

results of actions to reduce, avoid or sequester greenhouse gas emissions. The 1994 General Guidelines are appended to today's proposal to provide information with regard to reports that were filed under those Guidelines (The General Guidelines and supporting documents may be accessed at <http://www.eia.doe.gov/oiaf/1605/guidelines.html>). The Guidelines were intentionally flexible to encourage the broadest possible participation. They permit participants to decide which greenhouse gases to report, and allow for a range of reporting options, including reporting of total emissions or emissions reductions or reporting of just a single activity undertaken to reduce part of their emissions. From its establishment in 1995 through the 2001 reporting year, 365 entities, including utilities, manufacturers, coal mines, landfill operators and others, have reported their greenhouse gas emissions and/or their emission reductions to EIA.

On February 14, 2002, the President announced a series of programs and initiatives to address the issue of global climate change, including a greenhouse gas intensity reduction goal, energy technology research programs, targeted tax incentives to advance the development and adoption of new technologies, voluntary programs to promote actions to reduce greenhouse gases, and international initiatives. In addition, the President directed the Secretary of Energy, in consultation with the Secretary of Commerce, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, to propose improvements to the current Voluntary Reporting of Greenhouse Gases Program required under section 1605(b) of EPACT. These improvements are to enhance measurement accuracy, reliability, and verifiability, working with and taking into account emerging domestic and international approaches.

On May 6, 2002, DOE published a Notice of Inquiry soliciting public comments on how best to improve the Voluntary Greenhouse Gas Reporting Program (67 FR 30370). Written comments were received from electric utilities, representatives of energy, manufacturing and agricultural sectors, Federal and State legislators, State agencies, waste management companies, and environmental and other non-profit research and advocacy organizations.

On July 8, 2002, after considering public comments, the Secretaries of Energy, Commerce and Agriculture, and the Administrator of the Environmental Protection Agency provided the President with ten recommendations on improvements to the Voluntary

Greenhouse Gas Reporting Program. The four agencies also outlined a public process for developing specific revisions to the program Guidelines. Following are the ten recommendations for improving the greenhouse gas reporting program:

- Develop fair, objective and practical methods for reporting baselines, reporting boundaries, calculating real results, and awarding transferable credits for actions that lead to real reductions.
- Standardize widely accepted, transparent accounting methods.
- Support independent verification of registry reports.
- Encourage reporters to report greenhouse gas intensity (emissions per unit of output) as well as emissions or emissions reductions.
- Encourage corporate or entity-wide reporting.
- Provide credits for actions to remove carbon dioxide from the atmosphere as well as actions to reduce emissions.
- Develop a process for evaluating the extent to which past reductions may qualify for credits.
- Assure the voluntary reporting program is an effective tool for reaching the 18 percent goal.
- Factor in international strategies as well as State-level efforts; and
- Minimize transaction costs for reporters and administrative costs for the Government, where possible, without compromising the foregoing recommendations.

DOE held public workshops in Washington, D.C., Chicago, San Francisco and Houston during November and December of 2002 to receive oral views and information from interested persons. In addition, the U.S. Department of Agriculture sponsored two meetings in January 2003 to solicit input on the accounting rules and guidelines for reporting greenhouse gas emissions in the forestry and agriculture sectors. These workshops and meetings explored in greater depth many of the issues raised in the Notice of Inquiry and addressed in the written comments. The public comment covered a broad range of issues and views diverged widely on some key issues. Generally, there was substantial support for revising the current General Guidelines to enhance their utility and to accomplish the President's climate change goals.

DOE today is proposing revised General Guidelines, and subsequently will propose Technical Guidelines, that when effective will modify and replace the guidelines for the Voluntary Reporting of Greenhouse Gases issued

by DOE in October 1994. The proposed revised General Guidelines would continue to provide procedures for entities to report their greenhouse gas emissions inventories and a wide range of actions they have taken to reduce, avoid or sequester greenhouse gas emissions. In addition, the proposal would enable entities that meet criteria established by DOE to register such reductions in a database maintained by the Energy Information Administration (EIA). The criteria established by DOE will ensure that units of registered reductions will be comparable with regard to the standards of accuracy, reliability and verifiability. Registered reductions will be recorded in a publicly accessible database.

The Secretary of Energy has approved issuance of this notice.

#### *B. Process for Finalizing and Implementing Guidelines*

After full consideration of the public comments received, DOE will develop and issue final revised General Guidelines. In parallel, DOE intends to propose Technical Guidelines that will, when finalized, specify the methods and factors to be used in measuring and estimating greenhouse gas emissions, emission reductions, and carbon sequestration. Concurrently with development of the General and Technical Guidelines, DOE's Energy Information Administration will, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), solicit public comment on the reporting elements to be contained in the reporting forms to be used under the revised program Guidelines. With respect to the existing 1994 General Guidelines, DOE intends to publish a **Federal Register** notice of termination on the same day that DOE publishes the notice of final rulemaking setting forth the revised guidelines under section 1605(b) of EPACT. Both the notice of termination and the notice of final rulemaking will contain an effective date, which will be the beginning of a future reporting period.

## **II. Discussion of Proposal and Requests for Comments**

The following section describes the proposed revised General Guidelines, summarizes the rationale for the key elements of the proposal and solicits public comments on a wide range of specific issues.

### *A. Overview*

The proposed revisions to the General Guidelines are designed to enhance the measurement accuracy, reliability and verifiability of information reported