

**U.S. Environmental Protection Agency
State Climate and Energy Technical Forum**

**Mandatory Reporting Rule for Greenhouse Gases
February 25, 2010
2:00 p.m. EST**

Transcript

Operator: Good afternoon. My name is Jackie and I will be your conference operator today. At this time I would like to welcome everyone to the Mandatory Reporting Rule conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will a question and answer session. If you would like to ask a question during this time, then please press star and then the number one on your telephone key pad. If you would like to withdraw your question, press the power-on key. Thank you, Miss Hight, you may begin your conference.

Cate Hight: OK. Thanks, Jackie. Hi everyone. Thanks for joining us today. My name is Cate Hight. I am from the Climate Change Division here at EPA and I am joined today by Kitty Sibold, Sean Hogan and Kong Chiu also from the Climate Change Division here. And they are each going to present today on different issues on the Mandatory Reporting Rules. We are also joined on the line by Marnie Stein from the Iowa Department of Natural Resources and Andy Putnam from the Colorado Department of Public Health and Environment.

I would like to thank each of today's presenters for taking the time to be with us today. I would also like to announce the topic of next month's webinar which will be "Clean Energy and the Smart Grid." You can save the date for March 23, but that date is still a little bit up in the air, so we will send you a confirmation to save the day next week. So now I'm going to turn over to Catherine Morris from the Keystone Center who is going to be the facilitator for today's call.

(Catherine Morris): Thanks. We may have a few new people on the Tech Forum today because we have over 200 registered to join today. So let me just quickly update and remind you of some of the tools that you have for interacting with

our speakers. We do mute all the lines because of the large attendance, but you can actually type in a question through your task bar on the – most of you have it on the right hand side of your screen, and that will come to us and we will vet your questions with our speakers. I am sure we won't be able to get to all of your questions, but at the end of the presentation, we will give you a way to actually follow-up with some of our speakers afterwards.

The other reminder is that although you are on mute, we do ask that you please – well, I guess this won't be a problem. We have had problems in the past with the hold button and the music, but I think the mute will override that. So I think that's all you need to know. We will stop a couple of times after our speakers, not after each speaker, but we will stop a couple of times in order to get your questions out and particularly any of the clarifying questions from the presentations. So with that, I am going to take you through an overview of what our speakers are going to cover.

Cate Hight: That'll be great. And Margaret, can you go ahead and set the slides up for today's call?

(Catherine Morris): While we are waiting one of the things to let you know is that if your taskbar is in the way, you can use the red arrow with the tab on the left hand side of it and that will minimize it and then you can bring it back out as you need it. But if it is blocking your screen, you are free to do that.

Cate Hight: All right. So we can go to the next slide. This is Cate again. I will now talk just briefly about what our agenda is going to be today. We are going to go through three different things today. First will be an overview of the Mandatory Reporting Rule and a discussion of the information sources that are available to states. This will be presented by Kitty Sibold from EPA and Marnie Stein from Iowa. And then Sean Hogan from EPA will give us an update on recent Mandatory Reporting Rule activities and then finally we are going to talk a little about what we have been doing with the States on the data flow for the Mandatory Reporting Rule and that will be Kong Chiu from EPA and Andy Putnam from Colorado. So with that I will hand it over to Kitty.

Kitty Sibold: Thanks Cate. If you go to the next side please. This overview was intended as a short summary of the Mandatory Reporting Rule. I am going to be

covering primarily big picture information. If anyone is interested in the next level of detail, I would invite you to participate in one of our regularly scheduled webinars, the next of which is scheduled for the 17th of March.

Before we get started, I do want to provide a bit of information from our legal team, which advises us to include the following: this training is provided solely for informational purposes. It does not provide legal advice, have legally binding effect, or expressly or implicitly create, expand, or limit any legal rights, obligations, responsibilities, expectations, or benefits in regard to any person. Just so you know where we sit in the picture at EPA, I've included this organizational chart.

You will see at the top, obviously you see EPA Administrator, Lisa Jackson. We are in the, if you follow the blue bars and the blue boxes, you will find where we are. The Office of Air and Radiation is headed by Gina McCarthy whom I think many of you met with back in the October-November time frame. Next office within that is the Office of Atmosphere Program headed by Brian McLean and then below that is the Climate Change Division which is headed by Dina Kruger. Our group is the group that is responsible for the development and implementation of the Mandatory Reporting Rule.

Next slide. The Reporting Rule requires that facilities that emit greenhouse gases, suppliers of fuels, industrial greenhouse gases, and vehicle and engine manufacturers outside of the light-duty sector report to EPA. The purpose of the Rule is to provide accurate and timely data essential for informing future climate policy decisions. For example, the data will help EPA, states, and the public to better understand emissions from specific industries, emissions from individual facilities, factors that influence greenhouse gas emission rates, and actions the facilities can take to reduce emissions.

The Rule does not require control of greenhouse gas emissions. It requires only that certain sources monitor and report their emissions. EPA's estimate is that approximately 10,000 facilities in the U.S. will be reporting and we think this will cover approximately 85 percent of the national greenhouse gas emissions. The largest category of reports will be the estimated 3,000

facilities whose only source of emissions is stationary combustion sources such as boilers, stationary internal combustion engines, and gas turbines.

Next slide. The key elements of the Rule include the following: the Rule requires reporting for 25 downstream-source categories, five types of upstream supply categories, and motor vehicles and engine manufacturers outside of the light-duty sector. Facilities that contain any of the listed 25 source categories must report direct emissions of greenhouse gases from the manufacturing processes and activities used to produce a product.

Suppliers do not report actual emissions from facilities. They would report on the quantity of products placed into the economy and the emissions that would result from the complete release of the product when used by their customers. The Rule covers suppliers so that EPA can capture data on GHGs that could be emitted from small facilities and sectors that are not required to report. So, in general, the Rule covers facilities that emit 25,000 metric tons or more of CO₂ equivalent per year.

Facilities and suppliers will report directly to EPA. EPA will verify the emission reports and third party verification is not required. The Rule requires facilities to report annual emissions for principal greenhouse gases. The Rule specifies the gases listed here plus other fluorinated gases such as nitrogen trifluoride. However, the Rule excludes Ozone Depleting Substances such as those defined in 40 CFR Part 82 such as CFCs and HFCs.

Next slide. This slide breaks down the source categories by suppliers, the upstream sources, and emitters, the downstream sources. Mobile sources include manufacturers of heavy-duty engine and vehicles.

Next slide. There are 11 source categories proposed in March of 2009 that were not finalized in 2009. For these categories, significant issues were raised during the public comment period that could not be resolved in time for the final rule. EPA is continuing to review public comments and other information before finalizing these subparts. We do intend to incorporate many of these into the Rule in 2010.

Next slide. Applicability for direct emitters of greenhouse gases is facility-based. Reporting is at the facility level, not the corporate level. If a corporation owns or operates multiple facilities, it must evaluate each facility separately to determine if the Rule applies and report only on those facilities to which the Rule applies. The Rule defines a facility as any physical property, plant, building, structure, source or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by public roadway or other public right-of-way and under common ownership or common control that emits or may emit any greenhouse gas.

Under the step addition, a facility cannot be separated into multiple facilities based solely on having different industrial groupings at the site. The facility incorporates all equipment on contiguous or adjacent property that is under common ownership or control. The designation of a facility boundary in a state air permit has no bearing on the facility definition for this Reporting Rule.

Next slide. Once you establish the boundary of a facility, applicability depends on the source categories that are present. The Rule defines three types of source categories: the all-in, the threshold categories, and stationary fuel combustion sources. If you have multiple source categories on site, you do not designate your facility as being a single source category, for example, based on the predominant operation. You must evaluate each source category separately to determine applicability. Keep in mind that facilities with multiple source categories can become subject to the Rule, just because of one category. But if you are subject to the Rule, then your greenhouse gas report must cover all source categories for which methods are provided in the Rule, not just the source category that triggered applicability.

Next slide. The rule prescribes three criteria for determining whether a facility must report emissions, shown in the three boxes on the left hand column of this diagram. A facility must assess each of these three criteria. To help determine applicability, EPA has an online applicability tool available. On my screen that is showing blacked-out, but it is available on our website.

Next slide. Table A3 lists the source categories known as the all-in categories. If a facility has any of these source categories, then it is automatically subject to the Rule, regardless of the emissions level. Note that the category of electricity generation includes only facilities with units that report CO₂ year round through Part 75, such as units in the Acid Rain Program or RGGI, the Regional Greenhouse Gas Initiative. On the other hand, if a generating unit that supplies power to a facility or sells electricity on grid or to another customer, the unit is not part of this category. Instead, it is treated as a general stationary combustion unit under subpart C, which has different applicability criteria. For municipal solid waste landfills, applicability is based on methane generation from the landfills, not emission. So if a landfill collects and burns gas, the gas destroyed is not deducted.

Next slide. If you do not have a source category in A3, you would next look to see if you have a source category in A4 known as the Threshold Source Category. If you do, you are subject to the Rule at your facility and that's 25,000 MT per year or more of CO₂ equivalent. From stationary fuel combustion, miscellaneous carbonate use, and threshold source categories. It's important to know that the threshold of 25,000 applies at the facility level, not to each source category.

So if a facility contains more than one of these source categories, you would include the emissions from all source categories on site plus emissions from all stationary combustion units plus emissions from miscellaneous use of carbonates. This is the total to which you compare to the 25,000 MT threshold. Finally, if you have no source categories in A3 or A4, you must consider the third criterion which is emissions from stationary fuel combustion sources. If you emit more than 25,000 MT per year CO₂ equivalent from stationary fuel combustion sources on site, your facility is subject to the Rule.

You include emissions from all units as defined in the Rule regardless of the unit size, such as space heaters, ovens, and water heaters. EPA wanted to provide a simple way for facilities to know that they are not subject to the Rule. So the Rule specifies that if the heat input capacity of all units on site is less than 13 million BTUs per hour, the Rule does not apply and no emission

calculations are needed to determine applicability. But, if the aggregate maximum heat input capacity of all units on site equals or exceeds 13 million BTUs per hour, then you must estimate emissions to see if the emissions equal or exceed 25,000 MT per year.

Next slide. The Rule contains a mixture of direct emission measurements and source-specific calculations. The Rule requires the-- and this is an important point -- there has been a lot of confusion here -- the Rule requires CEMS to monitor to CO2 emissions only where CEMS are already installed and other conditions are met. If you don't already have CEMS for other rules, you are not required to install them for this Rule. However, facilities that are not required to use CEMS can choose to install them voluntarily.

Most facilities will use category-specific calculation methods, using the equations in the applicable subpart. Many of the calculations are based on data the facilities already collect such as raw material usage, production, or fuel usage.

Next slide. The Rule contains special provisions for 2010. Generally, a facility must install all monitoring equipment and comply with all monitoring methods in the Rule starting April 1st, 2010 unless it has submitted an extension request and obtained approval from EPA. There is another special provision for 2010 that applies to the estimated 3,000 facilities with only stationary combustion sources and none of the other source categories.

EPA allows an abbreviated report for 2010 to simplify reporting for combustion-only facilities that allows you to report only the facility emissions of each greenhouse gas, aggregated for all combustion units rather than for the individual unit.

Next slide. This slide shows the schedule for monitoring and reporting. As you know, monitoring began January 1st, 2010. Facilities that want to use best available monitoring methods, what we refer to as BAM, past March 31st had to submit a request and be approved by EPA. The first greenhouse gas report is due March 31st, 2011 to cover the calendar year 2010.

Next slide. Emissions reports are verified through self-certification by the reporter and EPA verification. There is no requirement for third party verification. The detailed data that will be reported will be used by EPA to verify emissions calculations using a combination of electronic data quality assurance check, review of individual reports, and on-site audits of individual facilities.

Next slide. Under the Rule, reports will be submitted directly to EPA in electronic format. EPA is designing a web-based monitoring tool that will guide reporters to data entry and submittal for each source category of their facility. EPA expects it to be available well in advance of the first reporting date. However, reporters will not be required to use the web-based reporting tool. EPA will have a procedure for bulk submittal of data using a standard XML format. We will have training sessions offered in data systems in the future.

Next slide. Confidential business information, or CBI, will be protected as required by existing statutes and will not be released. However, the Clean Air Act is clear that emissions data collected under sections 114 and 208, which are the authorities for this Rule, cannot be held confidential. EPA intends to make the data available to the public, the emissions data and other non-confidential data that are collected.

In the past, there have been determinations on whether certain types of data needed to determine the identity, amount, frequency, and other characteristics of emissions are considered emissions data. However, this Rule collects many data elements and EPA plans to issue a separate notice and comment process that will specifically address which of these data elements required by the reporting Rule are considered emissions data and which will be considered and treated as confidential.

Next slide. The data collected for this Rule focus on emissions from certain facilities and suppliers. Several states have their own greenhouse gas policies and programs with their own data needs. Some of these states collect different information or additional information beyond what is collected under the Mandatory Reporting Rule, such as the state that may need information

focusing on energy efficiency and on calculating greenhouse gas reductions. The Federal Greenhouse Gas Reporting Rule does not preempt any state greenhouse gas rule or greenhouse gas program.

EPA recognizes that data reported under this Rule and some of the other data needed for EPA for state programs may be similar. So we are committed to working with states and regional groups to establish mechanisms to share data efficiently and harmonize data systems to the extent possible. Kong and Andy will address this shortly.

Next slide. Technical assistance is available on EPA's website, including information by each subpart. There are FAQs, special information sheets, the applicability tool, training opportunities including webinars and regional training programs, and an EPA address to submit questions. You can also sign up for our RSS feed and be notified of new materials as they become available.

Next slide. The next several slides are screen shots, but I just wanted to include them to illustrate different parts of our website. The first is to show you what's here by subparts. You will see that, for instance – it's a little fuzzy on this screen, it may be a difficult to read – so, all information for instance, pertaining to subpart D which is electric generation includes an information sheet on that subpart, a monitoring checklist, technical support documents, response to comments, and so on.

Next slide. Sorry, this is what I was just talking about. If you click on those subparts, you will see the information for each subpart clearly.

Next slide. Under the resources and tools, I want to call particular attention to the FAQs, the frequently asked questions. These reflect, and this is really just a very small subset of what is on the website. We are updating these regularly. They reflect a lot of the questions and issues that have been raised during meetings and webinars and interactions that we have. So, you should check the FAQs on a regular basis.

We are also starting to split them out by subparts. So, you can't scroll down in this particular case. But if you were to go to the website and look, you

would see that we have a fairly extensive section on subpart C and a fairly extensive set of FAQs on landfills as well.

Next slide. This is an example of one of the special fact sheets that we have. This is the special provisions for 2010. It includes information not only on that but also the Best Available Monitoring methods.

Next slide. This is the page for the applicability tool. This is a very nice tool that will help facilities assess whether they need to report. What you would basically do is, identify the subparts that apply, click/ check those off, and then it takes you into a sheet or a slide in which you have to enter some basic information on fuel usage, it does the calculations for you and generates the report that identifies whether you are close to the 25,000 MT level or not.

You can use this to do some what-if scenarios and for instance, if you think your operations may be changing in the upcoming year, it might also be helpful if any facilities think they might be audited, they could use this as a part of their documentation.

Next slide. Training opportunities, as I mentioned at the beginning, we are offering fairly regular webinars. This is an indication of the regional webinar, regional training sessions that are coming up. We have had two of them already, one in Atlanta and one down in Houston. Our next session, actually this is a little out of date, because we actually do have the date established the 25th of March, in Chicago.

Again if you go to our website, you can scroll down and register for that session. We also plan to have one for the West Coast a bit later.

Finally, next slide. If you have a question and want to submit it to us, this is the means by which you can provide that information: type in your question and contact information. It is sent to ghgmrr@epa.gov and Sean will be talking about the questions and the process to address those questions in just a little bit. So, actually one more slide and then I will turn it over to Marnie.

This is just a quick summary of our outreach activities. We have held roughly 22 webinars already since October. We have held more than 70 meetings

since October. As I mentioned earlier, we have completed two regional training programs. There are more planned. We have had an extensive amount of contact with various trade associations, doing meetings with them, providing information for their newsletters, for their websites and so on.

Our website has been heavily accessed. We have had over 27,000 visitors in 45 days. That was actually back in, I think the November timeframe. So, that is a bit out of date as well. And then finally, in terms of hotline questions, we have addressed over 1,300 questions to date and again Sean will be talking about that in just a moment.

So, in terms of our estimates, we are guessing that we have reached over 6,500 people, so far just through our outreach activities. So with that I am going to turn it over to Marnie.

Catherine Morris: Well, let me just introduce Marnie to you. Marnie is with the Iowa Department of Natural Resources and she has been responsible for Iowa's statewide greenhouse gas inventory and mandatory reporting programs. So, she is going to talk a little about how they have been trying to manage the overlap between the two programs and in addition, she also staffs the Iowa Climate Change Advisory Council, which helps develop DNR's climate change policy and implement the federal climate change programs.

So, she can talk a little bit more about their outreach and how they have been talking to facilities about both programs. Before Marnie, just let me quickly say, we acknowledge that some of you are having problems seeing the very bottom edge of the slides. We have gotten a couple of questions about how you can get copies of the slides. There is a website where these have been posted in advance.

So, I did send out a note via the webinar, but for anybody who didn't get that it is www.epatechforum.org and you'll find all of the presentation materials, the agenda and also a list of additional resources on that website. And with that, Marnie-- We are going to wait and hold some of your questions that have been coming in until after Marnie is finished.

Marnie Stein: Thank you. I want to thank EPA for inviting me. They asked me to talk a little bit about what we are currently doing for greenhouse gases in Iowa and how the Rule has affected our programs. And first of all, a little history on our programs.

In 2007, the legislature proposed a pretty sweeping greenhouse gas reporting program and that wasn't proposed by our Department and it came up very quickly. But, what it required was within three months of passage, all the Air Pollution construction permit applications we get at the Air Quality Bureau had to quantify their potential to emit for greenhouse gases.

And then it required us to develop a mandatory reporting program for the state and gave us eight months to do that. And luckily that legislation was pretty broad and allowed us to phase that in over a time period. So, we started out with a fairly simplistic program and we have been expanding it every year.

It also required us to submit that data every year to the Governor in a report and that is due in September of every year. And it also created our Climate Change Advisory Council which last January of 2009 completed an 18-month process with the Centre for Climate Strategies to develop 36 recommendations for greenhouse gas mitigation in Iowa.

Next slide, please. So, this is the outreach we have been doing on the reporting rule. We don't have very many resources but we really felt like we needed to do some outreach because our companies were very confused about the rule. They thought that what they were doing for us would satisfy the requirements to Mandatory Reporting Program and they weren't really investigating it a lot further. So, the most important thing we like to tell them is that the MRR is more comprehensive than our program.

We currently only inventory about 300 sources a year. We inventory at Title V facilities. For fossil fuel combustion, lime manufacturing, and manufacturing, ammonia and nitrogen production, iron and steel and soda ash use. And then we also inventory ethanol plants for both fossil fuel combustion and fermentation emissions. And then last year for the first year, we added F-gas reporting.

An important distinction between the two programs is we currently only require facility-level reporting and we have a spreadsheet that we developed with emission factors using the Climate Registry Protocol where they simply plug in their fossil fuel throughput for the year. It auto-calculates their emissions and they submit it to us.

And, you know, the MRR requires some unit-level reporting, so that is a big change for them. We decided, after the MRR was promulgated, that we are going to cease our mandatory reporting program this year. The 2009 reports are due at the end of March and that would be the last report we collect.

And the reason we decided to do that was because 98 percent of the emissions that we collect will be covered by the Mandatory Reporting Rule. And the other 2 percent, we believe we can use their throughputs in their annual criteria inventories to calculate those emissions. Also since we only have one greenhouse gas staff, since we are not collecting that data, we can actually do a top down inventory and start calculating emissions from other sectors.

We are still required to report the data to the Governor every fall, but we are participating in the IPT programs that Kong will be talking about later. And we also have an existing exchange network grant for greenhouse gases that we have kind of modified to help us set up a system to put that data in when we get it from EPA.

And like I said before, we don't have a lot of resources but we felt we needed to do something just to ease a little bit of confusion.

Next slide, please. The way we are doing that is, we have a listserv that goes out to approximately 350 air sources in Iowa and goes out to about 70 internal staff.

So when the Rule came out, we did a frequently asked questions document that is specific to Iowa and sent that out. And we sent out a few further listservers— like about the training in Chicago and things like that. We have that posted to our website and we also have a Power Point presentation that we have posted on our website with general information about the Rule.

We have also done several presentations to industry and those are by invitation only. We don't go out and seek out groups to present to. But, we do accept speaking engagements. We've had to turn down quite a few. But, the ones we have done are the Iowa Chapter of Air and Waste Management Association, which most of our major Title V facilities attend.

We do an annual update for Air every year. Also the Asphalt Paving Association) --my bureau chief did that in December. And I have one coming up March 31st for the Iowa Landfill Association. We also got a request from college campuses, but we didn't do that because of the EPA national one.

We also answer questions that we get and most of those questions we don't answer directly, we forward them to the website for EPA, or the hotline, or the email address. A lot of the questions that we have gotten have been on the subpart C monitoring requirements, specifically about CEMS or which tier equation to use and monitoring extension, and then we have also gotten a lot of questions on ethanol plant applicability just because that's a big deal in our state.

In ethanol, some trade publications have put out some information which said that ethanol plants weren't affected because specific source category for ethanol plants wasn't included in the final Rule, and they fail to mention that they are still subject to the fossil fuel emissions part.

And we also find that all this outreach was a good opportunity to bring up the tailoring rule and so some outreach on that . When people call me to say you know, am I subject to Mandatory Reporting Rule, I also mention, "Hey, did you know you might also be subject to the tailoring rule, so that has been a good opportunity.

Next slide, please. This is our website and we have all sorts of things on there. We have a specific greenhouse gas site and it has our inventories and forms and then the FAQ on the Mandatory Reporting Rule, the Power Point presentation and then it's got information on the tailoring rule-- that fact sheet is the EPA fact sheet and I guess we have to modify those based on the Jackson letter this week, but that's kind of what our website looks like.

We do track the hits on that and we have gotten a quite a few hits on the Mandatory Reporting things in the past few months.

Next slide, please. This is the FAQ that we sent out that's on our website and one other thing that we have found is helpful is not to make it just about the federal rule, but about how the federal rule applies to Title V facilities in Iowa and other facilities. So, for example, will my company be required to report to both EPA and DNR and information about that.

And one thing we also include, on anything we send out or anything we post - -Kitty did it at the beginning-- the clause about this being intended for outreach and, we are trying to help you but compliance with the Rule is solely your responsibility. So that kind of helps us cover things.

Catherine Morris: Thanks, Marnie. We are going to go to some of your questions now. Kitty is going to answer some that came in while you were talking.

Kitty Sibold: Yes. There were several questions that came in. Given the audience, I think we are going to try to answer the ones that are mostly broadly applicable. We may not be able to answer all of them, in the interest of time. But we will try to get through a couple of them.

There's one question here. Can you clarify for 2010, facilities collect only nine months of data. The answer to that is no. They would be collecting a full-year's worth of data. Monitoring began January 1st of 2010 and so that is the point at which you start monitoring your data and then the first report is due March 31st of 2011.

I think probably what you are thinking about the nine months is, for the first quarter you are allowed to use Best Available Monitoring method, BAM. But after that, unless you had requested an extension and it was accepted, you have to be using full methods as identified in the Rule. So you actually will be collecting data for an entire period.

There's a question about what is the timeline for first data that are collected, when is that going to be available online. So I will turn to Kong.

Kong Chiu: So basically as Kitty said, I think rather than talk about a specific timeline, you know, our expectation is that when we set up the electronic data reporting system, we will have some form of validation built into the system, sort of with a vision what happens when you do your Turbotax filings and it catches things right away for you, like you may be entered a data element out of range, but in addition to that, as you know, we have set up the Rule as an EPA verification, there will be another step that will have to be done which is verification to allow us to clean up the data.

So we would want to make sure that we've gone through all these steps before we release the data. However, there are and this is something that we are discussing under the IPT with states, that there are existing models within EPA where data collected from facilities to EPA is mirrored back to states immediately in a raw form. One example of this would be the TRI Program.

So far in our discussions with states through the IPT our understanding is that most of them would prefer to have the clean data. So I think this is something that we just have to figure out. I hate to, at this point, promise any kind of specific timeline, because we just don't know. What we do know is when the deadline for reporting is, which is, again as Kitty mentioned, the end of March, 2011. How long it will take us to turn around the data after that, I think we still have to work out.

Kitty Sibold: This is a very similar question to that about when the system is going to be available. So I think Kong pretty much covered that one as well.

The question is on applicability of fossil fuel fired only woody biomass sources are excluded on the basis of carbon neutrality.. Sean, do you want to...?

Sean Hogan: Sure. This is Sean Hogan. The response to that question is when you determine applicability for your facility as a stationary combustion source and you are burning some sort of biomass such as in this example, you would not count the CO₂ emissions from the biomass burnt towards your applicability threshold. So you would just count total emissions from nitrous oxide and methane emissions and then compare that to the 25,000 MT threshold.

So again the CO2 doesn't count towards your threshold. If you are subject to the Rule, you would be report your CO2 emissions from biomass combustion.

Catherine Morris: Thanks, Sean. Let me formally introduce you now. Sean is going to pick up the presentation from here and talk about recent activities on the Rule making. He is an environmental engineer with the Climate Division in Headquarters now, but came originally recently from EPA's Region 9, where he was the Manager of their Air Program. And his primary responsibility now is the implementation of the Mandatory Reporting Rule. So he is going to take it from here and walk you through some of the details of what is covered and what isn't, what is yet to be decided.

Sean Hogan: OK. Thank you. So as mentioned, I am going to sort of touch on the few things that are keeping us very busy at the moment this year. The Rule went into effect on December 29th 2009 as you heard and data collection began on January 1st, 2010. So since then, what's really keeping us busy presently are the following things.

Number one is responding to questions. You saw in Kitty's presentation, a mention of the hotline and the hotline is being well used by the reporting community in trying to understand how the Rule applies to them and as noted, we have received about 1,300 questions to date. And the pie chart you actually have here on the slide gives you an example. It gives you a sense for where those questions are targeted.

So, it's described according to subpart, that's how the Rule is broken out. The subpart A is General Provisions that apply across the Rule. And subpart C is Stationary Combustion Sources and then the other example is subpart HH-landfills. Those are by far the most popular questions we are receiving about the Rule. Again, that is keeping us very busy.

The next thing to mention is, it's also mentioned in Kitty's slides, is the request for Best Available Monitoring method extensions. So here we have special provisions in the Rule for 2010, where reporters had until the end of March 2010 to use Best Available Monitoring methods. If they wanted to continue using Best Available Monitoring methods beyond the end of March,

they could submit a request to us and we did receive in the hundreds. We have received hundreds of those requests and we are in the process of reviewing them and processing them.

The next thing I would like to mention here is some petitions. So it is pointed out here that I am probably not pointing directly from the slides. So we go to the next slide, perhaps it will be easier to follow.

And I just mentioned the Best Available Monitoring methods. The next bullet on this slide is EPA received five petitions for reconsideration. And actually I am going to say at the same time we also received eight petitions for review filed in the DC court. I am not going to try to explain the difference between the petitions. The point really here is that we did receive petitions on the Rule since it went final. I think we could characterize these petitions as dotting I's, crossing T's type issues. I think just trying to get things right. And we are in the process of resolving those issues.

At the same time, what is important to note is we also have Track II Rule changes. We go to the next slide. So on the next slide, what you see are Track II Rule changes. So at the same time we are addressing the reconsideration issues that were mentioned. There's also a group of source categories that were included in the proposed Rule, but were not included in the final Rule. So, what we are working out presently in 2010 is the final steps to include those other source categories in the Rule so that reporting can begin, our daily collection can begin at 2011 and reporting begin in 2012.

In addition to those source categories, which are mentioned here as well, is the CBI notice, the Confidential Business Information notice, which is something we are working on to help clarify which information submitted to us for this Rule will be clearly CBI, and which information will not be. And hopefully this is going to be a more efficient system. And then I guess the last bullet here to note is that there were some sources that were not finalized in 2009. They are not mentioned on this slide and they are still being considered.

Next slide. And that's pretty much all I have to cover before passing it to Kong.

Catherine Morris: Well we are going to come back to questions. We don't have any immediate questions coming in online right now. So why don't we go ahead and move to Kong and Andy's presentation and then we will get your questions later. I will go ahead and introduce both of them before they get started. Kong is responsible for the development of the data system to collect and verify the greenhouse gas emissions data. But, that is not all he does, I mean he also leads the EPA's greenhouse gas inventory capacity building efforts in China, and was the technical lead and manager of key US – China collaboration programs including EPA's climate technology partnership, EE buildings and Greenhouse Gas Co-Benefits program.

He is going to hand it off then to Andy Putnam, who is with the Colorado Department of Public Health and Environment. He has been there for over 11 years and he oversees the information projects for Colorado environmental programs and has been involved with the national environmental information exchange networks since 2003. So, he is going to give you the state perspective on that, Kong.

Kong Chiu: Hi. Thanks , Catherine. First of all let me just take a moment and thank all the states that have participated in and contributed to the integrated project team that we have right now for the greenhouse gas flow and of course, I also wanted to take a chance to thank Andy for agreeing to co-chair the IPT with me. So, first of all what Andy and I thought would be helpful is that if we provide you with a little bit of – actually we can go to the first slide.

I will provide you with a little bit of background on what the exchange network-- the environmental information exchange network-- is, for those of you that are not familiar with it. It is basically a partnership between states, tribes, and the EPA that has been around for about 10 years. It began as a collaborative effort between ECOS and EPA back in 1998 and it facilitates the exchange of environmental information between the exchange network partners, providing real time access to high quality environmental data.

Now the network consists of nodes across all the states and also at EPA and also consists of data flows between the nodes. Those of you that are familiar with the national emissions inventory, the NEI, would know that the NEI has

a flow on the exchange network through the emissions inventory system or EIS.

The exchange network is governed by something called the Exchange Network Leadership Council and that is chaired by Karen Bassett in the state of Arkansas as well as Linda Travers here at EPA. Since we proposed a rule last spring, we have and continue to make a commitment to support the use of the exchange network to share data that we collect under this Mandatory Reporting Rule.

So in order to do just that, and share the data what we need to do is create a new flow under the exchange network and in order to do that and under the recommendation of the exchange network we formed what is known as the State EPA Integrated Project Team. The Integrated Project Team or IPT is basically the way the exchange network examines and resolves complex data related business problems including the creation of new flows.

And since the exchange network is a partnership between the states and the EPA, the IPT provides a really good forum for EPA and the states to basically both roll up their sleeves and work together to tackle these types of problems. So, our greenhouse gas data Integrated Project Team was charged to plan, design, develop and document a greenhouse gas data exchange over the exchange network and in plain English, that basically just means our charge is to figure out all the nuts and bolts that would be involved after we collect the data under the Rule, getting it out to all of you in the states. We can have the next slide.

So, in order for us to meet our charge we have divided the effort in to two key phases. The first one is to improve our understanding of what state greenhouse gas data needs and requirements are. As I mentioned, I missed the membership bullets on there, but I guess, if I go back to the first slide.

In addition to the charge, the membership of the team includes both Andy Putnam and myself as co-chairs and about a dozen or so states which represent both states with greenhouse gas reporting rules and states without greenhouse gas reporting rules and also states that participate in some kind of

regional greenhouse gas program for example, WCI which Cate works a great deal with, or RGGI, the Regional Greenhouse Gas Initiative.

Okay, now we can go to the next slide. So, the first phase is really to improve our understanding of state greenhouse gas requirements. And because, you know, the IPT membership consists of states with rules and without, what we are trying to do is work through the IPT to incorporate individual state data requirements that go beyond the federal mandatory reporting rule into what is known as the reporting schema that we 'll use to collect data under the Rule.

For those of you that are not familiar with what a data schema is, the reporting scheme is basically an XML template for putting all the data that a facility will report into our electronic data system. And just to clarify, having the additional state data requirements that go beyond the Rule incorporated into the reporting schema is not the same as building a federal reporting tool that collects both state and federal greenhouse gas emissions data simultaneously.

But, by setting this up and incorporating these additional data elements into the schema, you know, basically what we are creating is a common reporting template or format and that is certainly an important forward step in that direction. So, to this end what we have done through the IPT is really dive down to the individual data element level to understand what individual state needs are.

The second phase of the IPT's work then is to actually map out the data exchange. And this is basically figuring out how the data will flow from facilities to EPA and then from EPA to the states. Trying to visualize it and understand it, and also document the actual flows.

And we need to understand through this how different situations might influence these flows. For example, we are trying to envision what a flow would like if the state has no greenhouse gas rules. So they currently have no greenhouse gas data requirements or needs. So, what would that flow look like from the facility to the EPA to the state and what kind of data might flow that way.

Or, if a state has a rule or program in place in existing greenhouse gas reporting rule, but its needs are covered by the federal reporting rule, in other words all the data that we collect is the same as or more than what a state already needs through its program, what would that data flow look like and what would be in that data flow from EPA to the state.

And then lastly, of course, it would be what happens if a state has needs that actually go beyond the greenhouse gas data that is currently being collected under our mandatory reporting rule and by our system? How would we setup an efficient set of greenhouse gas data exchange flows to meet state needs that way?

So, you know, what we want to understand through this then is what the flows look like from the perspective of a reporter. Also what the flows look like from the perspective of a state. We go to the next slide.

The next slide is basically our timeline for the IPT. We have got our charge back in November of 2009, just last year, and that is when the membership was formed, again with approximately 12 or more states. And we had our first kickoff meeting in December of 2009 and through March of this year we have been working on Phase I and we are also concurrently working a little bit on Phase II, with the key goal right now on Phase I of ironing out the reporting schema for the greenhouse gas reporting rules.

So that is taking all of the additional state reporting requirements that we may be able to identify and incorporating those into a unified reporting schema for the Rule. In addition to that, there is also an exchange schema that we have to develop and that would be under what we call Phase II. This is the part where we are actually going to define and document and map out the data flow. So, we want to agree upon and design the exchange schema, the flow configuration document, and also the data exchange template that will be used to exchange data.

So, with that if we go to the next slide, what I would like to do is have Andy Putnam share some of his thoughts and perspectives as the co-chair of the IPT and from, you know, a state that is going to be one of the recipients of the data flows.

Andy Putnam: Great. Thanks Sean. First of all, I also want to thank all the people who are participating in the IPT. It is a lot of work and we are trying to move this forward very quickly and so therefore, a lot of people have to put a lot of effort into it.

A couple of things before I get into the Colorado specific, as Kong said there are a number of different flavors of states out there and the ones probably that are going to have the hardest time with this are the ones that have more needs than the EPA Rule currently defines. We are doing a lot of outreach right now to those states to define out those needs and see how we can bring them into the schemas.

From Colorado's perspective, we are actually one of those states without a rule right now. We are moving forward and putting a rule in place when EPA came out with theirs and we decided to hold off on doing ours and just take what was coming that way.

So, really we are interested in the data coming back from EPA because we won't be collecting any of it ourselves. And to do that, we obviously have to set up systems here and everything and we don't even know what those systems should look like yet. So, that is one of the reasons why we are participating. Other than that, we don't have a lot of needs we'll be wanting to report.

Iowa has been a state where they have a rule but they are hoping to be able to utilize the EPA's system and then use that for their reporting purposes. Some other states like Wisconsin and Massachusetts have reporting rules which are broader and they already have systems in place. So, they are going to be the hardest ones to fit into the mold here.

Really there is not a lot more from our standpoint, we also have a grant to fund some of this work once we figure out what that work should be. So, I pass it back to Kong and see if we have any questions.

Kong: Thanks Andy.

Andy Putnam: Yes.

Kong: So, I am just looking at some of these questions here and making sure I understand all of them. So, one of the questions was it basically seems to be about considering data systems that accept data flows from states and this is actually not something that has come up in the IPT yet. And I imagine what is being referred to in this question is, we have data that is flowing from a facility to EPA and then EPA to the states and then beyond that, the states may, for example, participate in WCI or some other program and may want to establish some type of exchange from there on forward. We haven't gotten to that yet. And it is not that we aren't considering it, I think it is just an issue that hasn't been raised so far and Andy can jump in if he wants.

Andy Putnam: Yeah, I think that will be answered partially with the exchange schema as we develop it.

Kong: Yes. That is a good point. OK. There is a question here about states that currently not included in the Integrated Project Team and how would they provide input into Phase I. So, Phase I is really the requirements gathering exercise that we are doing.

It is my understanding that ECOS, the Environmental Council of States, has set up an effort on their own to basically help us build a better picture beyond just the IPT of what a state's data requirements and needs are. And so, I think you know perhaps outside of this or as a follow-up of this, we can provide some contact information or linkage to the folks at ECOS who are doing that.

Cate Hight: OK. So, the question says basically what does EPA do if someone doesn't report. The short answer is that there are provisions in the Clean Air Act that address compliance and then enforcement. Our objective, primarily, is to at least particularly in this first year, is to help facilities understand what it is that they need to report and comply with the Rule.

So, you know, we are trying to do a lot of education this year, we are trying to do a lot of outreach. But, you know, should someone, sort of intentionally and knowingly not report, there are measures and there are provisions in the Clean Air Act that allow EPA to pursue that through enforcement activity. So, the

short answer is we are trying to get people to comply. It is kind of an incentive to report the information. But, there are provisions available to deal with it if facilities do not comply.

Kong Chiu: OK. I am looking at another question here on data and basically the question is will the Greenhouse Gas Mandatory Reporting Rule data be included in the NEI, NEI being the National Emissions Inventory and if so, then will EPA or states be responsible for including the data?

So, our plan right now is that we are certainly committed to publishing the data that comes out of the Rule into the National Emissions Inventory and to that extent, in terms of the way we are going to do it is, I think we are going to look at the way the CERS schema works and publish it into a CERS-compatible format. Those of you who are familiar with NEI, know that there is a schema already existing for NEI which is called (CERSOD) or Consolidated Emissions Reporting Schema.

So I think that would probably be an exercise that will be performed by EPA to publish into the NEI. Now that would probably be on a different schedule than the rest of the data that goes into the NEI since this data is going to come from facilities to EPA, the year after it has been collected and the data from the states into the NEI for criteria pollutants may actually come afterwards. But I think that's pretty much the picture that we are looking at right now.

Kitty Sibold: OK. There's a question here about what type of documentation do facilities need to show if they are below the 25,000 level. Basically there is nothing that you have to have to show that you are below it. I think it will not be a prudent thing to do. For instance, if you go the applicability tool and run that for your facility and then generate a report, a printout from that report, and keep that in your record, should EPA want to visit the facility to conduct an audit for whatever reason, you would have that documentation available. But there is no specific requirement for documentation if you are below the 25,000 MT level.

Cate Hight: OK. Thanks, Kitty. And it looks like that we have run out of questions. But we were glad to have the opportunity to chat a little bit with you guys, via webinar today although it is sort of a funny interface. I just wanted to make

sure to draw your attention to some contacts we have listed here. If you have any additional questions, about the Mandatory Reporting Rule, either coming out of today's session or in general as you are reading through the Rule, feel free to contact the hotline and Sean is the hotline guru. So he will do his best to organize a response to you.

Then if you would like to follow up with either Marnie or Andy about some of the efforts that they are working in their states related to the Rule, their contact information is listed here as well. And Catherine, would you like to provide again the address where they can access the slides.

Catherine Morris: Yes, www.epatechforum.org. And if you still have your invitation, it was printed there, but it is pretty easy address. It has not only this tech forum, but past tech forums, background documents, and presentation material. So check it out. www.epatechforum.org.

Cate Hight: OK. Well, thanks very much.

Catherine Morris: Thanks and please join us next month March 23rd for Clean Energy and Smartgrid Technologies.

Operator: Thank you. This concludes today's conference call. You may now disconnect.

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