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## INTRODUCTION

On Sept. 22, 2009, Environmental Protection Agency (EPA) Administrator Lisa Jackson signed the final rule requiring mandatory reporting of greenhouse gas (GHG) emissions from certain emission sources. Will the GHG reporting rule be the first domino in the series of regulations that will lead to regulation and control of GHG emissions or will the rule prove to be a red herring? Only time will tell. One thing is certain: About 10,000 facilities will be mandated to submit a GHG report for calendar year 2010 activities in 2011.

## REGULATORY BACKGROUND

The GHG reporting regulation was proposed on March 10, 2009. According to the EPA, 17,000 comments were received regarding the proposed regulation. The rule was codified as 40 CFR Part 98 on Sept. 22, 2009. The first reports for calendar year 2010 emissions are due by March 31, 2011. Differences between the proposed and final rule were generally targeted at lessening burdens on affected facilities.

## OVERVIEW

There are no provisions in the GHG reporting rule to force or even encourage reducing GHG emissions. It is strictly a reporting rule.

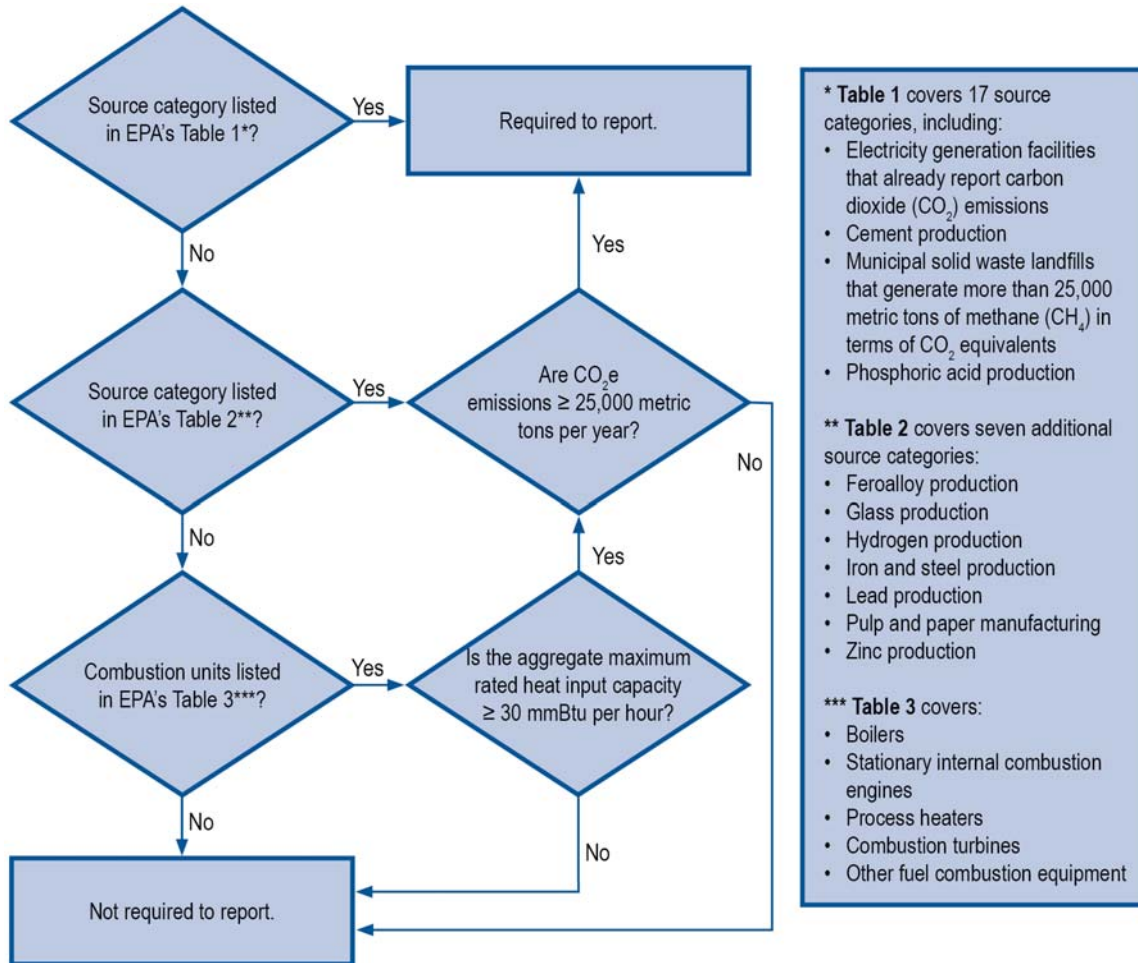
One of the more interesting features of the regulation is that the EPA appeared to have developed the regulation in a vacuum, with no particular attempt to be consistent with the industry standards and guidelines that had already been developed, such as the World Resources Institute Greenhouse Gas Protocol or the Climate Registry: General Reporting Protocol For the Voluntary Reporting Program.

The EPA reporting rule is on a facility basis; the voluntary reporting protocols are based on the entire company or organization. Thus, an investor-owned utility with 10 power generation sites will most likely be looking at submitting 10 GHG inventory reports. The Scope 1 direct, Scope 2 indirect, and Scope 3 indirect emission categories that have become the lexicon for voluntary GHG reporting do not appear in the 700-page GHG reporting rule.

In general, companies will find the EPA reporting rule less cumbersome than meeting the voluntary GHG reporting protocols. For instance, under the GHG reporting rule, an affected facility is not required to report GHG emissions from fuel combustion in company-owned vehicles nor emissions associated with purchased electricity. Under voluntary GHG protocols, reporting GHG emissions from fuel combustion in company-owned vehicles is mandatory (Scope 1 direct emission) as is reporting emissions from purchased electricity (Scope 2 indirect emission). Under the EPA reporting rule, fuel use is captured upstream at the petroleum suppliers and thus not required to be reported by downstream users.

## WHICH FACILITIES ARE REQUIRED TO REPORT

This flow chart, based on [EPA-430-F-09-006R, September 2009](#), provides a concise and simpler (than reading the entire regulation) method to determine if a particular facility is required to report.



The bottom line is that facilities meeting the source category definition will be automatically required to report. Other facilities will be required to report only if they burn a lot of fuel.

The 25,000 metric ton carbon dioxide equivalent (CO<sub>2</sub>e) threshold equates to the following:

- 471,000 MMBtu/471 MMCF natural gas combustion
- 13,000 tons of coal
- 2.5 million gallons of fuel oil

## WHAT INFORMATION IS REQUIRED TO BE REPORTED

Affected facilities will be required to report emission quantities of the following GHGs:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)
- Sulfur hexafluoride (SF<sub>6</sub>)
- Hydrofluorocarbons
- Perfluorocarbons and other specific fluorinated gases.

The information required to be submitted by facilities that emit GHGs (as opposed to fuel suppliers) does not appear to be particularly cumbersome:

- Facility name and address
- Annual emissions aggregated for all source categories
- Annual emissions for each source category
- Fuel use and other process data
- Signed certification statement.

## CONCLUSIONS

As evidenced by the speed with which the GHG reporting regulation was finalized — six months from proposed to final is warp speed in the climate change regulation world — two conclusions can be drawn:

1. Climate change regulation is a top priority within the Obama administration.
2. There is no significant resistance to reporting GHG emissions, even from global warming skeptics.

The fact that the GHG reporting rule flew through the EPA does not necessarily mean that GHG reduction regulation is inevitable. For now, it just means that many facilities, including most power plants, will be required to submit another report to the EPA. Only time will tell if the GHG reporting will be viewed as the domino that led to GHG emissions control and reduction.