

## **Your Greenhouse Gas Emissions Management Program is Suddenly Everybody's Business**

**By William Barnes, PE, CPEA**

For the many industrial facilities that elected to refrain from the business of voluntary disclosure of GHG emissions and/or footprint associated with your activities, the GHG Mandatory Reporting Rule (MRR) issued by EPA last fall has managed to pull about 10,000 of you into the world of GHG emissions monitoring and reporting. They've even promised to work here in 2010 on many of the industrial sectors that were benched in order to get the 1<sup>st</sup> edition of the rule out. This is likely to bring thousands more to the mandated inventory and reporting of your GHG emissions.

Consider that over 180 institutional investors managing more than \$13 trillion in assets have reached out to Congress to help create a stable environment for long term investing through a cap and trade program. Consider that the US Government has already committed \$117 billion in stimulus funding to energy efficiency and GHG reduction technologies.

What started with the GHG MRR (see January 2010 Avogadro Advisor for a detailed article on the rule <http://avogadro.net/newsletter.html#advisor> ) has now progressed into an effort of diligently and seriously accounting for and managing the material risk of your activities. You say you don't have significant GHG emissions. What are the material risks of climate change on your operations? Availability of natural resources, sustainability of your suppliers, changes to the business world and marketplace, and other factors still impact your ability to put product to market profitably and suddenly it's your business. Impacts to your business go beyond emissions from your sources.

Some fundamental questions arise from the alleged flawed science (now known as Climate Gate). Significant forces in business, law and in Washington DC are circling the wagons and raising a red flag on EPA's affirmation of the actual threat of GHG emissions as it is based on this science. Using the House of Cards logic they seek to dismantle the entire argument for legislation and regulation of GHG emissions.

Regardless, the Obama administration and USEPA are planning additional federal intervention in the matter and through an arsenal of regulatory programs that will affect your business materially and change the aspects and impacts of your activities, products and services when you consider GHG emissions and climate change affects. So even if you're doing the right things, and you've got an ISO 14001 EMS in place, there are still changes to be made to your internally reality, because it's suddenly everybody's business.

Let's consider four significant policy trends alluded to above and look at them in more detail. You should be aware of these and ready to respond to a wide array of suddenly interested parties regarding your carbon footprint. In the end they demonstrate the many driving forces for establishing carbon

management programs at your company or site and preparing yourself for conversation and disclosure of your carbon emissions footprint.

### ***US Federal Government Commitments***

*We're with the government and we're here to help.* The Obama Administration has proposed increasing the budget at EPA of about \$43.5MM in FY 2011. The GHG MRR will receive \$4.1MM increase so that EPA can obtain quality-assured data and provide guidance to those still in denial of this rulemaking. GHG permitting via Clean Air Act activities will be budgeted (\$30MM) so that states and EPA can incorporate these and other mandated changes into permits for affected sources. EPA requested \$7.5 MM for development of GHG NSPS for several major categories. So it's clear that EPA doesn't intend to sit quietly as Congress debates the finer points of climate change and the impacts of Climate Gate.

### ***Lawmaker and Stakeholder Group Intervention***

*Always delete old and incriminating emails.* Thanks to the climatologists at the Climate Research Unit of East Anglia University and their email arrogance, the entire premise and hard work of the IPCC has been put into question around the globe. Their email references towards fixes for climate change data over the past 150 years (to "hide" and "trick") representing the bulk of the anthropogenic source argument has been enough to arm several significant policy players here in the US. A coalition of 13 House of Representative lawmakers from the southeast have joined 17 southeastern companies and industry associations asking the US Court of Appeals in asserting that the IPCC report was the "subject of systematic manipulations, including collusion to withhold scientific information, deletion of emails and raw data to prevent discovery of key facts, manipulation of data and computer code to create false impressions, and concerted efforts to boycott key journals and excluded disagreement". The coalition of companies and interests group was represented by the Southeastern Legal Foundation (SLF). They are contesting EPA's December promulgation of finding of endangerment regarding CO2. Another legal challenge was filed in January by Massey Energy Co., National Beef Cattlemen's Association and Alpha Natural Resources. However, 16 states have intervened on behalf of EPA in that case and are expected to intervene in this new challenge.

### ***USEPA GHG Program Planning 2010 and beyond***

*And then came the response from EPA.* On February 22, 2010, U.S. EPA Administrator Lisa P. Jackson issued a letter responding to a letter sent to her the evening of February 19 by eight U.S. Senators asking about the agency's plans for 2010. In the letter, the administrator outlines several of the decisions she has made for 2010-2011. No facility will be required to address greenhouse gas emissions in Clean Air Act permitting of new construction or modifications before 2011. For the first half of 2011, only facilities that already must apply for Clean Air Act permits as a result of their non-greenhouse gas emissions will need to address their greenhouse gas emissions in their permit applications. EPA is also considering a modification to the rule announced in September requiring large facilities emitting more than 25,000 tons of greenhouse gases a year to obtain permits demonstrating they are using the best practices and technologies to minimize GHG emissions. EPA is considering raising that threshold substantially to reflect input provided during the public comment process. EPA does not intend to subject smaller facilities to Clean Air Act permitting for greenhouse gas emissions any sooner than 2016. See the entire response letter at [http://epa.gov/oar/pdfs/LPJ\\_letter.pdf](http://epa.gov/oar/pdfs/LPJ_letter.pdf)

### ***Securities Exchange Commission – Marketplace Drivers***

*Leveling the playing field.* On January 27<sup>th</sup> the Security Exchange Commission (SEC) voted to provide public companies with interpretive guidance on existing SEC disclosure requirements as they apply to business or legal developments relating to the issue of climate change. Federal securities laws and SEC regulations require disclosures by public companies for the benefit of investors. The guidance is directed to raise awareness and provide interpretation of the impact on business risk factors, regulatory developments, legal proceedings, and impacts of international accords, physical impacts of climate change and indirect consequences of regulations or changing business trends. Several leading accounting firms have already released statements of their approaches towards guiding their publicly-held clients including PricewaterhouseCoopers (PWC).

A recent study by Verdantix, titled “Best Practices Carbon Management” provides recommendations on the development and implementation of a carbon business transformation plan. The study finds that companies need to change three key processes: energy management, financial planning to include carbon accounting, and facilities management. Many management consultation experts are engaged in delivering new business management concepts that must be supported in part by environmental offices.

### ***Drawing Conclusions***

Whether you believe carbon management is your responsibility or not and whether it can affect climate change, it’s no longer just your business. Accountabilities abound around you.

### ***Offering Our Assistance***

At Avogadro Environmental, our team of professionals is prepared to assist you in assessing changes to your facility and operations and how you may lower GHG and other emissions, obtain real credit from regulators and in the open market for changes through permit changes, and provide the highest quality of carbon emissions data to base your financial carbon accounting on through our continuous emissions monitoring and source testing services.

For consultation or more information email [bbarnes@avogadro.net](mailto:bbarnes@avogadro.net) or look at our GHG Emission Management Services webpage at [www.avogadro.net/ghg.html](http://www.avogadro.net/ghg.html).

