



The Business Council For Sustainable Energy

An Energy Agenda for the 21st Century

June 22, 2005

Submitted via email to: 1605bGuidelines.comments@hq.doe.gov

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

Dear Mr. Friedrichs:

On behalf of the Business Council for Sustainable Energy (BCSE), thank you for the opportunity to share our views on the proposed Revised General Guidelines for the Voluntary Greenhouse Gas Reporting Program [10 CFR part 300 Revised Guidelines for Voluntary Greenhouse Gas Reporting; Interim Final Rule, 70 Fed. Reg. 15169-15192]. The Council represents leading companies and industry trade associations in the energy efficiency, natural gas, renewable energy, independent power and electric utility industries.

The Council is dedicated to implementing market-based approaches to reducing pollution and providing a diverse, secure mix of energy resources. Through our extensive national and international contacts, the Council works on issues pertaining to climate change, international financing, clean energy tax equity and global market development. Our membership includes companies on the cutting edge of efficient, economic and environmentally sound fuels and technologies, such as natural gas, wind, solar and hydropower, combined heat and power, insulation and fuel cells.

In support of President Bush's call to improve and enhance voluntary reporting of greenhouse gas emissions in the United States, we are pleased to share our views on the Revised General Guidelines to the 1605(b) program. Overall, the Council is supportive of the proposal's approach, and in particular, its recognition of energy efficiency through the inclusion of an intensity-based reporting option under the registered tier of the program.

The Council is also supportive of the decision to allow registration of emissions and emissions reductions that occur outside the United States. As many potential reporting entities have global operations and assets, international activities should be registered. The Technical Guidelines provide requirements for the reporting of international activities that aim to ensure that these actions are real and verifiable.

However, the Council was disappointed with the decision to pull back from the President's commitment to provide transferable credits to entities that take credible and verifiable actions to reduce greenhouse gas emissions or sequester carbon dioxide from the atmosphere. Understanding the explanation provided in the summary document accompanying the Revised Guidelines and Technical Guidelines dated March 24, 2005, the Administration should work to provide an alternative means to grant transferable credits for real reductions.

Please see our comments on specific provisions of the Revised Guidelines on pages 2 and 3.

Ensure Consistency Among Emerging Greenhouse Gas Reporting Programs

As the Department of Energy (DOE) incorporates the comments it receives on the General Guidelines, we strongly encourage consistency among emerging registries, such as Climate VISION, the Environmental Protection Agency's Climate Leaders program, the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol (GHG Protocol), state and regional programs in California and the Northeast United States, as well as international initiatives. This is consistent with President Bush's policy statement on climate change, as he called for the revised 1605(b) guidelines to take into account emerging domestic and international approaches. This is also important as the 1605(b) program is expected to serve as an emissions reduction database for the various federal reporting programs. Consistency will allow reporting entities to submit a single emissions inventory to the multiple federal reporting programs. Important areas that require further harmonization include: the base year, tracking of reductions and certification of avoided emissions.

Council Supports Recognition of Efficiency and Intensity-Based Reporting Options

The Council strongly supports the proposal's intensity-based option for reporting. Intensity-based reporting recognizes efficient production across all sectors and values economic growth. We also appreciate Section 2.4.1.2 of the Technical Guidelines, which offers flexibility and provides examples of output-based options that a reporting entity might choose -- across a variety of sectors. Also, the Council agrees with the requirement that entities must document all output measures used in reports. This ensures a credible and transparent underpinning of output-based metrics. For power generation, the Council favors intensity measures that compare electricity produced with emissions generated (i.e., pounds of carbon dioxide emissions per megawatt hour or kilowatt hour).

Council Supports Registration of Avoided Emissions and Urges Clear Recognition Power Purchase Agreements

The Council supports the Revised Guidelines' provision to register avoided emissions, which grants the right of registration to those entities that generate the avoided emissions. The Technical Guidelines further support this decision through the use of a *financial control* test in setting organizational boundaries. However, the Council firmly believes that power purchase agreements and other contracts between entities should be strongly supported and recognized under the revised 1605(b) program. When entities enter into a contract or agreement to buy or sell power, the associated avoided emissions should track along with mutually agreed contract terms. Under the proposed Revised Guidelines, purchasers of clean generation would need to provide extensive documentation of the counter-party, including an entity statement and inventory, in addition to fulfilling its individual entity requirements. This burden is too high and sends the wrong signal to utilities or large electricity users that wish to purchase clean generation as part of their emission reduction strategies, such as combined heat and power products and renewable energy. Investments in, and purchases of, clean generation improve the greenhouse gas intensity of an entity's electricity portfolio. These actions should be encouraged and eligible for registration under 1605(b) -- without excessive administrative hurdles.

Requirements for Registration of Offsets and Emissions Data by Aggregators is too Burdensome

The Council supports the revised Guidelines' intent to permit entities to register offsets, or emissions achieved by others, and to allow aggregators to submit reports on behalf of third parties. However, the proposed requirement that the entity that achieves the reductions would have to observe all the requirements of a reporter to the program is too burdensome. Instead, DOE should require that third parties provide adequate information to document that the reductions are real, verifiable, and not double-counted, and that the third party agrees to allow the reporting entity to register the activity.

Facilitate Independent Verification and Certification of Registered Data

We are pleased that the revised Guidelines encourage entities to obtain independent verification of their reports. While mandating third party verification under a voluntary program can raise challenges, as we have seen with the California Climate Action Registry (CCAR), it is not an insurmountable hurdle for entity participation. DOE should identify ways to facilitate independent verification of registered data and look for opportunities to reduce costs for reporting entities. Data that is independently verified has the highest integrity and will help DOE achieve its goal of stimulating voluntary greenhouse gas market activity.

Again, thank you for the opportunity to share the Council's comments on the Revised General Guidelines to the 1605(b) Voluntary Greenhouse Gas Reporting Program. Please do not hesitate to contact me with any questions, or if the Council may be of further assistance through this important review process.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Jacobson". The signature is written in dark ink and is positioned below the word "Sincerely,".

Lisa Jacobson
Executive Director