



Washington Mandatory GHG Emissions Reporting Rule
September 15, 2008



Advisory Committee Meeting September 15, 2008

Defining the Boundaries for Reporting GHG Emissions:

- Overview of reporting thresholds
- Geographic boundaries
- Organizational boundaries



Reporting Thresholds

- I. Fleets of on-road motor vehicles
 - 2,500 metric tons of GHGs per year

- II. Source or combination of sources
 - 10,000 metric tons of GHGs per year



Reporting thresholds

“Source” means (From HB 2815):

- any stationary source per RCW 70.94.030 or
- Mobile source used for transporting people or cargo

RCW 70.94.030:

“Stationary source” means any building, structure, facility, or installation that emits or may emit any air contaminant.



Triggering the Emissions Threshold

- **Based on direct emissions**
 - stationary combustion sources
 - mobile combustion sources
 - process emissions and
 - fugitive emissions

- **Entity wide direct emissions**
 - Include cumulative direct emissions from all sources and/or fleets within the organizational boundary



After Reporting Threshold is Triggered:

- Must report “total annual emissions”
- Total emissions means:
 - Direct emissions and
 - Indirect emissions:
 - Purchase of electricity, heating, cooling or steam



Geographic Boundaries

- Direct Emissions

- Only report emissions generated within Washington state

- Indirect Emissions

- May include power purchased from sources outside of Washington for use within Washington



Organizational Boundaries for Mandatory Reporting Rule

- Organizational Boundary
 - The operations, facilities and sources that you own or operate
- Mandatory reporting rule must establish clear organizational boundaries
 - Goal: Comprehensive and reliable data collection for GHG emissions in Washington



The Climate Registry (TCR) General Reporting Protocols (GRPs)

- Ecology anticipates following TCR GRPs to the extent possible
- TCR is a voluntary reporting system

<http://www.theclimateregistry.org/downloads/GRP.pdf>



TCR Voluntary Reporting Program vs a Mandatory Reporting Program

- TCR protocols for organizational boundaries too broad for mandatory reporting
- Issue:
 - Can we modify or borrow from TCR's protocols to define organizational boundaries for mandatory reporting?



The Climate Registry (TCR) General Reporting Protocols

- TCR follows the WRI/WBSCD* GHG Protocol to define boundaries of the reporting entity.
- TCR GRP
 - Chapter 4 – Organizational Boundaries

*World Resources Institute / World Business Council for Sustainable Development



Two Approaches to Determining Organizational Boundaries under TCR

● Equity Share Approach

- Report all wholly owned emissions sources
- Report all partially owned emissions sources based on your entity's equity share

● Control Approach

- Report 100 percent of emissions from sources under your control
- Include both wholly owned and partially owned sources



Equity Share Approach under TCR

Source of Table: TCR General Reporting Protocol, Chapter 4

Table 4.1 Accounting for Equity Share Emissions

Percent of Ownership	Percent of Emissions Attributed to Entity
Wholly-owned	100%
90% owned, with control	90%
90% owned, without control	90%
10% owned, with control	10%
10% owned, without control	10%
Fixed asset investments	0%



Control Approach under TCR – Two Types

- Operational Control – Authority to introduce and implement operating policies
- Financial Control – Ability to direct financial and operating policies
- Typically, if you have financial control, you also have operational control
 - Exceptions include complex joint ventures (e.g. oil and gas industry)



Operational Control under TCR

- One or more of the following conditions will establish operational control:
 - Wholly owning an operation, facility or source
 - Full authority to introduce and implement operational policies
 - Holding an operating license usually gives you this authority



Financial Control under TCR

- One or more of the following conditions will establish financial control:
 - Wholly owning an operation, facility or source
 - Consolidating the financial accounts into your organization's financial statements
 - Governing the financial policies of a joint venture
 - Retaining the rights to majority of economic benefits and/or financial risks of the operation or facility



Financial vs Operational Control under TCR

Source of Table: TCR General Reporting Protocols, Chapter 4

Table 4.2 Reporting Based on Financial Versus Operational Control

Level of Control of Facility	Percent of Emissions to Report Under Financial Control	Percent of Emissions to Report Under Operational Control
Wholly owned	100%	100%
Partially owned with financial and operational control	100%	100%
Partially owned with financial control; no operational control	100%	0%
Partially owned with operational control; no financial control	0%	100%
Joint financial control with operational control	Based on equity share	100%
Joint financial control; no operational control	Based on equity share	0%
Subsidiary with operational control	100%	100%
Subsidiary; no operational control	100%	0%
Associated entity (not consolidated in financial accounts) with operational control	0%	100%
Associated entity (not consolidated in financial accounts); no operational control	0%	0%
Fixed asset investments	0%	0%
Not owned but have a capital or financial lease	100%	100%
Not owned but have an operating lease	0%	100%



Leased Facilities and Vehicles under TCR

- Finance or Capital Lease
 - Lessee operates the asset
 - Lessee has all risks and rewards of ownership
 - Are considered wholly owned assets on balance sheet
 - Report emissions as if you wholly own the asset under the equity share, financial, or operational control approach.



Leased Facilities and Vehicles under TCR

● Operating Lease

- Lessee operates the asset (e.g. rented office space, leased vehicle)
- Lessee does not have risks and rewards of ownership
- Report emissions only if you use the operational control approach



TCR Reporting Options

- TCR requires reporters to use one of these reporting options:
 - Option 1: Report using *both* the equity share approach and a control approach, or
 - Option 2: Report using *either* the operational or financial control approach



Option 1: Equity Share with Control Approach

- If choose Equity Share Approach –
 - Must also report control-based emissions
 - No additional emissions data needs to be collected
 - Determine if you have control over each of the facilities or operations, using either the operational or financial control approach.



Option 2: Operational or Financial Control Approach

- Choose either the Operational Control or Financial Control Approach
- Consistently apply the approach you choose
- Joint venture/partnership – Report 100% of emissions if you have control
- Typically, if you have financial control, you have operational control



Climate Change

global warming

Questions/Conclusions