

**American Forest & Paper Association  
Meeting with Office of Management & Budget  
Regarding the EPA Mandatory Greenhouse Gas Reporting Rule**

**September 9, 2009**

**Highlights of Major Comments**

AF&PA member companies support a pragmatic GHG reporting system, based on internationally recognized protocols, and comparable to generally accepted GHG reporting systems currently in use for existing programs and by many of our member companies. **EPA's proposed data collection and reporting requirements exceed the needs of an effective GHG emissions reporting system and as a result will require unnecessary and impractical monitoring and reporting expense.**

**Timing**

- An initial data collection date starting January 2010 is too soon to be practically achieved. Facilities will have little or no time to understand what data is to be collected between the time of a final rule and January 1, 2010, the date when data collection is to begin. AF&PA urges EPA to reset the requirement for reporting year-one data by one year (collection beginning January 1, 2011 rather than 2010). This will enable installation of required measurement and monitoring devices and implementation of a single system, rather than an interim system by 2010 and an improved system by 2011. It will also permit proper revision of company internal procedures as it transitions from a voluntary to an enforceable mandatory reporting program. The timing in EPA's proposed rule is unachievable and would be wasteful of both EPA's and reporting entities' resources.

**Level of Precision**

- EPA's proposed rule over-specifies levels of precision in the requirement for direct measurement of GHGs and unit by unit operational factors that are impractical. As a result we will face unnecessary staff and cost burdens. Instead we should be able to use existing equipment, procedures, estimating techniques and already well-established GHG reporting protocols. This approach will provide GHG emissions measurements that are more than satisfactory.
- The Tier 4 methodology involving Continuous Emissions Monitoring Systems (CEMS) should be made optional for facilities that may benefit from this approach. AF&PA is concerned that the cost to the industry for Tier 4 methodology is inconsistent with the stated goal of the proposed rule to minimize the burden on the industry. AF&PA estimates upfront costs of \$3.4 million dollars. This cost is

unreasonable, particularly given the adequacy of existing methods and the industry's propensity to co-fire biomass which requires the use of emissions factors to calculate emissions despite the existence of CEMS.

- Much of the impracticality in the proposed rule is introduced in EPA's attempt to isolate emissions from individual units versus accepting more traditional and widely accepted facility-wide estimates in existing protocols. Individual unit measurements should be optional and used only when a reporting entity provides evidence that it is more accurate or practical.

### **Reporting of Biomass-related Emissions**

- To determine quantities of biomass fuel combusted (in boilers and kraft recovery furnaces), facilities should be allowed the option of back-calculating fuel combustion quantities based on boiler steam generation quantities, boiler steam generation efficiencies, and default fuel higher heating values. EPA's Tier 5 methodology outlined in EPA's Technical Support Document for the Pulp and Paper Sector is appropriate for this purpose. It is unclear why this approach was not included in the proposed rule.
- AF&PA interprets the proposed rule to allow Tier 1 methods for estimating biomass-related emissions as appropriate for boilers burning biomass in addition to fossil fuels and requests confirmation of this interpretation. The proposed rule specifies Tier 1 is acceptable for boilers burning 100% biomass.
- Although the preamble indicates that biogenic CO<sub>2</sub> is to be reported separately from greenhouse gases, this is not clear in the proposed rule itself. In both domestic and international protocols and reporting, CO<sub>2</sub> from biomass combustion is either not reported or reported separately from Scope 1 (direct) and Scope 2 (indirect) emissions, recognizing its distinctive CO<sub>2</sub> neutral characteristic. We recommend that this be clarified in the rule language itself.
- Further, an inordinate amount of costly and elaborate procedures will be required to account for less than 1% of the biomass combustion emissions; nitrous oxides and methane. Those requirements should be eliminated making the reporting less burdensome.

### **Certification**

- We agree with the proposed rule that third party verification should not be required under the EPA Reporting Rule. Reporting under mandatory programs, like that practiced under traditional environmental regulations, is subject to government review and enforcement and does not require (expensive) third party audits. Companies should be allowed to attest to the veracity of their data as they do in other state and federal environmental programs and be subject to state or federal authorized audits of such information. U.S. manufacturers have a long history of

providing truthful emissions and other environmental data to regulatory authorities under penalty of law. This approach is effective, has a proven record, and should be applied to this situation as well. The need for third party verification should be market-driven, not mandated by government.

- The text and intent of the self-certification provision by a reporting entity's designated person needs to be revised and made compatible with self-certification requirements in other EPA rules. In those, "reasonable" is the well established, proper and fair level of obligation for review and certification of reported data and it should be reflected likewise in these regulations.
- Confidential information must be protected - the required "by unit", "by fuel" reporting approach will involve submission of company sensitive information that EPA likely will consider "emissions data." Emissions data are therefore not subject to protections as confidential information. "Public awareness" of confidential energy and fuel efficiency profiles for individual mills will allow competitors to capitalize on the knowledge of a substantial portion of a facility's cost structure.

### **De minimis Emissions**

- In addition to EPA's identification of specific sources for reporting, there should be a de minimis exclusion of 5% for a facility. Examples of such sources for the pulp and paper industry would likely be landfills and wastewater treatment systems. As analysis by the NCASI indicates, these combined emissions represent less than 3% of the industry's fossil fuel based emissions.
- The use of the WRI/WBCSD GHG Calculation Tool should be allowed for estimating methane emissions from industry landfills, rather than using the formulas and parameters EPA provided in the proposed rule. The WRI/WBCSD tool was developed in collaboration with multiple stakeholders and is recognized as reasonable via extensive peer review.
- AF&PA interprets the proposed rule to only address those wastewater treatment processes that employ anaerobic biological treatment designed processes, such as anaerobic reactors and anaerobic digesters. The industry's aerobic systems (activated sludge and aerated stabilization basins) generate inconsequential GHG emissions and are required to comply with NPDES permits. Therefore the aerobic systems should be assumed to be well managed and not subject to GHG emissions reporting requirements. If such units are to report emissions, the factors outlined by EPA are inadequate to reasonably quantify emissions. AF&PA /NCASI comments identify what specific factors would be more representative.
- EPA should include categorical exemptions for the emissions from the combustion of non condensable gases, tall oil, turpentine, methanol, and red oil from condensate strippers, all of which are biogenic and generated as process byproducts. Likewise,

the emissions from the combustion of wood railroad ties should be categorically exempted. CO<sub>2</sub> emissions from these materials are minor and fall into the biogenic emissions category.

### Other

- EPA should add a “Good Science Provision” – a provision (similar to an alternate monitoring procedure) that allows for “reasonable” science to be employed and “improved” science to be employed at such time as better estimation methodologies become available. There are implications and possible liabilities from conducting research aimed at improving emissions information and later updating or correcting submissions. Some means is needed to update emissions estimates and established baseline emission levels.
- The final regulation should make clear that mills providing lime kiln flue gases to precipitated calcium carbonate plants are not CO<sub>2</sub> suppliers as clarified in the EPA technical support document for the Pulp and Paper Sector.
- AF&PA supports EPA’s recognition that forests in the U.S. are a net carbon sink for greenhouse gases, rather than a net source. Accordingly, emissions related to managed forests and land management should not be reported, nor included under any regulatory system that might be adopted. Instead, forestry practices should be eligible to participate voluntarily in offset programs on a project basis. All existing GHG international protocols treat forestry in this manner.
- AF&PA recommends that if a facility’s emissions fall below the 25,000 tons per year threshold that it only be required to report emissions in the first year it falls below the threshold and not be required to report emissions in subsequent years in which emissions remain below the threshold. To do otherwise penalizes facilities that have made improvements to reduce their GHG emissions or that have had to reduce production due to financial and/or market concerns (e.g. the current recession).