

Greenhouse Gas Reporting Rule Advisory Committee
Meeting Notes for September 15, 2008
(*Second Meeting*)

Location: London Room, SeaTac Airport

Time: 9:00 AM – 2:45 PM

Meeting Objectives:

- Share information and get initial input on:
 - Defining the Boundaries for Reporting
 - Triggering the Reporting Thresholds
 - Deferred Reporting
 - Emission Factors
- Finalize the schedule for future meetings & agree on next steps.

Advisory Committee Members Present:

Dave Williams (Association of Washington Cities), Collins Sprague (Avista), Dave Moore (Boeing), John Chavez (Burlington Northern), Rebecca K. Cate (Climate Solutions), Janet Benish (Costco Wholesale), Shane Skinner (Enterprise Rental Car), Pamela Barrow (NW Food Processors Association), Allan Jones (Office of Superintendent of Public Instruction), Steve Rybolt (Port of Seattle); Danielle Stuart (TransAlta), Rick Jordan (United Parcel Service), Matt Kuharic (WA Association of Counties/King County), Debbie Gaetz (WA Construction Industry Council), Brian Bazard (WA Department of General Administration), Greg Hansen (WA Department of Transportation), Dave Warren (WA Public Utility Districts Association), Conan O'Sullivan (WA Refuse and Recycling Association), Peter Thein (WA State Transit Association), Larry Pursley (WA Trucking Association), Ken Johnson (Weyerhaeuser), Matt Cohen (WSPA, ALCOA, Nucor Steel).

Staff Members Present:

Nancy Pritchett (Ecology), Sarah Rees (Ecology), Alan Newman (Ecology), Neil Caudill (Ecology), Gail Sandlin (Ecology), Linda Grubbs (Ecology), Kay Shirey (Assistant Attorney General).

Observers Present:

Jack Anderson (Clark Public Utilities), Dean Sutherland (Clark Public Utilities), Jack Stamper (Clark Public Utilities), Dave Richards (Community Transit), Dan Coyne (Coyne, Jesernig, LLC), Brad Hawkins (Douglas County PUD), Allen Fiskdal (EFSEC), Linda VanMoory (Kane Environmental), Lynn Billington (Northwest Clean Air Agency), Nancy Atwood (PSE), Keith Faretra (PSE), Corinne Grande (Seattle City Light), Allen Mitchell (Snohomish County), Tom Payant (Snohomish PUD), Dale Morin (UPS), Vicki Austin (WA Refuse & Recycling Association and WPUA & Hampton, etc.) Kent Lopez (WRECA), Frank E. Homes (Western States Petroleum Association)

Facilitator: Bonnie Snedeker

Getting Started

(9:00)

We began with a round of re-introductions of advisory committee members and others present and a review of the planned agenda. The facilitator recapped the initial interests identified in Meeting 1: Clarity, Simplicity, Feasibility, Fairness, Consistency; Accuracy, Comprehensiveness, and Timing, communication and support concerns. Binders were distributed to members present for the first time.

Triggering the Reporting Thresholds

(9:20)

Gail Sandlin presented a big picture analysis of which types of entities may have to report GHG emissions, based on Ecology's analysis of several data sources. (See: http://www.ecy.wa.gov/programs/air/pdfs/ghgthreshold_analysis.pdf for the powerpoint presentation)

There were a number of questions about the specific source categories, where various entities and enterprises might fit, whether the estimates were accurate, and the intended use of the analysis. Gail reiterated that it is a mega scale analysis to help Ecology get a broad understanding of the magnitude of scope and types of entities that may be required to report – not a way for individual entities to figure out if they are in or out. She said the data had not been checked with actual reporting data within the State.

Matt Cohen expressed concerns about commercial enterprises and suggested that Ecology talk to the natural gas representatives to get useful information about categories of processes that could yield more accurate estimates. Gail agreed that this could be a good idea.

There were additional questions about how the thresholds would be triggered – since entities may own multiples of the building units on which the analysis is based and fleets as well as stationary sources. Nancy Pritchett clarified that stationary sources (which meet the threshold) would trigger fleets, but fleets don't trigger reporting for stationary sources.

Defining the Boundaries for Reporting

(10:00)

Nancy Pritchett reviewed the threshold reporting requirements within HB 2815 and gave an overview of how The Climate Registry's (TCR's) General Reporting Protocols address geographic and organizational boundaries. The discussion that followed centered on ideas for how TCR's protocols for defining boundaries for voluntary reporting could or should be modified to meet the needs of Washington's mandatory reporting system. (See: <http://www.ecy.wa.gov/programs/air/pdfs/ghgorgboundaties.pdf> for the powerpoint presentation.)

Questions & Answers:

Q: *Are there other reporting protocols that Ecology is going to use along with the TCR?*

A: We have looked mostly at TCR. But we are interested in understanding what makes sense in a mandatory framework vs. a voluntary system like TCR. We are

looking at others states, for example on operational vs. financial control, but we are limited by our statute so what works elsewhere may not work in Washington.

Q: *The presentation didn't include discussion of de minimis reporting. Does de minimis apply to single structure or installation – or does it apply to a single source or owner?*

A: We are looking at this issue and will discuss de minimis at the next advisory committee meeting.

Q: *On “geographic boundaries”, does this include utilities reporting to purchasers on where they are getting the energy they supply them? (How can a source give a clear report if the utility cannot give them full information on emissions from energy sources?)*

A: Indirect emissions are not part of the threshold and will work a little differently. TCR has a method, but we will need to look at it to see if it is appropriate. We are working on this and will be discussing it in a later meeting.

Issues & Input on “Organizational Boundaries” – Operational vs. Financial Control

- King County has been reporting the Chicago Climate Exchange (CCX) and has also looked at TCR protocols. In most cases operational and financial control give similar results. However, there is room for interpretation.
- Many committee members said they favor an “operational control” concept. It is familiar already to the regulated community. If you are looking at reporting as a prelude to greenhouse gas management, you want to have people reporting who can do something to alter or manage emissions. In cases of joint ventures, entities may have some ownership but lack access. Operators have control of the data and the ability to alter emissions. Equity control is new and could be problematic.
- Operational control can be complicated with school busing. The school district may dictate routes and schedules but the contractors are private and can use the fleet for other purposes. Some altered version of operational control or financial control may be more appropriate for this situation. The rule will need to be clear on what to do.
- The Province of Alberta uses “owner”, but the Canadian federal system is “operator”. This leads to conflict. There are a number of lawsuits because of the ambiguity. Does the operator own the data or just push the buttons?
- For County fleets maybe ownership should be the criteria. The County fleets agency can have operational control as the “rental car unit” but there will be other organizations in the county that run other fleets – with county license plates but not under the control of the central county fleet.

- Lease facilities can pose a real challenge for data. When you lease a facility, you may control some things (like turning the lights on and off) but you typically do not have end control. You may not even be paying the utility bill or have access to the data.
- There are some operations where an entity might own and operate the facility but, because of security applications (military, etc), the data is not available.

Ecology Response: Examples are important and will help us examine the issues. Please feel free to share your thoughts and concerns with us outside this meeting. Send your comments to Nancy. We will consider examples and come back with options. We'll try to have draft rule language on this topic for the next meeting.

Deferred Reporting (11:30)

Sarah Rees explained that the statute gives Ecology the option to defer interstate and international transport reporting and that Ecology intends to take advantage of this option.

Questions and Comments:

Q: *Are you going to require reporting for maintenance facilities for fleets that are serving interstate transport?* Separating the data could be difficult.

Q: *Are you deferring the reporting obligation or the threshold determination?*

A: The reporting obligation.

Q: *So interstate trucking is not included?*

A: We are looking at deferring *interstate* trucking, yes – but *intrastate* will go forward.

Q: *For the same vehicle crossing state lines, how would we allocate what is in Washington vs. Idaho or Oregon?*

C: If I was running a trucking company, I'd make sure I ran the truck to Portland, so that I could get out of the reporting mandate.

A: We are looking at that issue and how to prevent problems. It is an evolving process, and we will likely have to open up the rule again in one year or so. Our goal is to capture the bulk of GHG emissions that occur in state.

Several people expressed concerns about data complications and the degree of accuracy that would be possible – in terms of potentially excluding a lot of emissions. One committee member cautioned against a too hasty decision to exempt (defer) all interstate transport.

Emission Factors (12:45)

Alan Newman gave an overview of what emission factors are and took the group through an example of how to calculate GHG emissions for a stationary source, using a potato processing plant as an example. Neil Caudill reviewed how to calculate GHG emissions for fleets, using several methodologies for both a local government fleet and a rental fleet operation. (See: http://www.ecy.wa.gov/programs/air/pdfs/ghgdirect_emissions.pdf for the powerpoint presentation.)

Questions & Answers:

Q: *You have talked only about stationary and on road sources. What about off road mobile sources?*

A: There is a third protocol for this in The Climate Registry (TCR).

Q: *Are you planning to use the IPCC 2nd Assessment or more recent data?*

A: The table shown is a combination of IPCC values, mostly 2nd Assessment, and some newer from TCR. This is what most groups, including Ecology, will probably use.

Q: *Who chooses what tier or emission calculation option is used? Will Ecology mandate this?*

R: The reporter will choose and disclose/justify their choice.

Q: *You noted a preference for the TCR, but you did not include heating usage. How would you calculate that?*

A: It is included here but not shown.

Q: *Will Ecology let reporters choose and disclose factors specific to their operation, or will they be dictated?*

A: We don't want to deal with dueling emission factors. We plan to specify a standard set of factors.

R: *I hope you will provide some discretion in choosing emission factors that more accurately reflect operations. I don't have a problem using default factors, so long as there is a method for using a "specific to your industry" factor. I understand that we will need to justify for verification.*

A: That sounds reasonable. But some reporters will want standardization and guidance. Default factors make sense for many.

Q: *We are heavy users of bio fuels (canola, soy, etc.). Are there differing factors for them?*

A: Yes. Also, you will need to separate them from fossil fuel reporting, which may require prorating.

Q: *What are examples of “other emissions”?*

A: Air conditioning and coolant fugitive emissions. Fugitive emissions from a natural gas vehicle.

Q: *How would emissions from air conditioning be calculated?*

A: Using a mass balance. TCR Chapter 16 has more information.

Q: *Do you need to break this out by technology for each individual type of vehicle or by model year?*

A: This is a hypothetical spreadsheet for reporting. The grouping method would depend on your data and chosen method of calculation. For most, you would not report for individual vehicles.

Q: *How do you come up with city vs. highway mileage?*

A: You would use measured amounts, your actual combined mpg if available or the default for TCR (55% City).

Q: *Would it be appropriate for us to use the amount of fuel purchased per year?*

(Utility line trucks can idle for hours at a time; it may be meaningless to use data on the mileage logged.)

Discussion & Input:

Discussion on emission factors centered on the problems (for fleets, in particular), in collecting the needed data and applying the methodologies recommended for reporting CH₄ and N₂O emissions. Several people indicated that they currently had no systems for accurately collecting either of the alternative data sets recommended. A number of committee members questioned the wisdom of requiring such reporting since it is “so difficult, fraught with error and represents such a miniscule percentage of total GHG emissions for mobile sources”. The following suggestions were made:

- A mandatory reporting program should look at return on cost. Could Ecology look more closely at how important an emission is before mandating or suggesting complicated data systems and methodologies?
- Ecology should not be wedded to using all that TCR does. It should focus on the 95%+ of emissions that come from CO₂ – and maybe use a standard statewide calculation for other factors based on total fuel use – or CO₂ emissions reported.
- Please consider doing away with – or at least deferring – reporting on N₂O and CH₄. Don’t require such reporting in the first year or two.
- Look at a *transitional* approach to reporting that would allow a learning curve for the first couple years in order to achieve a reliable baseline for the bulk of GHG emissions.

- In developing the verification system, consider how *accurate* you want or need to be.
- Could Ecology take an actual fleet example: use real operations and real data and the methodologies suggested to see if the desired calculations can be made and what results you end up with?

Ecology agreed to take a closer look at these suggestions and get back to the group at the next advisory council meeting.

Meeting Schedule/Next Steps

(2:30)

There was discussion about the possibility of moving the last few meetings, which are scheduled to be held during the legislative session, to Olympia. This would make attendance possible for some advisory committee members who otherwise could not be there. Nancy agreed to look into space availability.

The next meeting is scheduled for October 24, 2008, 9:00 AM to 4:00 PM at the Washington Public Utilities District Office Building in Olympia. The agenda will include the topics identified in the Work Plan for Meeting #3 – indirect emissions, verification requirements and de minimis. In addition, Ecology staff will prepare draft language related to organizational boundaries and will provide additional examples of how to calculate fleet emissions prior to the next meeting.

Meeting Conclusion

(2:45)