourage voluntary emission reductions for each of these GHGs. However, many manufacturing facilities cannot contribute meaningful emission reductions of non-CO₂ GHGs due to relatively low emission levels, and therefore, may not register non-CO₂ GHGs. A potential undesirable outcome is that companies may choose not to report or register their CO₂ emissions due to the burdensome entity-wide reporting requirements for non-CO₂ GHGs.

De minimis emission threshold(s) should be modified (§300.6(e))

An entity should not be required, as a condition of registering reductions, to report all activities under its ownership, management and/or operational control if emissions from activities/sources satisfy certain *de minimis* criteria. The General Guidelines allow reporters to “exclude emissions from multiple sources or gases as long as the total emissions excluded did not exceed 3% of its total emission inventory or 10,000 tons of CO₂ equivalent, whichever is smaller.” The Alliance recommends increasing the *de minimis* threshold to 5% of an entity's total emission inventory and eliminating the 10,000 ton absolute threshold. This particular recommendation received extensive support during the January 2004 DOE Public Workshop.

The Alliance believes that inclusion of a *de minimis* threshold(s) is advantageous; however, the requirement as to why an estimate was excluded from an entity's report is unnecessary.

Reporting of sequestration activities in entity-wide inventories is desirable but should be optional (§300.6(a))

The proposed Guidelines indicate that entities would need to report annual entity-wide inventories of sequestration activities to be eligible to register any and all emission reductions. The influence of such a requirement is widespread since any entity that owns land would be required to report sequestration activities in order to register reductions. The task of accounting for trees, plants and other terrestrial sinks would be challenging, particularly for entities that possess hundreds of facilities located across the U.S. Measuring the size of all trees and recording the species of each tree on an annual basis would be extremely difficult if not impossible for most entities.

The current 1605(b) program provides tools to estimate sequestration for large reforestation activities or for common U.S. tree species planted in urban and suburban settings. However, tools are not currently available for 1605(b) reporters to estimate the amount of CO₂ sequestered for many other miscellaneous trees or plants, as would be needed under the proposal to provide the net emission changes due to sequestration.

According to the Energy Information Administration's *Voluntary Reporting of Greenhouse Gases 2001*, only 51 entities out of 228 reporters (or 22%) provided carbon sequestration projects in 2001. Furthermore, 91% of the total sequestration for 2001 was reported on behalf of foreign projects consisting mainly of very large forest preservation and agroforestry initiatives. The reporting and registering of non-U.S. emissions and emission reductions via sequestration activities may not qualify under the revised 1605(b) guidelines. Furthermore, sequestration projects undertaken to fulfill commitments under the DOE's Climate Challenge program, as well as other programs, would not be measurable under the 1605(b) program if non-U.S. emissions and emission reductions are excluded.

It would be expected that the majority of the sequestration activities reported within U.S. boundaries would consist of urban forestry projects, involving the planting of trees in urban and suburban areas. However, the resulting amount of carbon dioxide sequestered is relatively insignificant when compared to large forestry projects. Therefore, many entities will be committing a substantial amount of time and resources in order to report a relatively insignificant net emission change due to sequestration.

Therefore, the Alliance proposes that the requirement to provide net emission changes due to sequestration within an entity-wide inventory be removed from the proposed General Guidelines. Rather, an entity should be given flexibility to provide an entity-wide emission inventory, with or without sequestration activities, and register emission reductions. However, if an entity wishes to register emission reductions from sequestration activities, it must be required to provide the net emission changes due to sequestration.

Net Entity-Wide Emission Reductions (§300.7)

Reporting and Registration of pre-2002 emission reductions (§300.7(a))

The Alliance supports recognition for early action and believes that if an entity was proactive in reporting to the 1605(b) program prior to the proposed base-year of 2002 (or base period ending in 2002), the entity should not be penalized by having its reported and verifiable CO₂ reductions deemed ineligible for registering. The Alliance supports the requirement to update historical emission reductions previously reported to the 1605(b) program, as necessary, in order to comply with the revised Guidelines.

Many companies have devoted considerable resources to energy conservation and efficiency projects since the inception of the 1605(b) program and such efforts should be recognized and registered under the revised 1605(b) Registry. The 1605(b) Registry should build upon the reporting efforts that many entities are already engaged in. The DOE should consider the retention of the historical database in order to protect the existing record of documented emission reductions already attained by current participants.

The President has maintained the position that entities that have registered real reductions should not be penalized under a future climate policy. The proposed Guidelines penalize those companies that have already achieved substantial levels of energy efficiency at their manufacturing facilities by not allowing registration of pre-2002 emission reductions. Therefore, the Alliance suggests that the revised Guidelines continue to allow entities to report historical emission reductions, and also allow registration of historical, verifiable reductions as well. In order to reinforce the President's initiative, companies should not be penalized for their achievements prior to 2002.

Reporting of emission offsets should be allowed (§300.7(c))

It should be at the discretion of the reporting entity to enter into an agreement with a third party in order to report and register emission reductions achieved by the non-reporting third party. This will help resolve the issue of double counting. Reporting entities should be required to maintain appropriate recordkeeping related to the emission offset which would satisfy independent third party verification, if needed by the reporting entity.

Calculating Emission Reductions (§300.8)

Reductions achieved due to decreases in output/production should not be penalized (§300.8(d))

The Alliance opposes the exclusion of emission reductions caused by declines in output. Companies should also not be penalized for the closure of inefficient facilities or elimination of inefficient operations that resulted in decreased production and emissions. Reports should focus on the reduction of emissions intensity or absolute emissions in order to accomplish the stated goals regardless of how they are achieved.

An entity that demonstrates it reduced absolute emissions or emissions intensity during a production decline, whether due to sales or other reasons, should be recognized. For manufacturing facilities such as those owned and operated by members of the Alliance,

decreasing emissions intensity during periods of production declines is difficult due to the amount of fixed energy use associated with Alliance member processes and facilities. It may also be impossible to conclude whether emission reductions are a result of production declines versus other efforts. Therefore, the reduction of absolute emissions, as well as emissions intensity, should be acknowledged and available for registration under the 1605(b) program.

Emission reductions associated with the closure of inefficient facilities or elimination of inefficient operations must also be recognized by the 1605(b) Registry. These actions should be encouraged as they represent decreases in absolute emissions, which are necessary to determine progress towards the President's emissions intensity goal. The manner in which an entity achieves emission reductions is irrelevant as long as real reductions take place. This is fair, as increased emissions due to added production and new facilities will be reflected in total emissions and emission intensity rates.

Furthermore, the effort of quantifying the specific actions that resulted in emission reductions throughout a corporation is not feasible in many instances. As a result, an entity may not be capable of accurately demonstrating whether emission reductions are a result of production declines, weather variations, utility energy mix, or energy conservation efforts, among others. Several of these particular elements may frequently contribute toward emission reductions. Therefore, the Alliance suggests that the 1605(b) program accept and register emission reductions regardless of the manner in which they are achieved.

Flexibility in reporting a representative base year is needed (§300.8(a))

It is appropriate for entities to have flexibility in designating a baseline year against which to measure emissions changes. The 1605(b) program should maintain its current flexibility to allow a reporter to select the base year or base period which is representative of actual operations. Setting a specific baseline year may be appropriate and representative for certain entities, but not others.

The apparent intention of the revised Guidelines is to focus the 1605(b) program on current and future efforts to reduce GHG emissions while increasing participation. Unfortunately, assigning a base year of 2002 may inhibit potential new and current participants from reporting under the enhanced 1605(b) program if the specified base year or base period is not advantageous or representative of its normal operating conditions. The 1605(b) program would retain the capability of focusing on reductions achieved beginning in 2002, even if an earlier base year were acceptable. Furthermore, measurement of progress toward the President's goal for reducing U.S. emissions intensity can be measured through the 1605(b) Registry while allowing the reporter flexibility in choosing a base year no later than 2002. Historical emission reductions must be recast to comply with the new program in order to register reductions in the 1605(b) Registry.

Encourage consistency with recognition for early action (§300.8(a))

Under the proposed revisions, reporters would be allowed to register only those emission reductions calculated using a base year no earlier than 2002. The Alliance's earlier suggestion

allows recognition for historical emission reductions from projects conducted prior to 2002. Therefore, the Alliance encourages consistency with recognition for early action by maintaining flexibility to allow the reporter to select a base year prior to 2002.

Calculation methodology should not be overly prescriptive (§300.8(b))

The proposed Guidelines related to the calculation of emission reductions are overly prescriptive as proposed, and this situation may diminish participation in the 1605(b) program. Reporting entities should have the flexibility to use their preferred emission estimation techniques. However, some standardization of calculation methodologies in the Technical Guidelines, without tightly mandated techniques, may enhance and promote participation. The complexity of estimating emission reductions under the proposed Guidelines would make reporting or registering reductions much more costly and more difficult to verify.

Prescriptive Guidelines for calculating emission reductions will also minimize flexibility for updating measurement and estimating techniques that are improving continuously. The Guidelines could not comprehensively address the full range of GHG emissions and emission reduction activities due to the number of potential reporters and the diverse activities of those reporting to the 1605(b) program.

The Alliance reserves additional comments on the General Guidelines until the Technical Guidelines are developed.

Identification of emission reduction actions is overly burdensome (§300.8(c))

The proposed General Guidelines indicate that a summary description of actions taken to reduce emissions for each reported emission reduction and sequestration calculation must be provided (e.g., the type of reduction, types of actions taken that resulted in the reported emission reduction, explanation of each indicator of output used, etc.). This requirement is overly burdensome for the automotive manufacturing industry. It is extremely difficult to quantify and locate the action(s) likely to cause the reductions achieved because in most instances, a number of actions have contributed to a particular reduction.

Meanwhile, hundreds of reductions may be occurring throughout a particular entity. Quantifying and listing each of these actions for each reduction is overly prescriptive and should not be required. Requiring detailed information for each individual reduction will result in voluminous reports and may compromise confidentiality when reported on a project basis.

The Alliance suggests that the Guidelines be clarified to allow aggregated reporting of emission reduction and sequestration projects consistent with the existing Guidelines. Detailed information for individual projects may be maintained by the reporting entity internally to permit independent third party verification at the entity's discretion.

Support project reporting outside of the baseline (§300.8(b)(5))

The Alliance supports GHG reporting on an individual project basis or as an entity-wide report. However, entities that elect to report separate projects not accompanied by an entity-wide inventory cannot, based on the current rules for reporting, be used to develop an entity baseline in order to register reductions. Furthermore, issues associated with double counting for those entities reporting projects, as well as an entity-wide inventory, should be addressed by requiring appropriate internal recordkeeping/accounting documentation subject to potential independent verification.

Emission reduction calculation methodology should include absolute and intensity metrics (§300.8(b))

The President has emphasized the importance of using a national emissions intensity metric as the basis of tracking the country's progress. This is emphasized by the President's goal of reducing national emissions intensity by 18 percent per unit of economic activity (GDP). Absolute emissions are also essential toward the assessment of the President's goal. Absolute emissions are necessary in order to funnel the 1605(b) progress (i.e., the National Registry) into a national reduction goal. It is not practical to develop a national GHG intensity without accumulating absolute emissions from the various sectors. As such, the Alliance believes that the 1605(b) Registry must be flexible to allow reporters to submit emission reduction data on an absolute or production normalized (intensity) basis for purposes of registering reductions.

In many instances, emissions intensity metrics can provide a beneficial indicator of an entity's progress towards decreasing GHG emissions. The Alliance supports the flexibility proposed within the Guidelines allowing reporters to develop their own appropriate emissions intensity metric(s). Many manufacturers have several units of output and cannot develop a single physical or economic measure of output to represent the emissions intensity of the entity as a whole. In such cases, reporters should be allowed to provide multiple emissions intensity figures.

Registering emission reductions based on intensity may not always provide transferability across sectors. However, the reporting of emission reductions on an absolute basis allows the capability for registered emissions to be of equivalent value across all sectors. As such, reporting of absolute emission reductions with the option to report reductions based on emission intensity metrics would be beneficial to many reporters.

Report Certification and Verification (§300.10 and §300.11)

Allow certification/verification by a registered PE or company officer, not necessarily a CEO (§300.10-§300.11)

The current DOE 1605(b) self-certification requirement is adequate. Reports currently submitted to the Agency are required to be accurate and complete pursuant to the 1992 Energy Policy Act. The Alliance believes that certification by a registered Professional Engineer (P.E.) or an officer of the company is appropriate for a voluntary reporting program and should be permitted. The Alliance does not believe certification by a CEO should be recommended or required.

Certification by a company official ensures that the 1605(b) report conforms to the DOE's Guidelines and that reductions being registered are verifiable. More cumbersome requirements may reduce participation in the 1605(b) program and begin to detract from the voluntary nature that stands as the foundation for the 1605(b) program.

The DOE should continue to allow internal verification of GHG emissions and reductions by a registered P.E. or technical manager. Internal verification is sufficient for registering emission reductions, and therefore, the requirement to also certify emission reductions in order to register should not be enforced.

Third party certification/verification should only be performed at the entity's discretion (§300.10-§300.11)

Requiring a higher level of certification and verification from entities, whether or not they seek to register emission reductions, could significantly reduce participation in the 1605(b) program. Neither third party independent certification nor verification should be required for reporting and/or registering reductions under the 1605(b) program. Third party audits are often expensive and time-consuming and may discourage potential reporting entities, particularly smaller entities, from reporting. Therefore, third party certification and verification should be at the entity's discretion as proposed in the General Guidelines.

Government intervention outside the registry should be minimized (§300.10-§300.11)

The level of certification and verification of reported quantities of GHG reductions and offsets will be established by negotiations as buyers seek to divest/acquire reductions as the market develops. The involvement of DOE or any other government agency should be minimized, as the future marketplace will dictate the level of certification and verification of registered emission reductions.

International Reporting

In addition to reporting on domestic U.S. operations, the DOE Registry should provide flexibility to also report on international entity-wide or project related emissions and reductions

Under the proposed Guideline revisions, corporations can report or register their U.S. emissions and reductions. In addition to that information, the Alliance suggests that DOE also permit reporting and registering of international emissions, reductions and carbon sequestration data. Alliance members have substantial business operations outside the U.S., and in some cases, a member may wish to record its global emissions and emission reduction data, as well as its domestic data. Accommodating international reporting will improve the comprehensive value of the 1605(b) program.

The reporting of entity-wide inventories from international operations should be subject to the same guidelines as U.S. reporting, assuming that the *registering* of emission reductions is desired. An assessment of an entity's entire international net emission changes should be required in order to register reductions from international operations on an entity-wide basis, as

is currently proposed for U.S. domestic reporting. However, an international entity should have the option of reporting only on its domestic emissions and registering only its domestic reductions. The reporting of U.S. activities should be required in order to also report international activities. Independent verification should be at the reporter's discretion for international reporting as well.

The Alliance supports the reporting of projects outside U.S. operational boundaries as a valuable category to represent action taken by industry to manage GHG reductions. An example of such a situation would be a U.S. entity owning a reforestation/preservation project in another country seeking to include the sequestered CO₂ against their U.S. baseline. U.S. emissions and reductions can be distinguished from non-U.S. emissions and reductions within the database.

Consistency with other international reporting programs is advised

The 1605(b) program should be compatible with other GHG reporting programs. Companies with global operations may wish to develop a single entity-wide GHG inventory that enables them to report to several programs domestically and internationally. The reporting of international projects or international entity-wide inventories would also allow for future improvements and consistency among reporting methodologies within the 1605(b) program.

International reporting promotes GHG technology exchanges

The President's directive for improving the 1605(b) program specifically addressed working with, and taking into account, emerging domestic and international approaches. Including international entity data and projects in the 1605(b) Registry will enhance U.S. access to breakthrough clean energy and sequestration technologies. Climate change is recognized as a global issue, and international reporting of GHG emissions and emission reductions should be considered under the 1605(b) program to allow for comparison of national and international approaches.

One of the stated objectives of the 1605(b) program is to provide educational exchanges on the opportunities to reduce GHG emissions. A potential international reporting entity may have useful information to report on a specific project, however, the educational exchange may not occur if the 1605(b) Registry does not allow for international reporting.
