



EPA Proposes Mandatory GHG Reporting Rule

Proposed reporting requirements are designed to cover all sectors of the U.S. economy, laying the foundation for the development of a comprehensive cap-and-trade system.

The U.S. Environmental Protection Agency today made available a pre-publication draft of its proposed rule for imposing mandatory reporting requirements for greenhouse gas (GHG) requirements on “large emission sources.” The proposed rule has not yet been published in the Federal Register, but a public comment period will be open until at least May 10, 2009 (60 days after publication).

Under the proposed rule, suppliers of fossil fuels or industrial GHGs, manufacturers of vehicles and engines, and all facilities that emit 25,000 metric tons or more per year of GHG will be required to submit annual reports to EPA. The first annual report would be due in 2011 for the calendar year 2010, except for vehicle and engine manufacturers, which would begin reporting for model year 2011. EPA would be responsible for verifying the data. The gases covered by the proposed rule are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF₆), and other fluorinated gases including nitrogen trifluoride (NF₃) and hydrofluorinated ethers (HFE).

According to EPA, most emission sources from the agriculture sector would not be covered by the proposed rule, with the exception of livestock operations with GHG emissions that meet or exceed the threshold of 25,000 metric tons per year.

In its press release, EPA estimates that the expected cost to comply with the reporting requirements to the private sector would be \$160 million for the first year. In subsequent years, the annualized costs for the private sector would be \$127 million.

Congress directed EPA to publish a mandatory GHG reporting rule in the Fiscal Year 2008 Consolidated Appropriations Act (H.R. 2764; Public Law 110-161). Senators Barbara Boxer (D-CA) and Diane Feinstein (D-CA) sponsored the insertion of the mandatory, economy-wide reporting provision in the Appropriations Act.

In response to today’s action by EPA, Senator Feinstein stated: “President Obama, in his first budget proposal, has laid out a framework for an economy-wide cap-and-trade system to curb our nation’s emissions, designed to take effect in 2012. But before we can implement the President’s proposal or any other cap-and-trade system, we need accurate reporting data on all major facilities

that emit greenhouse gas emissions and that is exactly what this registry would provide. I applaud EPA Administrator Jackson for taking this first important step in the fight against global warming."

The rulemaking relies upon the Agency's existing authority under the Clean Air Act.

Congress has directed EPA to finalize the rulemaking by June 2009. EPA's proposal is available at: <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

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