

# Guide for State and Local Agencies



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## Proposed Rule: Mandatory Reporting of Greenhouse Gases

*The proposed Mandatory Reporting of Greenhouse Gases (GHGs) rule would require annual reporting of GHG emissions by certain facilities and by suppliers of fossil fuels and industrial GHGs. The threshold generally is 25,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) per year. The emissions that would be reported are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and other fluorinated compounds.*

### **Purpose of the Rule**

The FY 2008 Consolidated Appropriations Act (December 26, 2007) authorized EPA to develop a mandatory reporting program for GHG emissions above appropriate thresholds in all sectors of the U.S. economy. The goal of the reporting program is to provide comprehensive and accurate data to inform future climate change policies. These policies could include research and development initiatives, economic incentives, new or expanded voluntary programs, adaptation strategies, emission standards, a carbon tax, or a cap and trade program.

### **How Do Existing State or Regional Efforts, Such as The Climate Registry, the Western Climate Initiative, and the Regional GHG Initiative, Fit in With This Rulemaking?**

The proposed rule builds on the enormous amount of work on GHG monitoring and reporting that has been carried out by states, state and regional groups, environmental groups, corporations, and others in recent years. A number of states have demonstrated leadership and developed corporate voluntary GHG reporting programs individually or joined with other states to develop GHG reporting programs as part of their approaches to addressing GHG emissions. The proposed rulemaking drew upon methods from existing mandatory and voluntary reporting systems, such as those from federal, state, corporate, and industry protocols. EPA worked especially closely with existing programs, such as The Climate Registry's voluntary reporting program and the California Air Resources Board (CARB) mandatory reporting protocol to ensure coordination and consistency where possible.

EPA recognizes that many state or regional programs might be broader in scope and more aggressive in implementation. States collecting additional information might have determined that some types of data not collected by this proposal are necessary to implement a variety of climate efforts. While EPA's proposal was developed in response to the Appropriations Act, there may be a need to collect additional data from sources subject to this rule as well as other sources, depending on the types of policies being developed and implemented (e.g., indirect emissions and offsets).

Addressing climate change will require a suite of policies and programs, and this proposal for a mandatory reporting program is just one effort to collect the information necessary to inform those policies. This reporting rule could potentially help many of the states that do not have active GHG reporting programs in place to access GHG emissions data.

## Role of the States

EPA is proposing that facilities affected by this rule report directly to EPA. We are taking comments, however, on whether we should formally delegate implementation of the rule to state and local agencies, assuming the requirements of this rule (e.g., methods and timing) are met. More importantly, state and local air pollution control agencies routinely interact with many of the sources that would report under this rule. Many states have already implemented or are in the process of implementing mandatory GHG reporting and reduction programs. Therefore, in concert with their routine inspection and other compliance and enforcement activities for other Clean Air Act programs, state and local agencies will serve an important role in communicating the requirements of the rule, providing compliance assistance, and assuring compliance.

## How Will the Rule Be Implemented?

Facilities and suppliers that are subject to the rule would submit the emission data reports directly to EPA in an electronic format to be specified later by the Administrator, in order to provide timely data necessary for policymaking purposes. Unlike some of the state GHG reporting programs, reporters would not be required to obtain independent, third-party verification of the emission data. Instead, following the Acid Rain Program model, EPA will verify the data (e.g., perform the quality assurance/quality control checks) by conducting automated checks for data completeness, quality, and consistency and by other means. EPA plans to make data available to state agencies and the public by publishing it once a year. EPA also plans to develop mechanisms to provide feedback to reporters as a way of improving the quality of future reports.

To facilitate implementation and compliance, EPA plans to conduct an active outreach and technical assistance program following publication of the final rule. Outreach materials might include compliance guides, brochures, fact sheets, sample reporting forms, and GHG emission calculating tools. EPA is also considering a compliance assistance hotline that would be particularly helpful to industrial, commercial, and institutional sectors that do not routinely deal with air pollution regulations.

## Will the Rule Affect States and Municipalities?

States, municipalities, and tribes could be required to submit an annual GHG report if they own or operate facilities subject to the rule. Landfills and stationary combustion equipment are the types of facilities that would most likely trigger applicability. The rule would apply to all types of stationary combustion equipment (except for emergency generators and portable equipment) if the aggregate maximum rated heat input capacity of all stationary fuel combustion units at a facility is 30 million British thermal units per hour (mmBtu/hr) or greater, and the facility emits 25,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) or more per year from all stationary fuel combustion sources. The rule would apply to landfills that generate CH<sub>4</sub> in amounts equal to 25,000 metric tons of CO<sub>2</sub>e or more per year. It would also apply to municipal power generation plants that report to the Acid Rain Program or emit 25,000 metric tons of CO<sub>2</sub>e or more per year. The rule is not expected to impact state and local operations such as schools and offices or institutional operations such as prisons or hospitals.

## For More Information

This series of information sheets is intended to assist reporting facilities/owners in understanding key provisions of the proposed rule. However, these information sheets are not intended to be a substitution for the rule. Visit EPA's Web site ([www.epa.gov/climatechange/emissions/ghgrulemaking.html](http://www.epa.gov/climatechange/emissions/ghgrulemaking.html)) for more information, including the proposed preamble and rule and additional information sheets on specific industries, or go to [www.regulations.gov](http://www.regulations.gov) to access the rulemaking docket (EPA-HQ OAR-2008-0508). For questions that cannot be answered through the Web site or docket, call 1-877-GHG-1188.