



INTERNATIONAL CLIMATE CHANGE PARTNERSHIP

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Mr. Mark Friedrichs, PI-40
Office of Policy and International Affairs
U.S. Department of Energy
Room 1E190
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: General Guidelines for Voluntary GHG Reporting; Proposed Rule

The International Climate Change Partnership (ICCP) appreciates the opportunity to submit comments on the proposed revisions to the General Guidelines for Voluntary Reporting of Greenhouse Gases Program (VRGGP) under section 1605(b) of the Energy Policy Act of 1992. ICCP is an international coalition of companies and industries committed to responsible participation in the climate change policy process.

For the last ten years ICCP has actively supported the idea that companies that make verifiable reductions in greenhouse gas emissions should receive legal recognition of those reductions and should not be penalized for making those reductions in a future regulatory program. That is why we are extremely disappointed that the revised guidelines do not provide for transferable credits, legal recognition, or baseline protection. It is difficult to understand why the issue of transferable credits is not addressed anywhere in DOE's December 5 notice, when it was a cornerstone of the climate change program outlined by the President in February 2002.

We understand from a statement made at the January 12 public workshop that DOE has made a determination that they do not have the legal authority to provide transferable credits or baseline protection. No mention is made of this important legal determination in the December 5 notice and no further information on the basis for the determination was provided at the January 12 workshop. By not addressing the issue directly, DOE has left the public to wonder whether the idea of providing transferable credits for verifiable GHG reductions has been abandoned.

ICCP is also disappointed that the proposed guidelines only allow GHG reductions made after 2002 to be "registered." There was strong support expressed by industry and some environmental organizations for providing credit for any reductions achieved since 1990 that can

be verified under the new guidelines. The basis for this support is the fact that after approval of the Framework Convention on Climate Change, the U.S. and other governments around the world began urging business to voluntarily reduce their emissions of greenhouse gases. Many businesses responded to these calls to action by making significant reductions in their GHG emissions, either as part of a government-sponsored program or on their own. If the government responds to these voluntary actions by ignoring them, it takes the risk that these companies and others like them will feel no incentive to participate in voluntary programs in the future.

ICCP has previously commented to DOE on the key issues that should be addressed in any GHG reporting program. Some of these issues are discussed below in response to how they are dealt with in the proposed guidelines.

Products

ICCP strongly supports the idea that manufacturers should be able to report and register GHG emissions reductions associated with the use of their products, as long as these reductions are not already being reported by another entity. The proposed guidelines currently provide for the purchaser of products to report and/or register GHG emissions reductions associated with their use, either as part of an entity-wide report or a project-based reduction, but do not provide an avenue for the manufacturer of the product to register the reductions if the purchaser is not. An outline of a method for incorporating product-based emission reductions into the guidelines is attached to these comments as an appendix.

Emissions Reporting

ICCP supports the concept of a two-tiered program where different levels of reporting are included to distinguish between reporting for informational purposes and reporting to document reductions in order to gain transferable credits or baseline protection. But a two-tiered program may not be necessary or desirable if transferable credits or baseline protection are not being provided to those entities that report at the higher level. What is the incentive for a company to expend resources to do an accurate entity-wide assessment or get third-party verification when legal recognition of those reductions is not being offered?

ICCP generally supports DOE's focus on entity-wide reporting and believes that the flexibility provided by the definition of "entity" in the guidelines is appropriate. But ICCP also believes that project-based reductions should be able to be "registered" as long as verification is provided that the reductions are real and that the emissions were not transferred to some other location. The ability to register project-based reductions should not be limited to small emitters. As pointed out in the January 12 workshop, most of the emission credits currently being traded in international GHG markets are project-based reductions.

Emissions Intensity

ICCP supports the concept that reductions in emissions intensity can be reported and registered as long as the reporting entity demonstrates that the intensity metrics it is using accurately reflect its output, and that acquisitions, divestures, or changes in products have not contributed to the reductions.

Timeframe

As stated above, ICCP strongly supports the concept that all reductions achieved since 1990 that can be verified under the new guidelines should be able to be registered. No credible reason is given in the December 5 notice as to why only reductions achieved after 2002 should be registered.

Verification

ICCP supports DOE's proposal in the guidelines that third-party verification not be required in order to register reductions. If at some point DOE decides to provide legal recognition of reductions, the issue of third-party verification could be revisited.

Please let us know if you have any questions or would like to discuss any of these comments in further detail.

Respectfully submitted:

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APPENDIX

Incorporating Product-Based Emission Reductions into 1605(b)

- Emission offsets are described in the guidelines as a way to permit entities to report and register reductions achieved by others. Product manufacturers would be reporting the GHG emissions reductions achieved by others, specifically the purchasers of their products, so this is a place in the guidelines that products could be included.
- For inclusion in the guidelines, products could be broken down into two basic categories:
 - Products sold to consumers
 - Products sold to businesses
- For products sold to consumers, it may be safe to assume that individual consumers are unlikely to report GHG reductions to DOE and allow manufacturers to report on all reductions achieved by consumer products.
- For products sold to businesses, the determination of which entity along the value chain would register the reduction could be done on a contractual basis.
- In order to avoid double counting, manufacturers registering reductions achieved by products sold to other businesses would be required to certify that the reductions were not reported by another entity.
- Manufacturers that report on product-based emission reductions would incorporate these reductions into their entity-wide reports, and would be required to specify the decrease in their entity-wide total from product-based reductions.
- Baselines and emission factors for determining the extent of reductions achieved by specific product categories could be based on industry standards, existing regulatory requirements, or accepted national averages. These are well known and would be easy to determine for some product categories, such as home appliances and automobiles, but would be more difficult to determine for other products.
- ICCP suggests that DOE may want to hold a workshop to discuss the details of how the different product categories, emission factors, and baselines can be incorporated into the technical guidelines.