

**U.S. Department of Energy  
Energy Information Administration**

**Supporting Statement**

**Voluntary Reporting of Greenhouse Gases Program Survey:  
Form EIA-1605  
OMB Number: 1905-0194**

**July 13, 2007**

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## **Background**

This information collection request (ICR) is being reinstated. The ICR was originally submitted on 11/27/2006, but was withdrawn. This ICR expired on 3/31/2007 and no collection of information occurred since the expiration, therefore, the ICR is not in violation.

### **Current Voluntary Reporting of Greenhouse Gases Program**

The Energy Information Administration's (EIA) Voluntary Reporting of Greenhouse Gases Program collections are conducted pursuant to Section 1605(b) of the Energy Policy Act of 1992 (Pub. L. 102-486, 42 U.S.C. 13385) under General Guidelines issued by the Department of Energy's (DOE) Office of Policy and International Affairs. The EIA-1605 and EIA-1605EZ forms were designed to collect voluntarily reported data on greenhouse gas emissions, achieved reductions of these emissions, and increased carbon fixation, as well as information on commitments to reduce greenhouse gas emissions and sequester carbon in future years. A summary of the results of the Voluntary Reporting of Greenhouse Gases Program appear in the Program's annual report titled Voluntary Reporting of Greenhouse Gases (<http://www.eia.doe.gov/oiaf/1605/vrrpt/summary/index.html>). Additionally, EIA produces and makes publicly available, a "public-use" database containing all the non-confidential information reported to EIA's Voluntary Reporting of Greenhouse Gases Program on the Forms EIA-1605 and EIA-1605EZ (<http://www.eia.doe.gov/oiaf/1605/databases.html>).

The EIA, as part of its effort to comply with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, 44 U.S.C. Chapter 35), provides the general public and other Federal agencies with opportunities to comment on collections of information conducted by or in conjunction with the EIA. Any comments received help the EIA to prepare data requests that maximize the utility of the information collected and to assess the impact of collection requirements on the public. The EIA later seeks approval by the Office of Management and Budget (OMB) under Section 3507(a) of the Paperwork Reduction Act of 1995.

**The "terms of clearance" for the previous approval are addressed on page 26 of this document.**

### **Enhanced Voluntary Reporting of Greenhouse Gases Program under President's Climate Change Initiative**

On February 14, 2002, President Bush announced the Climate Change Initiative (CCI). The CCI includes a series of programs and initiatives to address the issue of global climate change, including a greenhouse gas intensity reduction goal, energy technology research programs, targeted tax incentives to advance the development and adoption of new technologies, and voluntary programs to promote actions to reduce greenhouse gases. As part of the CCI, the President directed the Secretary of Energy, in consultation with the Secretary of Commerce, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency, to propose improvements to the current Voluntary Reporting of Greenhouse Gases Program required under section 1605(b) of the Energy Policy Act of 1992. These improvements are to

enhance measurement accuracy, reliability, and verifiability, working with and taking into account emerging domestic and international approaches.

The purposes of the proposed Program enhancements are to: (1) establish revised procedures and reporting requirements for filing voluntary reports, and (2) encourage corporations, government agencies, non-profit organizations, individuals and other private and public entities to submit annual reports of their total entity-wide greenhouse gas emissions, net emission reductions, and carbon sequestration activities that are complete, reliable and consistent.

On May 6, 2002 (67 FR 30370), the Department of Energy solicited public comments on various issues relevant to its efforts to implement the President's directives. The DOE also held four public workshops (67 FR 64106) in the fall of 2002 to enable interested persons to discuss and provide comments on possible improvements to the Program guidelines. Public comments submitted to DOE's Office of Policy and International Affairs on possible revisions to the Voluntary Reporting of Greenhouse Gases Program General and Technical Guidelines are available at <http://www.pi.energy.gov/enhancingGHGregistry/index.html>.

On November 26, 2003, DOE released proposed revised General Guidelines for the Voluntary Reporting of Greenhouse Gases Program. On January 12, 2004, DOE held a public workshop to discuss the proposed, revised General Guidelines and to receive comments from the public.

On March 24, 2005, DOE issued the Interim Final General Guidelines (70 FR 15169) and a "Notice of Availability" for the Draft Technical Guidelines (70 FR 15164) with a 60-day comment period. Both DOE and the U.S. Department of Agriculture (USDA) held workshops to solicit comments on the Interim Final General Guidelines and the Draft Technical Guidelines. The DOE workshop, held on April 26-27, 2005, in Arlington, Virginia, was attended by more than 150 individuals. The USDA workshop was held on May 5, 2005, in Riverdale, Maryland, to address technical and methodological issues associated with preparing estimates of greenhouse gas emissions and carbon sequestration from agriculture and forestry activities.

On April 21, 2006,<sup>1</sup> DOE issued final General and Technical Guidelines for the revised Voluntary Reporting of Greenhouse Gases Program (71 FR 20784) (<http://www.eia.doe.gov/oiaf/1605/Gen%20Guidelines%20final%20rule%20Apr21.pdf>). The new Program guidelines became effective on June 1, 2006.

In response to the issuance and finalization of the revised General and Technical Guidelines, EIA, on July 27, 2006, issued for review and public comment (71 FR 42637) revised reporting forms and instructions for reporting under the revised Program Guidelines. The first year of reporting to the Program under the revised Guidelines is expected to occur in the fall of 2007, for 2006 data.

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<sup>1</sup> U.S. Department of Energy, *Guidelines for Voluntary Greenhouse Gas Reporting; Final Rule*, 71 Federal Register 20784, April 21, 2006, <http://www.pi.energy.gov/pdf/library/April21FRwithFinalGG.pdf>.

On January 31, 2007, however, DOE issued in the Federal Register (72 FR 4411) draft corrected Technical Guidelines designed to correct factual and drafting errors, eliminate inconsistencies, update certain references, clarify intent, and modify or eliminate certain inappropriate calculation methods that were included the March 2006 Technical Guidelines currently referenced by the General Guidelines. Following a 30 day public comment period, DOE on April 2, 2007, issued a Federal Register notice (72 FR 15598) making the January 2007 Technical Guidelines effective as of March 2, 2007 and finalized on April 2, 2007.

In response to the corrected Technical Guidelines that became finalized on April 2, 2007, EIA, as part of this resubmission, has modified Form-1605 accordingly. The changes made are incremental to the draft form originally submitted for OMB approval on November 9, 2006. The changes made to the form include changes in the emission reduction methodologies for Landfill Methane Recovery, Capture of Methane from Anaerobic Digestion at Wastewater Treatment Facilities, Capture of Methane from Anaerobic Digestion of Animal Waste, Recycling of Fly Ash, and Combined Heat and Power. These changes are reflected in changes to Addendum B7, B10, B11, B12, and B13 of Form 1605, as well as corresponding sections of the Instructions for Form-1605.

EIA is requesting OMB approval for a 3-year extension of the Form EIA-1605, with revisions; and for the discontinuation of Form EIA-1605EZ (short form). The revisions to Form EIA-1605 are summarized below.

**Schedule I:** On the previous Schedule I, “Entity Identification and Certification,” the focus was limited to asking for information to identify the reporting entity, the type of reporting entity, the geographic scope of activities, the Standard Industrial Classification Code (SIC), the applicability of confidentiality, and the reporting entities attesting to/certifying the accuracy of the information reported. The revised Schedule I, “Entity Information,” has been expanded to include an inventory of emissions and emissions reductions, carbon flux, and emissions offsets, all calculated at the entity level. In addition, the revised Schedule I now includes the collection of NAICS codes (instead of SIC codes), an expanded list of entity type categories, information on any changes in entity information from previous reporting years, and other reporter characteristics, such as base period, voluntary program affiliation, and entity organization.

**Schedule II:** On the previous Schedule II, “Project-level Emissions and Reductions,” the reporting entity was asked to provide information on individual projects that had achieved reductions in greenhouse gas emissions and/or have sequestered carbon. The revised Schedule II, “Subentity Information,” collects data that are similar to data collected on Schedule I of the revised Form EIA-1605, but on a subentity-level basis. The Program guidelines define a subentity as a component of any entity, such as a discrete business line, facility, plant, vehicle fleet, or energy using system, which has associated with it emissions of greenhouse gases that can be distinguished from the emissions of all other components of the same entity and, when summed with the emissions of all other subentities, equal the entity’s total emissions. Project-level or action-specific reductions can be registered under limited circumstances using the

calculation methods specified in the Technical Guidelines and embodied in Addendum A of the revised form.

**Schedule III:** On the previous Schedule III, “Entity-level Emissions and Reductions,” the reporting entity was able to establish a record of its greenhouse gas emissions, emissions reductions and carbon sequestration achievements. Schedule III was used to report information such as actual emissions for the baseline period (as early as 1987 to 1990), emissions for subsequent years (1991 to the present), emission reductions for the years 1991 to the present, and causes for changes in the levels of emissions and/or emissions reductions, all at the entity-level. The collection of entity-level emissions and reductions has been incorporated into Schedule I in the revised form. The revised Schedule III, “Emissions Reductions Summary,” focuses on summarizing the entity-level emissions reductions, based on information reported by the entity on revised Schedule I or revised Schedule II. Reporters may subdivide the entity into two or more subentities to permit the use of different calculation methods for estimating reductions.

**Schedule IV:** On the previous Schedule IV, “Commitments to Reduce Greenhouse Gases,” the Reporting entity was provided the opportunity to report on its commitments made, under a variety of governmental initiatives, to reduce greenhouse gases. The information gathered included descriptions of the commitment, the type of reference case used to calculate emissions reductions, the voluntary program the reduction activity was affiliated with (if applicable), as well as information on financial commitments made to support activities designed to reduce greenhouse gas emissions. Collection of commitment information has been discontinued in the revised form.

The revised Schedule IV, “Verification and Certification,” provides an opportunity for reporters to document optional independent, “third-party” verification of the information reported on the Form EIA-1605 and expands the certification statement that all reporters must sign. Third-party verification was not included on the existing EIA-1605 form. Schedule IV of the revised form consists of two sections. The first section titled, “Independent Verification,” collects information on the identity and qualifications of the independent verifier and verification approach and includes the independent verifier’s certification. The second section titled “Reporter Self-Certification,” is a required self-certification, including the reporter’s declaration that the form meets all three requirements for “reported” reductions<sup>2</sup>, and in the case of “registered” reductions<sup>3</sup>, five additional requirements.

**Addendum:** The form includes the following addenda for portions of the form that will not be

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<sup>2</sup> “Reported” reductions can be compiled at any level (project, facility, etc.), do not require an entity-wide emission inventory, do not require reporters to meet the 3.0 minimum data quality rating, and can be reported for years 1991 and later.

<sup>3</sup> “Registered” reductions require that entity compile an entity-wide emission inventory, meet minimum data quality standards of 3.0 or higher, calculate emission reductions across the entire entity, and can only be registered for years 2003 and beyond. Minor exceptions to these requirements allow small emitters to register reductions for selected activities, and selected participants in DOE’s Climate VISION Program and EPA’s Climate Leaders Program to register reductions as early as 2001 and beyond.

required for all reporters: Addendum A, Inventory of Foreign or Subentity Emissions; Addendum B, Emission Reduction Methods; and Addendum C, Country-specific Factors Used to Estimate Emissions from Foreign Sources. Addendum A is to be used by reporters that are subdividing their entity into (domestic and/or foreign) subentities and allows those reporters to submit subentity-specific emission inventories. Addendum B includes sixteen (B1-B16) different emission reduction methods to be used by reporters to calculate and submit emission reductions.. Addendum C is to be used by reporters submitting data on foreign activities and allows those reporters to report those emission factors used to calculate foreign emissions and reductions.

The information collection proposed in this supporting statement has been reviewed in light of applicable information quality guidelines. It has been determined that the information will be collected, maintained, and used in a manner consistent with the Office of Management and Budget (OMB), DOE, and EIA information quality guidelines.

## **A. Justification**

### **A-1. Statutory Authority**

The statutory authority of this voluntary program is section 1605(b) of the Energy Policy Act of 1992 (Public Law 102-486, 42 USC 13385) that states:

(b) Voluntary Reporting. -

(1) Issuance of Guidelines. - Not later than 18 months after the date of the enactment of this Act, the Secretary shall, after opportunity for public comment, issue guidelines for the voluntary collection and reporting of information on sources of greenhouse gases. Such guidelines shall establish procedures for the accurate voluntary reporting of information on-

(A) greenhouse gas emissions-

(i) for the baseline period of 1987 through 1990; and

(ii) for subsequent calendar years on an annual basis;

(B) annual reductions of greenhouse gas emissions and carbon fixation achieved through any measures, including fuel switching, forest management practices, tree planting, use of renewable energy, manufacture or use of vehicles with reduced greenhouse gas emissions, appliance efficiency, energy efficiency, methane recovery, cogeneration, chlorofluorocarbon capture and replacement, and power plant heat rate improvement;

(C) reductions in greenhouse gas emissions achieved as a result of -

(i) voluntary reductions;

(ii) plant or facility closings; and

(iii) State or Federal requirements; and

(D) an aggregate calculation of greenhouse gas emissions by each reporting entity.

Such guidelines shall also establish procedures for taking into account the differential radiative activity and atmospheric lifetimes of each greenhouse gas.

(2) REPORTING PROCEDURES. - The Administrator of the Energy Information Administration shall develop forms for voluntary reporting under the guidelines established under paragraph (1), and shall make such forms available to entities wishing to report such information. Persons reporting under this subsection shall certify the accuracy of information reported.

(3) CONFIDENTIALITY. - Trade secret and commercial or financial information that is privileged or confidential shall be protected as provided in section 522 (b)(4) of Title 5, United States Code.

(4) ESTABLISHMENT OF DATA BASE. - Not later than 18 months after the date of enactment of this Act, the Secretary, through the Administrator of the Energy Information Administration, shall establish a data base comprised of information voluntarily reported under this subsection. Such information may be used by the reporting entity to demonstrate achieved reductions of greenhouse gases.

The EIA-1605 and EIA-1605-EZ reporting forms were formulated pursuant to the program guidelines developed by the DOE's Office of Policy and International Affairs. DOE finalized the Program Guidelines in 1994 following a public comment period and public hearing on a set of the proposed guidelines. The availability of the Program Guidelines was announced in the Federal Register on October 19, 1994 (59 FR 52769). These Guidelines are entitled *Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992 - General Guidelines and Supporting Documents (DOE/PO-0028), October 1994* (available at <http://www.eia.doe.gov/oiaf/1605/guidelns.html>). As mentioned above, however, the original guidelines have now been superseded by revised General and Technical Guidelines issued by DOE on April 21, 2006,<sup>4</sup> which became effective on June 1, 2006. Subsequent technical corrections to the Technical Guidelines became effective on March 2, 2007 and finalized on April 2, 2007 (72 FR 15598).

## **A-2. Data Needs and Uses**

The EIA prepares an annual report summarizing the results of the Program, based on the information reported on the Forms EIA-1605 and EIA-1605EZ, titled *Voluntary Reporting of Greenhouse Gases* [DOE/EIA-0608]. This report highlights and recognizes reporters' efforts to reduce or avoid greenhouse gas emissions at both the project- and entity-levels. The most recent report issued is *Voluntary Reporting of Greenhouse Gases 2005 - Summary*, released in December 2006. This report can be accessed directly at <http://www.eia.doe.gov/oiaf/1605/vrrpt/summary/index.html>. With the discontinuation of Form-

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<sup>4</sup> U.S. Department of Energy, *Guidelines for Voluntary Greenhouse Gas Reporting; Final Rule*, 71 Federal Register 20784, April 21, 2006, <http://www.pi.energy.gov/pdf/library/April21FRwithFinalGG.pdf>.



1605EZ, this report will focus on emissions and reductions reported on the revised Form EIA-1605.

The EIA also established and maintains, pursuant to requirements under Section 1605(b) of the Energy Policy Act of 1992, a public-use database containing the data/information reported to the Program. This database, which serves as a clearinghouse of information and case studies on greenhouse gas reduction and carbon sequestration activities, is updated annually and is made available to the public on the Program's CD-ROM and is downloadable via the Internet from the EIA's website (<http://www.eia.doe.gov/oiaf/1605/databases.html>).

The original Voluntary Reporting of Greenhouse Gases Program was unique among the existing voluntary emission reduction programs in its diversity of project types, participation, and approaches. The Voluntary Reporting of Greenhouse Gases Program's database provides a wealth of examples of the types of concrete actions that organizations can undertake to reduce greenhouse gas emissions. Some of the most important uses/benefits of the Voluntary Reporting Program include:

- **Education** - The program helps educate staff at many of the largest corporations in the United States how to estimate their greenhouse gas emissions, and educates them on a range of possible measures to limit their emissions. This is an important requirement for future action to reduce emissions.
- **Information** - Reporters can learn about innovative emission reduction activities from the experiences of their peers. This potential has been illustrated for gases with strong heat trapping capacities. In the first reporting cycle, 9 companies reported 14 projects that reduced emissions of methane from municipal solid waste landfills via the recovery landfill gas, which was in turn either flared or used for energy. These projects reduced indirect methane emissions by 2.3 million metric tons carbon dioxide equivalent. As more reporters realized that avoiding emissions of one ton of methane, with its higher heat trapping capacity, holds the same benefit as reducing 23 tons of carbon dioxide emissions, reporting on these projects has increased. For the 2004 data reporting cycle, for example, 56 entities reported 392 landfill gas recovery projects that reduced direct methane emissions by 48.8 million metric tons carbon dioxide equivalent and indirect methane emissions by 18.6 million metric tons carbon dioxide equivalent.
- **Voluntary Reporting Mechanism** - The program has served as a reporting mechanism for a number of government voluntary programs, including the Department of Energy's (DOE) Climate Challenge Program, Environmental Protection Agency's (EPA) Landfill Methane Outreach Program, the U.S. Initiative on Joint Implementation, and the Energy Star Program (a joint program of DOE and EPA).
- **Reported Emission Reductions Registry** - The program has created a "test" database of approaches to emission reductions that can be used to evaluate future emissions limitation policy instruments. As such, the database serves as a registry of emissions and

reductions reported on the Forms EIA-1605 and EIA-1605EZ. The database preserves a record for reporters demonstrating achieved reductions and sequestration as well as emission levels. With this record, reporters may be able to establish a basis for future policy or regulatory regimes.

- **Greenhouse Gas Accounting Issues** - The program has illuminated many of the important emissions accounting issues that must be addressed in designing any future approaches to emission limitations.

The Voluntary Reporting Program was originally designed to be a general purpose registry and reporting program for greenhouse gas emissions, reductions, and commitments. The original design objectives of the EIA's Voluntary Reporting of Greenhouse Gases Program, included:

- Flexibility;
- Broad participation; and
- Allowance for the reporting of a broad range of greenhouse gas emissions reductions activities/actions, without foreclosing or preempting future legal definitions of a reduction, reporting entity, baselines, who can report, what can be reported, etc.

The focus of the revised Voluntary Reporting of Greenhouse Gases Program will follow the President's February 14, 2002 directive to "enhance the measurement accuracy, reliability, and verifiability" of the Program. Key objectives of the new Program, according to DOE's Office of Policy and International Affairs will be to:

- Encourage comprehensive, entity-wide reporting
  - Of both emissions inventories and reductions
  - Of all gases and sequestration
  - Of direct and certain indirect emissions
- Enhance quality, consistency and transparency
- Use emissions intensity as the primary measure of reductions

With the key elements of the revised Program being:

- Comprehensive emission inventory guidelines, with a quality rating system
- Registration of qualifying reductions, including offsets
- Entity-wide, emissions intensity focus
- Broad recognition of avoided emissions and other special categories of reductions; and
- Innovative guidance and tools for agricultural and forestry sectors.

### **A-3. Technological Considerations**

Pursuant to requirements under Section 1605(b) of the Energy Policy Act of 1992, the EIA designed, developed, and implemented the Survey Forms EIA-1605 and EIA-1605EZ. As part of the ongoing effort to reduce reporter burden, electronic versions of the forms were created to

facilitate electronic reporting of the data on Form EIA-1605 or Form EIA-1605EZ. The EIA developed a “client-server” based database system, with ORACLE as the back-end database, as well as a data entry sub-system for entering, editing, and browsing the data. This data entry sub-system has been distributed each year, to persons, firms, associations, and other types of organizations, who voluntarily choose to participate and/or express an interest in participating in the Program. This electronic version of the forms has helped to reduce respondent burden, ease reporting, and facilitate filing. The previous versions of the forms and instructions were made available on the Internet, as well as CD-ROM. The form EIA-1605-EZ also had an Internet-based reporting form that could be accessed over the Internet. Before using this option, reporters were required to contact EIA Greenhouse Gas Communications Center to get a login name and password.

EIA is currently working on the development of Internet Data Collection (IDC) system for the revised Form EIA-1605. The new IDC system will allow Program reporters to submit their emissions and reductions data to EIA over the Internet. Reporters will access the IDC application through EIA’s single sign-on application using specified user names and user IDs. Reporters will be able to save and submit their data to the 1605b database. EIA currently projects that this system will be operational in the fall of 2007. Reporters choosing not to report via the IDC would still have the option of filling out a paper form and mailing or faxing it to EIA.

#### **A-4. Efforts to Identify Duplication and Analysis of Similar Existing Information**

After a review of EIA’s other energy data survey collections forms, it was concluded that no unnecessary duplication of reported data would be created. Furthermore, an analysis of similar existing information was performed. This analysis also revealed no significant duplications in reported material. A thorough investigation was made of current reporting practices of potential reporters. This review divided the range of potential reporters into economic sectors: electricity supply, industrial, residential and commercial buildings, transportation, agricultural, and forestry.

##### **(1) Electricity Supply Sector**

For the electricity supply sector, existing data reported to EIA, Federal Energy Regulatory Commission (FERC), and state regulatory authorities were investigated. Although a considerable amount of energy-related data is currently reported to EIA and FERC, it is primarily focused on estimating/calculating energy-use for specific sectors of the economy. These other data collections are not normally used to estimate greenhouse gas emissions.

Some emissions data are collected by the EPA under Title IV of the Clean Air Act Amendments of 1990. Electric generators are required to monitor and report their emissions of acid rain precursors, specifically, sulfur dioxide and nitrogen oxides, through continuous emissions monitoring (CEM) systems. The flows of these gases are monitored frequently enough to approximate continuous monitoring in order to report concentrations. While these data may

prove useful to reporting emissions under 1605(b), they do not address reporting greenhouse gas emissions reductions. More importantly, these data are constrained to the definition of point of source as a reporter or activity. The breadth of the 1605(b) program does not limit reporting to individual point sources, but rather focuses on the emissions consequences of a broad-range of activities.

## **(2) Industrial Sector**

Both voluntary and mandatory reporting practices in the industrial sector were reviewed. The set of mandatory reporting includes Securities and Exchange Commission (SEC) regulations on financial information for the protection of investors. In addition, the annual reports of many potential corporate reporters were investigated for non-financial operational data such as the number of trees planted by a papermaking company. Again, the review illustrated that emissions data were not generally reported although some of the existing data can be used by reporters as inputs to estimating emissions or sequestration.

The Toxic Release Inventory (TRI) administered by the EPA primarily collects information on emissions toxic to humans. Incorporated in this list are some ozone-depleting substances that, under the General Guidelines, are reportable to the Voluntary Reporting Program. These data are useful in determining some greenhouse gas emissions, but reductions information is not reported. Thus, the TRI is a useful input, but does not constitute a complete report.

Operating information on production and other operating data collected by other government agencies including the Departments of Commerce and Interior were investigated. This information along with data reported to trade associations by constituent members was assessed. None of this information specifically addresses emissions of the gases covered by this program. However, it was determined that information reported will prove useful to those reporters who wish to file the Form EIA-1605 by providing some input information for estimating their greenhouse gas emissions and reductions.

## **(3) Commercial and Residential Sectors**

Compared with electricity and industrial sectors, very little information on greenhouse gas emissions is reported by the commercial and residential sectors. EIA collects data on the energy usage of a representative sample of commercial buildings and households.

## **(4) Transportation Sector**

For transportation-related activities, items such as fuel use and vehicle miles traveled are reported to various agencies including the Department of Transportation, the Department of Commerce, and EIA. Such data are useful in calculating greenhouse gas information, though this information is not sufficient for reporting an emission reduction.

## **(5) Agricultural and Forestry Sectors**

Reviews of the agricultural and forestry sectors include data reported to the U.S. Department of Agriculture (USDA). Information is also reported to the Federal tree planting programs that are operated by USDA's U.S. Forest Service. These programs are largely aimed at promoting certain forestry practices such as forest management and reforestation after harvest, and are not intended as data collection systems.

The effort to identify similar existing data sources yielded very useful findings for the form design process because form design relies heavily on existing information from which reporters can estimate emissions, reductions, and sequestration levels. Therefore, even though the existing data sources are inadequate and not duplicative, the information plays a vital role in estimating the effects of the activities undertaken to reduce greenhouse gas emissions and increase carbon sequestration.

#### **A-5. Provision for Reducing Burden on Small Business**

Because the Form EIA-1605 is voluntary, no undue, unfair, or discriminatory burden is placed on small businesses by this program. However, small businesses are encouraged to report all of their efforts to reduce emissions. Small emitters, those with emissions of less than 10,000 metric tons carbon dioxide equivalent and in many cases small businesses, are subject to lesser reporting requirements than large emitters. Small emitters, for example, need not submit a full entity-wide emissions inventory in their reporting year reports and only have to report emissions for those activities for which they are reporting emission reductions.

#### **A-6. Consequences of Less Frequent Reporting**

The legislation requests that emissions and reductions information can be reported for 1987 through 1990 and for subsequent calendar years on an annual basis. Additionally, Section 300.8(g) of the Program's General Guidelines requires reporting entities to report annually on a continuous basis. This is done to ensure that the summation of entity annual reports accurately represents net, multi-year emission reductions. It is critical that the Program maintain accurate information on emissions, reductions, and carbon sequestration activities because greenhouse gases and global warming are a long-term national concern and the subject of various extensive research projects. To promote these objectives, annual collection of information is necessary. Such annual reports allow users of the data to better analyze emission trends, reduction activities, carbon sequestration activities, and relative participation in the Program.

#### **A-7. Compliance with 5 CFR 1320.5**

Data are submitted in compliance with 5 CFR 1320.5, General Information Guidelines. Section 300.9(d) specifies certain recordkeeping requirements that reporting companies must follow. Entities intending to register reductions must maintain adequate supporting records of base period data for the duration of their participation in the 1605(b) program. Supporting records for all reporting year data must be maintained for at least three years subsequent to the

relevant reporting year to enable verification of all information reported. The records should document the basis for the entity's report to EIA.

#### **A-8. Summary of Comments on the Federal Register Notice containing the request for a 3-year extension of the Form EIA-1605 with revisions; and discontinuation of the Form EIA-1605EZ.**

EIA received comments from nine organizations in response to its Federal Register Notice announcement (71 FR 42637) of July 27, 2006, containing the request for a 3-year extension of the Forms EIA-1605 with revisions; and discontinuation of the form EIA-1605EZ.

Organizations submitting comments were the American Forest & Paper Association, American Petroleum Institute (API), BP America, Edison Electric Institute (EEI), National Rural Electric Cooperative Association (NRECA), Nuclear Energy Institute, Power Tree Carbon Company, Southern Company, and Utility Solid Waste Activities Group. A summarization of the comments by issue is provided below. The comments are also available at EIA's website at [http://www.eia.doe.gov/oiaf/1605/public\\_comment.html](http://www.eia.doe.gov/oiaf/1605/public_comment.html).

It is important to note that a number of commenters raised issues (e.g., quality rating system, reporting deadline, consistency with other reporting protocols, etc.) that would require changes to the General and/or Technical Guidelines. EIA has no authority to change the General and Technical Guidelines and must follow those Guidelines in implementing the revised Program. For these reasons, comments related to General and Technical Guidelines are not discussed below. Comments related to software design were taken under advisement and will be reflected to the extent appropriate in EIA's reporting software that is being developed in tandem with the Forms and Instructions approval process. Changes related to editorial comments are also not discussed.

#### **General Comments**

##### **Reporting Burden**

API, BP America, EEI, NRECA and Southern Company commented on the reporting burden of submitting data the revised Form EIA-1605. API stated that EIA is grossly underestimating the range of hours required to complete the revised forms. According to API, EIA's estimate of 32-to-64 hours per response for the revised Form EIA-1605 is far from realistic and is barely representative of the reporting burden for very simple organizations with few locations and emission sources. API also stated that new data quality ranking adds a new layer of complexity and data management requirements that add to the burden of data collection and voluntary reporting. API goes on to say that the best way to minimize the burden is to require reporting that is consistent with other protocols that are already widely used such as the API Compendium. BP America commented that the amount of information requested on the forms is very extensive, particularly for a voluntary reporting program and this complexity is overly burdensome and may discourage the participation of current and new reporters.

EEI stated that EIA should reconsider the accuracy of its estimates of the “burden” of the “collection of information” and reporting thereof in preparing its submission to OMB. NRECA, meanwhile, commented that EIA should retain the 1605-EZ form to reduce burden for small utilities/co-operatives. Southern Company commented that the burden hour requirement for the new program will certainly be greater than for the old program (80-100 hours for 2005 Data Year).

EIA has taken into consideration these comments on burden in compiling its burden hour estimates (see estimates below). First, EIA has increased its burden hour per response relative to its request for comments. EIA has increased its burden hour estimate per reporter from 32-64 hours to a flat 60 hours per response, recognizing that large/complex entities will be above this number while smaller, less complex entities will be below this number. Additionally, EIA has strived to keep data elements to an absolute minimum, only requesting data required by the General and Technical Guidelines. Also, although the form is long, the reporter will need only do those portions of the form that apply to them. And, finally, on the issue of industry protocols, EIA is bound to follow the methods required by the General and Technical Guidelines, as such EIA has no ability to adopt industry protocols to reduce burden.

### **Start-up Costs**

EEI, Southern Company, NRECA, API, and BP America also commented on the issue of expected start-up costs in transitioning to the revised Voluntary Reporting Program. Southern Company indicated that it had spent in excess of 100 labor hours starting to learn the new requirements and suggested that it would have to develop communication tools and methods, disseminate information about the program across the company, and prepare spreadsheets and templates specific to the program. API and BP America mentioned the potential cost of modifying existing data management systems to track the information required for 1605(b) reporting. NRECA cited an Electric Power Research Institute estimate that, in the first year of reporting, an electric utility would need to commit \$50,000 and \$100,000 for consultants plus 40-100 hours of staff time to accumulate the data.

In response to these comments, EIA has modified section A-13 (Total Annual Cost Burden) of the supporting statement to recognize the possibility of start-up costs without providing an estimate for such costs since possible start-up costs could vary greatly depending on the complexity of the entity and capabilities of the entity’s existing data collection systems.

### **Reporting Versus Registering Reductions**

Several commenters said that EIA should more clearly distinguish the difference between “registering” reductions versus “reporting” reductions.

*Registered* reductions are designed to meet specific, stringent reporting requirements designed to increase the credibility of reported emissions and emission reductions. Entities can *register* reductions in emissions achieved beginning in 2003 and in subsequent years as measured against

a base period of up to four years (1999-2002, or later). In order to *register* reductions, entities must comply with the requirements of §300.1(c) and §300.7 of 10 CFR Part 300, Guidelines for Voluntary Greenhouse Gas Reporting. Upon review and acceptance of a report, EIA will notify entities that reductions meeting the requirements have been credited to the entity as “*registered* reductions,” which can be held by the reporting entity for use in the event a future program that recognizes such reductions is enacted into law.

“*Reported reductions*” are designed to meet less stringent and more general reporting requirements. Entities may *report reductions* in greenhouse gas emissions for the baseline period of 1987 through 1990, or later and entities may *report* annual reductions of greenhouse gas emissions and increases in carbon fixation realized in 1991 and subsequent years.

In response to these comments EIA has made a clear distinction between these two types of reporters in both Forms and the Instructions. For entities reporting reductions, EIA now uses the terms “reporting but not registering reductions.” For entities intending to register reductions, EIA now uses the term “registering reductions.” Additionally, in Table 2 of the Instructions, EIA has revised Table 2 of the Instructions to more clearly distinguish the reporting requirement by type of reporter. And, finally, EIA added decision tree Tables 3-6 that outline the reporting requirements by Form Schedule that a reporter would need to fill out given their reporting type and situation.

### **Subentity Definition**

Two commenters (EEI and Southern Company) said that EIA needed to provide clear guidance on what constitutes a “subentity.” According to the General Guidelines a subentity “means a component of any entity, such as a discrete business line, facility, plant, vehicle fleet, or energy using system, which has associated with it emissions of greenhouse gases that can be distinguished from the emissions of all other components of the same entity and, when summed with the emissions of all other subentities, equal the entity's total emissions.” This in itself does not specify on what grounds a reporter can establish a subentity. The grounds for establishing a subentity are specified in section 2.2.3 of the Technical Guidelines. Generally, a subentity can be established if a portion of the component of the entity has a unique output metric (if reporting intensity-based or absolute reductions), distinct emission reduction methodology (distinct Addendum B), foreign country operations, distinct base period for newly acquired operations, changed its emission reduction methodology, or cannot practicably assess changes in its net emissions. In response to this comment EIA has revised the Instructions to include a discussion of permissible reasons for establishing subentities, particularly, in the Introduction to the Instructions in the question “What are Subentities?”

### **Form 1605-EZ Discontinuation**

EEI commented that EIA did not provide an explanation or reasons to support or justify the discontinuance of the Form 1605-EZ. EEI claims that the best and most logical approach is for EIA to reconstruct the so called “short form” to serve entities, large and small, that choose to



report voluntarily GHG information without meeting the “requirement” of registration. EIA, however, decided that its original decision to discontinue Form 1605-EZ is the best decision with respect to the Program. There is no requirement under the legislation or guidelines requiring the “short form” and that the navigation controls of the reporting software will limit the number of form Schedules and Sections that small emitter, and entities reporting but not registering reductions, will be exposed to. Additionally, having a second form would increase the resource requirements of the Program, without a significant increase in data quality or utility.

## **Reporting Forms**

### **Accounting Issues – Intra-entity Energy Purchases**

Southern Company commented that there is not sufficient guidance on how reporters should treat intra-entity energy purchases. More specifically, if an electric power producer purchased electricity from itself for use in its office building, how would the emissions, related to the purchased power, be treated? In this case, EIA has revised the Form and Instructions to emphasize that reporters should only report on energy purchases from sources outside its entity boundary. In this situation, the intra-entity purchase of electricity would be treated as a direct emission to the entity since it generated the electricity, rather than an indirect emission from purchased electricity. This would prevent double-counting of the emissions related to generating the electricity.

### **Accounting Issues – Geologic Sequestration**

The American Petroleum Institute (API) commented that the Forms and Instructions regarding the geologic sequestration of carbon dioxide were confusing because emissions associated with carbon dioxide that is captured and stored (a reduction activity) are mixed in with emissions associated with CO<sub>2</sub> extraction, transport, and injection conducted for enhanced oil recovery, or otherwise, that might be part of an entity’s activities included in their inventory. EIA has edited Schedule 1, Section 2 (Entity Emissions Inventory) of the Form and Addendum B8 (Geologic Sequestration), as well as the Instructions, to clarify this issue.

### **Certification**

EEI and Southern Company made several comments regarding the Certification Statement in Schedule IV. Their comments focused mainly on ensuring the Certification Statement followed as closely as possible the certification requirements in Section 300.10 of the General Guidelines. EIA has made a number of changes to Schedule IV, Section 2 (Reporter Self Certification) so that it contains or references all of the certification requirements in Section 300.10 of the General Guidelines.

### **Confidentiality**

EEI commented that the note on question 13 of Schedule I, Section 1 that indicates that checking

the box will classify an entire report as confidential is inconsistent with the Instructions and the Freedom of Information Act (FOIA). A review of the 1605(b) confidentiality requirements under Section 300.9(e) of the General Guidelines states that an “entity must clearly indicate in its 1605(b) report the information for which it requests confidentiality.” EIA has edited question 13 to require respondents requesting confidentiality treatment for their reported data to clearly indicate those data elements for which confidentiality is requested and provide a justification for why such data should be made confidential under the Freedom of Information Act (FOIA), 5 USC Section 552(b)(4), the Department of Energy’s Freedom of Information regulations at 10 CFR Section 1004.11, and/or the Trade Secrets Act, 18 USC Section 1905.

EIA assumes that the data are not confidential and will treat them as such unless a respondent requests confidential treatment. In such a case, EIA will review the request with the applicable laws and regulations.

The Instructions have also been edited accordingly and state that upon “receipt of a request for this information made under FOIA, the DOE shall make a final determination whether the information is exempt from disclosure in accordance with the procedures and criteria provided in 10 CFR Section 1004.11. To assist us in this determination, reporters should demonstrate to the DOE that, for example, their information contains trade secrets or commercial or financial information whose release would be likely to cause substantial harm to their company's competitive position. A letter accompanying the submission that explains (on an element-by-element basis) the reasons why the information is exempt from disclosure under FOIA, and which specifically addresses the criteria in paragraph (f) of 10 CFR Section 1004.11, would aid in this determination. EIA will withhold the report of a respondent requesting confidential treatment of its reported data from the 1605(b) database until a final determination is made on whether the data satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

### **De Minimus**

API commented that portions of the Schedule 1, Section 1, Part B of the Form indicate that nitrous oxide and methane may be assumed to be “de minimus.” API stated that if such exceptions are allowed, the reporting entity will not be able to demonstrate that the sum of all “de minimus” emissions meets the 3% threshold. EIA has removed this footnote and allowed for the itemization of nitrous oxide and methane emissions.

### **Definition – Joint Venture**

Southern Company commented that EIA did not provide a definition of “joint venture” in Schedule 1, Section 1 in describing an Entity’s Organizational Boundaries (questions 8c). The term was not defined in the General or Technical Guidelines. EIA’s 1605b Glossary of Selected Terms contained in the Instructions, nor the EIA main glossary, contain a definition of joint venture. The Legal Information Institute of Cornell Law School was searched and a definition was found for “joint venture.” The definition adopted was “a legal organization that takes the

form of a partnership in which the persons jointly undertake a transaction for mutual profit. Generally each person contributes assets and share risks. Like a partnership, joint ventures can involve any type of business transaction and the “persons” involved can be individuals, groups of individuals, companies, or corporations.

(Source:[http://www.law.cornell.edu/wex/index.php/Joint\\_venture](http://www.law.cornell.edu/wex/index.php/Joint_venture)). This term has been incorporated into the 1605b Glossary of Selected Terms in the Instructions.

### **Emission Sources**

American Forest & Paper Association (AFPA) commented that portions of Schedule 1, Section 2 of the form do not specifically call out emissions of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>). EIA has edited these portions of the form to call out these gases. APFA also commented that “other indirect” emissions are not to be included in an entity’s emission inventory and it would be beneficial to include in a footnote to this section. EIA has made this change. Southern Company also stated that it was not clear where one could enter SF<sub>6</sub> from electricity generation and transmission. EIA has added a row in Schedule 1, Section 2 for this source.

### **Entity Boundary**

EEI commented that although the Form only requires an explanation of a boundary definition approach if an "other" method is used, the General Guidelines require an explanation for any method except financial control. EIA has changed the form to require an explanation for any boundary method other than financial control.

### **Entity Statement**

National Rural Electric Cooperative Association (NRECA) commented that in the draft Form, Schedule I, Section 1, Entity Statement, reporters are instructed in item 6 to select the category that describes the entity. In the draft form, electric cooperatives were categorized as “Non-Profit Organization, Cooperative.” NRECA recommends that a more appropriate categorization of electric cooperatives would be under the “Utility (Non-Investor Owned)” category. EIA has made this change. EEI also commented that the boxes under question 4, "Significant changes to previous entity statements" should be revised to cover Section 300.8(f), as well as 300.5(h) of the General Guidelines. EIA has made this change by adding a box to question 4 entitled, "Emission reduction calculation method changed."

### **Offsets**

EEI commented that the statement in Schedule 1, Section 3 (Emission Offsets), "...the reporter certifies the existence of an agreement between the other reporting entity and itself..." represents a double-certification, since Section 300.10(a) of the General Guidelines requires "a certification statement ... signed by a certifying official of the reporting entity" and Section 300.10(c)(2)(ii) of the General Guidelines provides that such statement “must also certify that... [a]ny emission

reductions reported or registered by the entity that were achieved by another entity ... are included in the entity's report only if ... [t]here exists a written agreement with each other entity." EIA has edited this portion of the form to make the statement more informational and to read as, "emission reductions from another entity may only be reported if an agreement exists..."

### **Verification**

Both EEI and API made commented to edit the verification statement in Schedule IV, Section 4 of the draft form to make the statement more closely conform to Section 300.11 of the General Guidelines. EIA has edited portions of this Schedule IV so that it is in accordance with Section 300.11 of the General Guidelines.

### **Form Addenda**

#### **Action Identification**

The Nuclear Energy Institute (NEI) commented that the question in each emission reduction method (Addenda B) that allows reporters to "Identify Types of Actions That Were the Likely Cause of the Reductions Achieved" should be expanded to allow reporting entities the option of associating a numeric reduction (tons or intensity) with each action identified in this section. EIA has not implemented this comment because there is nothing in the General and Technical Guidelines that allows for such a designation, nor are there project-level methodologies in the Technical Guidelines that would provide for standard calculation methods.

#### **Definitions - Output Measures**

Both EEI and AFPA commented that "output" and "indexed measure" need to be more clearly defined in Addenda B1. EIA has edited the Instructions to better explain the concept of "indexed" production, and has also added definitions for "indexed measure" and "output" in the "Glossary of Selected Terms" section of the Instructions.

#### **Equations and Form Design**

Southern Company correctly pointed out that the equation for calculating emission reductions from improvements in historical emission intensity was incorrect in Addendum B5, Part B, question 1. EIA has corrected the formula in accordance with Southern Company's comment. AFPA. AFPA also commented that entry for sustainably managed forest in Addendum B3, Part A, question 1 should automatically contain a "zero." EIA has edited this portion of the Addendum by graying out this row so that reporters do not enter net carbon stock changes for sustainably managed forests. Under the Technical Guidelines carbon sequestration may not be reported for lands categorized as sustainably managed.

#### **Unnecessary Data Collection**

AFPA commented that in Addenda B1 (changes in emission intensity) and B3 (changes in carbon stock) it does not appear relevant that EIA ask if such reductions are related to plant closings. EIA has not changed the Addenda in response to this comment because EIA is required to ask this question by statute (Section 1605(b) of the Energy Policy Act of 1992). AFPA also commented that in Addendum B7 (landfill methane recovery) it is not necessary that EIA ask for the amount of landfill waste in place in order to estimate emission reductions from landfill methane recovery. EIA has retained this data element because it is required by the Technical Guidelines.

## **Instructions**

### **Accounting – Biomass Carbon Dioxide Emissions**

AFPA commented that the Instructions should be edited to make it clear that carbon dioxide emissions from biomass combustion should not be included in an entity's emission inventory. EIA has made changes to the Forms and Instructions to correctly accommodate this comment.

### **Cross Referencing**

Both EEI and Southern Company commented that EIA provide specific references to the General Guidelines in the Instructions for individual schedules and addenda. Since most of the Instructions are based on requirements of the General and Technical Guidelines, EIA has tried to strike a balance of referencing specific sections of the General and Technical Guidelines only where it is believed that the reporter may need to reference the Guidelines.

### **Forestry**

Power Tree Carbon Company commented that the Instructions regarding Carbon Losses from Natural Disturbances is confusing and needs to be clarified. Power Tree specifically commented that the phrase “(s)hould forestland of an entity or subentity experience a natural disturbance such as a fire or windthrow, the carbon stocks in the ***disturbance year (after the disturbance) and for the preceding years*** should be entered”, on page 30 of the Instructions was confusing and should be clarified. EIA has edited this section to make it clearer. The sentence now reads, “(s)hould forestland of an entity or subentity experience a natural disturbance such as a fire or windthrow, the carbon stocks in the disturbance year (the year in which the disturbance occurs) and for the preceding years should be entered.”

### **Language – Forestry (Pulp and Paper)**

AFPA commented that the Instructions should be in conformity with the Technical Guidelines that recognize that carbon dioxide emissions resulting from the pulp and paper industry's conversion of calcium carbonate into lime are biogenic emissions and are not reported as part of an emissions inventory. EIA has edited the Instructions for lime production under sector-specific process industrial emissions.

## **Reporting Requirements – Recordkeeping/Decision Trees**

EI correctly commented that Table 1, Summary of Reporting Requirements in the Instructions should be updated to note that recordkeeping requirements also apply to entities that are reporting but not registering reductions. EIA has updated the Table accordingly. EIA has also added to the Instructions a series of decision-tree tables to make it easier for reporters to determine what schedules, sections and parts of the form they must complete.

## **Simplified Emissions Inventory Tool (SEIT)**

### **De Minimus**

API, Southern Company, and EI commented that the SEIT may exclude some key emission sources that may make it difficult to get an accurate measure of the 3 percent de minimus emission threshold. EIA will attempt to add these sources to the SEIT to the extent possible, and add “other” categories where possible so that reporters could enter “off-line” calculations.

## **Response to Comments on OMB Review**

On November 9, 2007, EIA submitted the Form-1605 to OMB for review and a three-year extension under the Paperwork Reduction Act of 1995 (71 FR 65786). This submittal involved a 30-day comment period ending on December 11, 2006 with comments directed to OMB. After reviewing comments from the Edison Electric Institute (EI), EIA made a number of clarifying changes to Form-1605 and its Instructions. To Form-1605, EIA improved cross-referencing (where appropriate) to corresponding sections of the Guidelines; made a minor correction to the Form’s citation of Title 18 U.S.C. Section 1001; and modified several of the self-certification requirements listed in Schedule IV to match Section 300.10(b) of the General Guidelines.

In the Instructions, EIA also made several changes in response to comments submitted by EI. EIA added clarifying language on the Start Date of the Program; clearly distinguished that chlorofluorocarbons (CFCs), although reportable, are not one of the six greenhouse gases eligible for registration; clearly defined the distinction between entities “registering” reduction and those that are “reporting but not registering;” cross-referenced, where appropriate, sections of the guidelines to the Instructions; clarified the reporting requirements listed in decision charts outlined in Tables 3-6 and added two additional decision chart tables (Table 7-8); re-worded the self-certification instructions; and removed inappropriate programs from Appendix D, Voluntary Greenhouse Gas Initiatives.

### **A-9. Remuneration**

There are no plans to compensate Form EIA-1605 respondents.

### **A-10. Provisions of Confidentiality of Data**

Information reported on Form EIA-1605 will not be treated as confidential and will be publicly released in identifiable form. In addition to the use of the information by EIA for statistical purposes, the information may be used for any non-statistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

The information reported on Form EIA-1605 may be treated as confidential if a respondent makes a written request that its information is financial or commercial information and confidential or privileged, and they are able to satisfy the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. §552, the DOE regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

The Federal Energy Administration Act requires the EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on the Form EIA-1605 may also be made available, upon request, to another component of the Department of Energy (DOE); to any Committee of Congress, the General Accounting Office, or other Federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used for any nonstatistical purposes.

#### **A-11. Justification for Questions of a Sensitive Nature**

There are no questions of a sensitive nature on the Form EIA-1605.

#### **A-12a. Estimates of Reporting Burden**

Assumption: The typical Form EIA-1605 reporter is assumed to be a “Large Emitter,” intends to “register” emission reductions, files only domestic data, uses Schedule I (Sections 1, 2, and 3) and Schedule IV (Section 2) , and does not have the information reported “Independently Verified.”. The estimated average burden for this submission would be 60<sup>5</sup> hours per response.

The expected total estimated reporter burden for the 2007 reporting cycle (2006 data year) is 9,000 hours, calculated as follows:

Expected number of Form EIA-1605 Reporters = 150<sup>6</sup>:

$$150 \text{ (# of Reporters)} \times 1 \text{ response per year} \times 60 \text{ hours per response} = 9,000 \text{ hours.}$$

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5 The 60 hour estimate is higher than the 40 hour estimate used for the previous version of Form-1605 because of the increased complexity and transparency of the new Form-1605.

6 The 150 estimate of number of reporters is slightly below the estimate of 200 reporters in the last Information Collection Request on the 1605(b) Program. The expected reduction is based on the expectation that the newness of the Program may initially reduce participation as some reporters take a “wait and see” approach. Future reporting years, however, will probably see larger numbers if the Program is implemented smoothly.

### A-12b. Annualized Cost to the Respondents

Expected total annualized cost to the respondents for the 2007 reporting cycle (2006 data year) is estimated to be **\$684,000** ----- calculated as follows:

Expected total estimated respondent burden (9,000 hours) X estimated average respondent cost per hour (\$ 76 per hour)<sup>7</sup> = **\$684,000** .

### A-13. Total Annual Cost Burden to the Respondent

While EIA projects that almost all, if not all, burden to respondents will be in burden hours as reflected in item A-12 above, there is a possibility of additional (a) capital and start-up cost or (b) total operation and maintenance and purchase of service components associated with this data collection. Based on the response to EIA's request for comments, EIA, however, cannot provide an estimate of such costs because in such instances where these costs are incurred they could vary widely depending on the complexity of the entity and capabilities of the entity's existing data collection systems.

### A-14. Total Annualized Cost to the Federal Government

The estimated annualized cost of the EIA's Voluntary Reporting of Greenhouse Gases Program information collection, processing, analysis, report writing, and data dissemination activities, for the year 2007 (2006 data) reporting cycle is \$ 637,555 calculated as follows:

Federal Personnel (0.85 Full-time Employees) <sup>8</sup>	<b>101,555</b>
Contractor Support Costs:	<b>536,000</b>
Communications Center	105,000
Forms Review/Data Editing	300,000
Data Analysis and Report Preparation	70,000
Publication Support (review/editing/formatting)	8,000
Database and Software Maintenance/Enhancements	48,000
Other Miscellaneous Costs	5,000
<b>Total</b>	<b>\$ 637,555</b>

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<sup>7</sup> EIA staff reviewed the hourly rates for the Electric Power, Transmission, and Distribution sector of the economy because many of the previous reporters on the EIA-1605 were from that sector. EIA considered the most recent estimates (May 2006) of the U.S. Bureau of Labor Statistics ([http://www.bls.gov/oes/current/naics4\\_221100.htm#\(1\)](http://www.bls.gov/oes/current/naics4_221100.htm#(1))). Those wage estimates do not reflect fully loaded rates including benefits and support staff. Also, given the technical requirements as well as the importance to potential reporting companies for recording comprehensive, entity-wide reporting of emissions inventories, emissions, reductions, and sequestration, EIA expects the employees to be involved in the EIA-1605 reporting will include high level employees in those organizations choosing to participate. EIA used the mean hourly rate for environmental engineers (\$38/hour) and adjusted it by 100 percent to reflect an estimated fully loaded cost reflecting the conditions cited above.

<sup>8</sup> Based on average loaded (salary plus benefits) cost for an EIA employee.



It is important to note that for the 2007 reporting cycle (2006 data), which represents the first year of reporting under the 1605b Program Revised General and Technical Guidelines, there is an additional start-up cost associated with the development and implementation of new electronic reporting software (Internet-based), in the amount of \$ 525,000.

It is also important to note that since reporting to the Program is purely voluntary, the contractor support cost metrics, particularly “Forms Review/Data Editing” and “Communications Center” are extremely sensitive to changes in level of participation and the nature of the participant. For example: Larger Emitter” versus “Small Emitter”; “Reporter intending to register reductions” versus “Reporter that is reporting but not registering reductions”; and type and level of complexity of report submitted (Entity-level only, entity-level and sub-entity level, domestic versus foreign activities, “independently verified,” “offset” reporting, “avoided emissions” reporting, etc.) The type and level of complexity that the report reflects, is completely self-determined by the respondents (participants in the Program).

#### **A-15. Program Changes or Adjustments**

For the 2007 reporting cycle (2006 data) it is the expected that certain Program changes will increase burden hours by 860 hours. An adjustment in the number of respondents is expected to decrease burden as the number of respondents is projected to initially fall from to 150 from the 235 listed in the previous data collection. This decrease in burden, however, is expected to be more than counteracted by an increase in hours per response to 60 hours from the 40 hours listed in the previous data collection.

The expected burden hours estimate under this new data collection is calculated as follows:

Expected number of Form EIA-1605 Reporters = 150

150 (# of Reporters) X 1 response per year X 60 hours per response = 9,000 hours.

The previous burden hours estimate under current data collection = 8,140 hours<sup>9</sup>

Program Increase = Expected Burden - Previous Burden = 860 hours

It is important to note that this is an “increase,” and it is the result of a deliberate Federal government action.

#### **A-16. Publication and Tabulation Schedule for the year 2007 Reporting Cycle (2006 data)**

##### **Activity**

##### **Estimated Date**

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<sup>9</sup> This is based on 200 respondents using form EIA-1605 and 35 respondents using form EIA-1605EZ. Previous burden estimate under current data collection equals (200 respondents X 40 hours) + (35 respondents X 4 hours) = 8,140 hours.

Forms available	August 2007
Program Launch – Software Available	November 2007
Filing deadline (Self-Certified Reports)	January 2008
Filing deadline (Independently-Verified Reports)	March 2008
Information processing/data review//certification/verification complete (Last report accepted into the database)	March 2008
Data Analysis and Report Writing Completed	April 2008
Public Use Data Base is Available	May 2008
Release of annual report	May 2008

#### **A-17. Expiration Date**

The EIA will display the expiration date of the Form EIA-1605 on the survey form.

#### **A-18. Certification Statement**

No exceptions.

### **B. Description of Data Collection and Survey Design**

#### **B-1. Collection of Data**

Because the EIA’s Voluntary Reporting of Greenhouse Gases Program is ***voluntary***, participation is determined through a self-selection process. **Statistical methodologies do not apply to this ICR.** The forms were developed on the working premise that the “volunteers” have done something to either reduce greenhouse gas emissions or sequester carbon and that these volunteers want to report and or “register” their emissions reductions achievements under this Program. Therefore, the pool of respondents will not represent a random probability sample of all possible reporters because the form is not designed as, nor is it used as, a statistical survey instrument developed according to a recognized statistical sampling theory or methodology.

#### **B-2. Description of Survey Design**

The structure of Form EIA-1605 is designed in such a way that its level of complexity is completely self-determined by the reporters. If reporters wish to report but not register reductions, does not have any subentities, reports on only domestic activities and does not report

emission offset reduction, and does not employ third-party verification will probably have fairly modest reporting requirements. Conversely, reporters wishing to register reductions, with multiple subentities, reporting on domestic and foreign activities, with emission offsets and employs third-party verification will have a very comprehensive, fulsome report

Under the EIA's Voluntary Reporting of Greenhouse Gases Program, a reporting entity is a any business, institution, organization, government agency or corporation, or household that is recognized under any U.S. Federal, State or local law; is located and operates, at least in part, in the United States; and, the emissions of such operations are released, at least in part, in the United States. (Section 300.2, General Guidelines, April 2006).

### **B-3. Maximizing the Response Rate**

EIA attempts to encourage additional responses to the Program by raising public awareness of the Program. These efforts are focused on the issuance of the Program's annual report, *Voluntary Reporting of Greenhouse Gases*, press releases regarding significant actions, Program Newsletters, list serve announcements and maintenance of the Voluntary Reporting section of EIA's website (<http://www.eia.doe.gov/oiaf/1605/frntvrgg.html>). EIA also participates as an invited speaker at industry conferences to give presentations on the Program. It is important to note, however, that the concept of a response rate is not really applicable to the Voluntary Reporting Program because, as a voluntary survey, there is no way of identifying a number of "desired" potential respondents or "designated" in-scope cases that can be used as the denominator of a response rate.

### **B-4. Tests of Procedures or Methods**

The Office of Management and Budget approved the Form EIA-1605 on May 26, 1995 (OMB No. 1905-0194) as a recurring annual survey collection instrument. As part of that approval process, tests of the procedures and methods were performed. Since their approval (May 26, 1995), the Form EIA-1605 has been in operational existence for 12 reporting cycles (with the expectation of a thirteenth cycle) and has demonstrated that it is operationally successful.

## **C. Terms of Clearance from Previous Information Collection Request**

As part of the Terms of Clearance of the last data collection approval on May 2, 2005, OMB stated<sup>10</sup>:

**“This ICR is approved for an additional two years with the understanding that EIA will develop new reporting forms and instructions by early 2006 for collecting 2005 data as per the revised General Guidelines for Voluntary Reporting of Greenhouse Gases Program. OMB still views the issues that were noted in the Terms of Clearance” for the data collection approval granted by OMB on October 16, 2001, which extended for two-years,**

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<sup>10</sup> E-mail from [oir\\_a\\_docket@omb.eop.gov](mailto:oir_a_docket@omb.eop.gov) to Jay Casselberry EIA, authorized by Donald R. Arbuckle, Deputy Administrator, Office of Information and Regulatory Affairs, May 2, 2005.

**the previous expiration dates of the Forms EIA-1605 and EIA-1605EZ, to October 31, 2003, “with concern, and would ask EIA to take those comments into account in future collection and analysis of data.”**

EIA could not possibly meet the early 2006 date for new forms and instructions per the revised General Guidelines because DOE did not issue Final General and Technical Guidelines until April 21, 2006, with an effective date of June 1, 2006. This late date has pushed out the launch of the new reporting forms and instructions to late 2007.

#### **D. Name and Telephone Number of Program Contact Person**

Should you have any questions or comments regarding this request for a 3-year extension of the Form EIA-1605, with revisions; and for the discontinuation of Form EIA-1605EZ (short form), please contact:

Mr. Stephen E. Calopedis  
U.S. Department of Energy  
Energy Information Administration, EI-81  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Telephone: (202) 586-1156  
FAX: (202) 586-3045  
Internet E-Mail: [stephen.calopedis@eia.doe.gov](mailto:stephen.calopedis@eia.doe.gov)

#### **E. Enclosure**

Form EIA-1605 “Voluntary Reporting of Greenhouse Gases Reporting” package, which includes:

- a) Cover letter
- b) Form EIA-1605
- c) Instructions to Form EIA-1605

Electronic versions (PDF ) of the Revised Form EIA-1605 and accompanying instructions, are also available on the Internet at:

<http://www.eia.doe.gov/oiaf/1605/Forms.html>

If you wish to obtain additional hard copies of the enclosed documents, please:

Call **1-800-803-5182**; or **202-586-0688**

Write to the: Voluntary Reporting of Greenhouse Gases Program  
Energy Information Administration  
EI-81  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585; or

You may also contact the Program by Internet E-Mail at **[infoghg@eia.doe.gov](mailto:infoghg@eia.doe.gov)**