

**Testimony to the U.S. Environmental Protection Agency on the  
Proposed Mandatory Greenhouse Gas Reporting Rule  
On Behalf of the WCI Partner Jurisdictions**

Michael Gibbs, California Environmental Protection Agency<sup>1</sup>  
April 16, 2009

Thank you for holding this public hearing on the Proposed Mandatory Greenhouse Gas Reporting Rule. *[Acknowledge individuals on the panel as appropriate.]* My name is Michael Gibbs, and I am Assistant Secretary for Climate Change at the California Environmental Protection Agency. I am speaking today on behalf of the Partner jurisdictions of the Western Climate Initiative, or WCI.

I would like to begin by commending Administrator Jackson for taking bold steps to advance federal action on climate change. The world hungers for U.S. leadership, and national action is eagerly awaited here at home.

The WCI is a collaboration of seven U.S. states and four Canadian provinces that are developing together a comprehensive climate change program, including an economy-wide cap-and-trade program. In September of 2008 the WCI Partner jurisdictions released our cap-and-trade program design, which when fully implemented will cover approximately 90% of the economy-wide emissions in our states and provinces. As such, the WCI program is the most comprehensive cap-and-trade program developed to date. The 11 partner jurisdictions of the WCI are developing the materials needed to put our program in place, with the program scheduled to start in 2012, and emissions reporting to begin with 2010 emissions. The WCI Partner jurisdictions include: Washington, Oregon, California, Montana, Utah, Arizona, New Mexico, British Columbia, Manitoba, Ontario and Quebec. Together these states and provinces account for about 20% of the United States economy and 70% of the Canadian economy. Information about WCI is available on our website at [www.westernclimateinitiative.org](http://www.westernclimateinitiative.org).

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In developing our program, we recognize that effective and reliable reporting of greenhouse gas (GHG) emissions is essential. Consequently, WCI established a Reporting Committee, led by Jim Norton, the Environmental Protection Division Director of the New Mexico Environment Department. The WCI Reporting Committee has examined and evaluated the mandatory reporting needed to support a comprehensive climate program, including a cap-and-trade program. Later this month, the WCI Reporting Committee will release revised reporting recommendations, with the final version anticipated in June 2009. These materials, developed in an open and public process, reflect input from stakeholders throughout our jurisdictions, including thousands of comments and suggestions. Through this work, the WCI Partner jurisdictions have developed a strong foundation for mandating the reporting of GHG emissions, and are committed to ensuring that effective reporting is put in place to support both state and federal climate program needs.

The WCI Partner jurisdictions are gratified to see the WCI efforts recognized in your draft rule, along with the work of The Climate Registry (TCR) – of which all the WCI Partner jurisdictions are members. We also appreciate the effort that has gone into the draft rule, and look forward to working with you to develop a final rule that meets our collective needs. Toward this end, we would like to take this opportunity to identify several areas for particular attention to ensure a strong state/federal partnership. The WCI Partner jurisdictions will also be submitting written comments.

First, we believe it is essential to have a seamless program that meets both state and federal needs, without requiring duplicate or inconsistent reporting. Recognizing that most states have GHG emissions targets, including the WCI states, the EPA program can best achieve this goal by allowing for the delegation of reporting to states. This approach is most efficient for the reporting facilities and entities, ensuring that a single integrated report will meet the states' need to track progress toward emissions targets while also satisfying the reporting needs of the federal program. We understand that you have heard this same comment from other states, and from TCR, and we add our voices to this recommendation.

Second, we recommend a lower emissions threshold than the 25,000 metric tons of CO<sub>2</sub>e currently in the proposed rule. The WCI Partner jurisdictions have recommended a threshold of 10,000 metric tons for reporting. We find that there is a strong rationale for the lower threshold, and consequently believe that at a minimum the federal requirements should be a floor, so that states have the express authority to have lower reporting thresholds. Again, our comments in this regard are consistent with comments from other states.

Third, we would like to highlight an important difference regarding verification requirements between your proposed rule and the approach recommended by WCI. The WCI Partner jurisdictions have examined the issues surrounding requiring third-party verification of emissions reports. We have concluded that such verification is essential for sources covered by a cap-and-trade program given the diversity of emission sources and the vital public interest in ensuring accurate reporting. Also, we recognize that third party verification is the emerging international standard for GHG reporting, particularly in support of a market system.

Fourth, we would like to respond to your request for comment regarding the inclusion of onshore petroleum and natural gas production. We agree that this source category is significant, and recommend its inclusion as quantification methods are improved. As you are aware, efforts are underway to develop improved quantification protocols under the auspices of the Western Regional Air Partnership (WRAP) and TCR. Also, we support consideration of the corporate basin approach to reporting discussed in the Preamble.

Finally, we would like to again thank you for the opportunity to speak today, and we look forward to working with the U.S. EPA to develop an effective reporting program.