TO: Joanne Morin, NH DES

cc: RGGI Staff Working Group

FROM: Northeast Regional GHG Coalition

DATE: April 1, 2005

RE: **Recommendations Regarding the Regional Greenhouse Gas Registry**

This memo outlines recommendations concerning key elements of the Regional Greenhouse Gas Registry (RGGR). We look forward to discussing these recommendations with members of the RGGR Staff Working Group as well as with other stakeholders.

This memo provides recommendations in the following areas:

- Administrative Issues;
- Reporting Boundaries;
- Verification; and
- Reporting Frequency.

Administrative Issues

There should be a single centralized Administrator of RGGR. The Administrator should be a third party entity with the necessary technical expertise to support the voluntary and carbon offset project reporting components such as NESCAUM. The Administrator must also have the necessary expertise to maintain the RGGR database and web site for state agency, reporting entity and broader public use. The mandatory and RGGI affected unit reporting should be largely administered by the individual RGGI states with the housing of the data occurring in the RGGR database.

Funding for RGGR should come from at least four different pathways – voluntary reporters, mandatory reporters, RGGI affected unit reporters, and RGGI carbon offset reporters. For voluntary reporters, appropriate annual fees could be based on the size of annual revenues of commercial and industrial organizations and the operating budgets of nonprofits, government and academic organizations – similar to the California Climate Action Registry's annual fee schedule.[1] However, this approach would not work for mandatory and RGGI affected unit reporters. Because these reporters would be legally required to report, the funding should come from the states – either through existing emission fees or funds appropriated by State legislatures.

Finally, funding for RGGR can also come from the RGGI carbon offset project proponents. For the carbon offset reporters, a standard fee could be required when project documents are submitted for review and consideration. In addition, some nominal

[1] For the California Climate Action Registry fee structure see http://www.climateregistry.org/HOWANDWHY/Fees/

fee for annual/periodic reporting and registration to RGGR could also contribute to the necessary funding resources for RGGR.

Reporting Boundaries

The three different RGGR components (voluntary, mandatory and RGGI) should have three different standardized approaches to defining reporting boundaries. For the voluntary reporters, entities should (at a minimum) be required to report emissions at the state level. Of course, the voluntary reporters should be provided with the option of more extensive entity-wide reporting – such as regional, national and international reporting.

For mandatory reporters, the reporting must coincide with the states that require mandatory reporting. This may include just a few RGGR states such as New Jersey, Connecticut and Maine or all RGGR states in the future. One word of caution – there are differing requirements even between the three states that currently require mandatory reporting of in state sources.

Finally, for RGGI affected unit reporters, stationary CO_2 emissions from affected units (likely to be EGUs 25 MW and greater) for the entire RGGI region should be reported. However, the RGGR database should be equipped to facilitate state level queries of RGGI affected unit location.

Verification

The GHG Coalition is concerned that the financial and resource costs associated with third party verification of voluntary entity wide GHG emission inventories will deter companies from participating. The GHG Coalition strongly recommends that a clear definition of third party verification be established.

There are two important distinctions to be made when defining third party verification: 1) verification conducted by a third party which may have an existing consulting relationship with the reporting entity, and 2) verification conducted by an independent third party that does not have any existing consulting relationship with the reporting entity. Because many organizations already have existing relationships with consulting firms, it is more cost effective to leverage these existing relationships to complete the third party verification and not a firm that is unfamiliar with the entity's operations. The GHG Coalition recommends the use of third party verification with periodic audits of the verification instead of independent third party verification.

Furthermore, the GHG Coalition recommends that RGGR establish clear entity wide GHG inventory rules and requirements (i.e., scope, boundaries, GHG emissions to include, etc.) and also allow self-verification by the companies themselves as one option. Alternatively, companies could also choose to pay for third party verification of its entity wide GHG emission inventory. RGGR could ensure that the public knows whether a given entity wide GHG emissions inventory has been third party verified by identification in RGGR.

For mandatory and RGGI affected unit reporters, the state agencies should take the lead in verifying the emissions data. Furthermore, for many RGGI affected units, that already report CO_2 emissions to EPA according to 40 CFR Part 75 and its appendices, EPA should be relied upon to verify the emissions reports. However, close coordination with the regional RGGR administrator is critical to prevent duplication of effort and to ensure cost effectiveness.

While the GHG Coalition believes that third party verification is necessary for RGGI carbon offset projects, we are wary about the development of overly prescriptive and costly verification requirements that could translate into increased transaction costs. Furthermore, we recommend the development of streamlined verification procedures for GHG emission reductions achieved through the involvement in voluntary programs (i.e., SF_6 Emissions Reduction Partnership for Electric Power Systems, Natural Gas Star, Landfill Methane Outreach Program, etc.).

Reporting Frequency

RGGR should strive to align with existing emissions reporting program reporting frequencies and deadlines as it develops requirements for the three different RGGR components (voluntary, mandatory and RGGI). This will enable the most cost effective implementation of RGGR.

For voluntary reporters, reporting should be on an annual basis (i.e., January 1 to December 31). RGGR should consider aligning the reporting frequency and deadlines of other voluntary GHG reporting programs such as the California Climate Action Registry and DOE's Voluntary Reporting of Greenhouse Gases Program (1605b). Both require annual reporting but are flexible regarding reporting deadlines...

For mandatory reporters, the reporting frequency and deadlines should be aligned and harmonized with the existing emission statements programs in the RGGR states as much as possible. Granted this may be challenging given the different deadlines that exist. For example – New Jersey's emissions statement deadline is May 15, while emission statements must be filed no later than July 1 in Maine, and Connecticut's emission statement deadline is April 15.

For RGGI affected unit reporters, reporting should coincide with the compliance periods established by the program. At a minimum, reporting should be annual, but quarterly reporting should also be allowed to align with existing emission reporting programs at the state and federal levels.

Finally, the reporting frequency for RGGI carbon offset projects should differ by category. For example, some categories should be required to report emission reductions on an annual basis. However, for others (such as afforestation) this may be overly burdensome and unrealistic given the rate of sequestration of carbon. Perhaps a multi year reporting frequency (i.e., every 3-5 years) would be more suitable for carbon sequestration. Finally, the compliance and true up period of RGGI should be kept in mind when establishing deadlines for carbon offset reporting.