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Office of Policy and International Affairs
Office of Electricity and Natural Gas Analysis, PI-23
U.S. Department of Energy
Forrestal Building, Room 7H-034
1000 Independence Avenue, SW
Washington, D.C. 20585

Attention: Voluntary Reporting Comments

The International Climate Change Partnership (ICCP) appreciates the opportunity to submit comments to DOE on possible modifications to the 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. We therefore fully support the President's February 14 directive "to ensure that businesses and individuals that register reductions are not penalized under a future climate policy, and to give transferable credits to companies that can show real emissions reductions."

Presented below are comments on specific issues identified in the notice.

A. Issues Related to Comment Scope

ICCP believes that different levels of reporting will be necessary to distinguish between reporting for informational purposes and reporting to document reductions in order to gain transferable credits or baseline protection. A more rigorous approach to verification is needed for this higher level of reporting than is provided under the current guidelines. ICCP does not support mandatory third-party verification for this higher level of reporting, but believes that it should be provided as an option.

B. Relationship to Other Approaches

There are number of different approaches being developed to reporting or registering GHG reductions as part of national and international emissions trading schemes, State and local registry programs, and industry/government partnerships. Many ICCP members have been involved in the WRI/WBCSD Greenhouse Gas (GHG) Protocol, which is a corporate accounting and reporting standard that enables businesses to uniformly report their emissions of greenhouse gases. DOE should take a close look at this and other approaches to reporting as it revises its guidelines.

ICCP believes that emissions trading will play an important future role in global efforts to reduce emissions of greenhouse gases. DOE should be aware of these emerging trading schemes and design its program so that it allows companies to report in a manner consistent with such schemes.

C. Institutional Issues

- Time frame of data reported

Based on the agreement and subsequent ratification 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. In order to promote continued voluntary action and to assure that companies who acted early are not penalized, ICCP supports the government providing transferable credits and baseline protection for all verifiable reductions achieved since 1990.

- Reporting entity definition

ICCP supports the current definition of reporting entity as "a legal U.S. entity." Care should be taken to assure that U.S. based reports are consistent with other international reporting schemes to limit under reporting of emissions or double counting of reductions.

- Level of reporting

ICCP supports entity-wide reporting for informational purposes but believes that facility level or project level reporting may be more appropriate for obtaining credits or baseline protection. The more rigorous verification that will be necessary for credits/baseline protection may not be possible at the entity level, especially for reductions achieved in past years. It may be appropriate to require those reporting on facility or project reductions for crediting purposes to also report entity wide.

- Reportable GHGs

All GHGs and sinks should be reported on a carbon equivalency basis. The currently listed gases should be included. An entity should also be allowed to report other gases on a carbon equivalency basis, if appropriate.

- Indirect emissions and avoided emissions

ICCP supports the possible inclusion of direct emissions, carbon storage activities, stationary and mobile sources under an entity's control, avoidance of emissions, energy efficiency projects, fuel switching, project reductions, transfers to other entities, reductions achieved in and out of the US, and product related reductions. ICCP does not support attempting to quantify "outsourcing," as this is not consistent with the legal entity definition.

- Baselines

Companies should have the flexibility to choose an appropriate baseline within the timeframes allowed.

- Thresholds for reporting

Since this is a voluntary program and there is no requirement to report, a reporting threshold does not seem necessary.

- Reduction activity reports on domestic and international projects

It may be appropriate to expect voluntary entity level reporting to accompany project or facility level reports intended to gain credits or baseline protection, but not at the same level of detail.

- Transferable credits and transferring ownership

ICCP believes that credits earned from verified GHG reductions should be fully fungible in any domestic or international emissions trading programs. This will require a rigorous and credible verification process.

- Reporting joint activities, addressing duplication of reported emissions and reductions, and ownership

ICCP believes that issues related to the ownership of credits for joint activities and for certain product-related emissions reductions can be addressed on a contractual basis. The reporting system should allow for product manufacturers to report on reductions as a result of product changes. Crediting of these reductions can be dealt with on a contractual basis or another means.

- Verification and third-part audit standards

As suggested above, different standards should apply to informational reports and those reports intended to gain credits or baseline protection. Self-certification remains appropriate for informational reports, but for crediting purposes a more rigorous verification procedure will be

necessary that should include third-party verification as an option. The program should assure that such optional third-party verification be consistent with other international programs currently under development.

- Confidentiality of reported data; public availability of information

Protection of confidential business information should be provided for reports intended to gain credits or baseline protection. A rigorous verification process should assure the environmental integrity of the reductions.

ICCP and its member companies would welcome an opportunity to meet with DOE staff to discuss these comments in more detail.

Sincerely,

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