



February 17, 2004

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

RE: General Guidelines of Voluntary Greenhouse Gas Reporting

Dear Mr. Friedrichs:

The Industrial Minerals Association – North America (IMA-NA) appreciates this opportunity to comment on the DOE proposed rule, “General Guidelines for Greenhouse Gas Voluntary Reporting,” FR 68204, December 5, 2003.

IMA-NA is a trade association which represents the interests of leading North American companies that mine or process ball clay, bentonite, borates, feldspar, industrial sand, mica, soda ash, and talc. These comments are provided on behalf of the soda ash and borates sections of IMA-NA.

IMA-NA commends the Department of Energy (DOE) for taking an important step towards making the nation’s voluntary programs to reduce greenhouse gases (GHGs) more robust, more credible and more transparent. We support the DOE’s proposal for a two-tiered system; and we welcome the DOE’s initiative to develop guidelines for voluntary, entity-wide GHG inventories that are rigorous, yet practical and reasonable. The document that accompanies this letter provides specific comments that summarize those areas where the IMA-NA believes the rule can be improved.

We encourage you to consider these recommendations prior to issuance of the final rule. We look forward to working with the DOE to establish an improved 1605(b) Voluntary Reporting Program. Please feel free to contact me at (301) 595-5550 or by email at jerryhurley@ima-na.org if you have any questions or I can provide additional clarification on the points raised in our comments.

Very truly yours,

Gerald C. Hurley
Vice President

Attachment

IMA-NA Specific Comments

DOE “General Guidelines for Greenhouse Gas Voluntary Reporting,”

FR 68204, December 5, 2003

1. Inventory Reporting Threshold

The inventory-reporting threshold for large emitters (companies with entity-wide GHG emissions of more than 10,000 metric tons per year) is far too stringent and will discourage, possibly even preclude, the participation of the nation’s largest emitters of GHGs. That threshold is effectively set by the definition of “de minimus emissions” at 10 CFR 300.2. The current definition reads as follows:

De minimus emissions means emissions from one or more sources and of one or more gases that when summed are less than 3 percent of the total annual CO₂ equivalent emissions of a reporting entity or less than 10,000 metric tons of CO₂ equivalent, whichever is smaller.

The de minimus threshold of 3% is too low; a percentage of 5% would be a more reasonable cut-off. Requiring companies to go beyond that level would be overly burdensome while providing little or no benefit in GHG reduction. The additional threshold requirement of 10,000 metric tons per year is unnecessary and for some companies could prove unfeasible. To assure compliance with this provision, some IMA-NA member companies would need to ask each of its facilities to account for 99.9% or more of its direct and indirect emissions of GHGs. Reporting thresholds at these low levels go well beyond the point of diminishing returns and discourage participation of the nation’s largest emitters of GHGs.

The definition for “de minimus emissions” in Section 300.2 therefore should be changed as follows:

De minimus emissions means emissions from one of more sources and of one or more gases that when summed are less than ~~3~~ 5 percent of the total annual CO₂ equivalent emissions of a reporting entity. ~~or less than 10,000 metric tons of CO₂ equivalent, whichever is smaller.~~

Further, the following change needs to be made:

S300.6 (e) *Treatment of de minimus emissions and sequestration.* Although the goal of the entity-wide reporting ...A reporting entity may exclude particular sources of emissions or sequestration if the total quantities excluded represent less than ~~3~~ 5 percent of the total annual CO₂ equivalent emissions of the entity. ~~or less than 10,000 metric tons of CO₂ equivalent, whichever is less.~~ The entity must...

2. Emission Reductions that Qualify for Registration

Some of the language in 10 CFR 300.8 appears to exclude GHG reductions that result from product substitution, a practice that should be acknowledged and encouraged. Our economy undergoes continual change; newer products and services are replacing older products and services. IMA-NA companies produce a wide range of mineral- and chemical-based products and conduct research to develop both improvements to existing products as well as new products that offer superior performance or characteristics. Companies that develop new substitutes for

more energy-intensive older products should be able to claim reduction credits; such developments should be encouraged rather than penalized.

We suggest the following changes:

S300.8 (b)(1) *Changes in emissions intensity.* A reporting entity may use reductions in the rate of emissions per unit of output (emissions intensity) as a basis for determining emission reductions as long as the reporting entity demonstrates in its report that the measure(s) of output used in the emissions intensity metric is a reasonable indicator of the physical output or economic value produced by the activity associated with these emissions, ~~and that acquisitions, divestitures or changes in products have not contributed significantly to changes in emissions intensity.~~

S300.8 (b)(2) *Changes in absolute emissions.* A reporting entity may use changes in the absolute (actual) emissions (direct or indirect) as a basis for determining net emission reductions, ~~as long as the entity demonstrates in its report that any reductions derived from such changes were not achieved as a result of reductions in U.S. output or major shifts in the products or services produced.~~

3. Definition of Entity

The DOE strongly encourages entities to “define themselves at the highest level of aggregation appropriate.” The IMA-NA supports this position and urges the DOE to maintain flexibility in the program to allow entities to aggregate disparate operations. This not only assures a broader scope of activities covered under an entity-wide inventory, but also helps U.S. industry to better protect energy data that may have competitive significance.

The DOE needs to make clear that entities are only responsible to report carbon dioxide equivalent from those operations and activities over which it has direct control. If an entity does not have access to critical measures of an activity or operation’s energy use or greenhouse gas emissions, or does not have the authority to take the necessary actions to reduce them (e.g., leasehold arrangements), the reporting entity should not be required to include this activity or operation in the entity-wide inventory.

4. Indirect Emission Inventories

The IMA-NA supports the DOE position that indirect emissions be included in an entity’s overall GHG inventory as outlined in 10 CFR 300.6 (c). Many IMA-NA members operate on-site combined-heat-and-power (CHP) facilities. Excluding indirect emissions could result in the erroneous impression that these companies are more GHG-intensive than comparable entities that import all their power and heat. CHP units are extremely energy-efficient and are among the lowest GHG-emitting systems that run on fossil fuels. Companies that undertake CHP projects to offset high GHG purchased electricity should be credited with the net reductions in CO₂ equivalent to enable more meaningful comparison than would otherwise be possible.

5. Direct Emission Inventories

Consistent with the DOE’s position on indirect emissions, direct emissions that are generated to produce electricity, steam, and hot or chilled water that is exported to other entities should be separately inventoried. Some IMA-NA member companies operate CHPs and export electricity

to the local power grid and export steam to local industries. The GHG emissions associated with exported energy should be separately inventoried and classified as such, i.e., for non-utility entities, these emissions should be excluded from the company's GHG inventory and not be used to calculate GHG intensity for its primary business activities. The following language should be added to Section 300.6:

S300.6 (b)(1) *Direct emissions inventories.*

(3) Entities whose primary output is not electric power should separately report emissions of greenhouse gases that are generated to produce electricity, steam, or hot or chilled water that is exported for use by other entities.

6. Role of Trade Organizations

The DOE should support industry sector inventories managed through a trade organization as a means to encourage more entities to participate in voluntary reporting of their GHGs. Some companies may not wish to make their GHG inventory public for a variety of reasons, but may be convinced to participate in an industry sector roll-up. For instance, energy intensive industries that focus on a narrow product line often consider their energy data to be business confidential. Companies should adhere to the requirements of 10 CFR Part 300, submit their inventory to the trade association rather than the DOE, and certify the inventory to the trade organization according to Section 300.10. The trade group should identify the companies that participate in the program and make available to the DOE upon request the company letters of certification. The trade group should be allowed to report emissions reductions but not register them.

7. Certification of Reports

The requirement for certification under 10 CFR 300.10 is overly prescriptive. The IMA-NA recommends the following change:

S300.10 Certification of Reports

~~(a) The chief executive officer, agency or household head, or person responsible for the reporting entity's compliance with environmental regulations must, for each report of such entity, certify that:~~ The authorized representative of the reporting entity must, for each report, certify that:

(1) The information...

8. Global Warming Potential

Section 300.6(g) requires that "global warming potentials" (GWPs) be used to convert non-CO₂ GHGs into "carbon dioxide equivalent." The rule should specify which GWPs should be used, e.g., should the GWPs from the Second Assessment Report (SAR) be used to be consistent with the national inventory or should the more recent GWPs published in the Third Assessment Report (TAR) be employed? We recommend the former and believe that is DOE's intent; however, some trade organization and company inventories are compiled using the latter. A clear position by the DOE would help US companies and trade organizations manage their GHG inventories in a consistent manner.

----- End of Comments -----