



April 11, 2012

White House Council on Environmental Quality
722 Jackson Place Northwest
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Re: Revised Guidance on Federal Greenhouse Gas Accounting and Reporting

The U.S. Clean Heat & Power Association (USCHPA) is the voice of combined heat and power in the USA. The organization is a 501(c)(6) trade association whose membership includes manufacturers, suppliers, and developers of combined heat and power (CHP) systems. Currently supplying twelve percent (12%) of U.S. energy capacity, CHP systems can reach efficiencies above eighty percent (80%). There is approximately 82 GW of CHP installed in the U.S. and industry estimates indicate the technical potential for additional CHP at existing sites in the U.S. is approximately 130 GW (plus an additional 10 GW of waste heat recovery CHP). USCHPA has a vested interest in ensuring greenhouse gas (GHG) reporting is accurate as it pertains to combined heat and power systems in federal facilities. We appreciate the opportunity to comment on the DRAFT Guidance on Federal Greenhouse Gas Accounting and Reporting.¹

The original 2010 Guidance² and related Technical Support Document³ or "TSD" were issued in response to President Obama's Executive Order 13514⁴ which calls on Federal Agencies and departments to lead by example in increasing sustainability and energy efficiency across the Federal Government. USCHPA notes that the purpose of the Guidance is specific to *reporting* greenhouse gas emissions as distinct from separate federal mandates requiring GHG *reduction*. Nevertheless, given the highly efficient properties of combined heat and power systems and emissions reductions achieved from offsetting coal-fired grid power, we believe including combined heat and power in the federal inventory is necessary to achieving federal GHG reduction goals by facilitating federal energy managers' ability to document efficiencies achieved through CHP.

It is imperative that these efficiencies be documented accurately. USCHPA notes that agencies must report GHG emissions from CHP sources within both the Scope 1 (direct or owned) and Scope 2 (indirect or purchased) categories. We also note that Scope 2 reporting for purchased CHP may be problematic. Indeed, the Draft Guidance offers default methodology calculations for reporting GHG emissions for

¹ DRAFT Federal Greenhouse Gas Accounting and Reporting Guidance, Draft Revision 1: March 12, 2012. ("Draft Guidance") http://www.whitehouse.gov/sites/default/files/microsites/ceq/draft_revised_federal_greenhouse_gas_accounting_and_reporting_guidance_031212.pdf

² Federal Greenhouse Gas Accounting and Reporting Guidance, October 6, 2010. http://www.whitehouse.gov/sites/default/files/microsites/ceq/ghg_guidance_document_0.pdf

³ Federal Greenhouse Gas Accounting and Reporting Guidance Technical Support Document, October 6, 2010. http://www.whitehouse.gov/sites/default/files/microsites/ceq/technical_support_document_1.pdf ("TSD")

⁴ Executive Order 13514, "Federal Leadership in Environmental, Energy, and Economic Performance, October 5, 2009. http://www.whitehouse.gov/assets/documents/2009fedleader_eo_rel.pdf

CHP, but suggests these calculations may provide emissions data that is incorrect.⁵ In fact, the 2010 Technical Support Document that attaches to the current version of the Guidance notes these simple calculations⁶, will likely result in overestimation of emissions:

Emissions from CHP facilities represent a special case for estimating scope 2 emissions. Because CHP simultaneously produces electricity and heat (steam and hot water), attributing the total GHG emissions to each product stream would result in double counting and not provide proper credit for the inherent efficiency of cogeneration. Thus, when two or more parties receive the energy streams from CHP plants, GHG emissions must be determined and allocated separately for heat production and electricity production. Since the output from CHP results simultaneously in heat and electricity, the agency must determine what “share” of the total emissions is a result of electricity and heat by using a ratio based on the Btu content of heat and/or electricity relative to the CHP plant’s total output... It is recommended that agencies use advanced methodologies when possible given the possible overestimation of emissions with the default methods.⁷

We appreciate that the 2012 proposed Guidance revision (as with the 2010 Guidance and Technical Support Document), encourages agencies to develop activity specific or local emissions factors for determining GHG emissions for purchased electricity, steam, and hot water from a CHP plant. However, USCHPA recommends the Federal Government either *require* the use of advanced methodologies, or ensure the Guidance document *clearly states* the potential consequence of relying on the default methodology calculations (e.g. incorrectly reported excess GHGs). While the purpose of the Guidance is to assist with inventory, not reduction, the Guidance should nevertheless flag instances where reporting may be complicated by relying on inputs that are not site-specific and/or inputs that may be inadvertently attributed to multiple facilities.

USCHPA commends the Administration for recognizing the unique energy generating and efficiency properties of combined heat and power and for providing federal energy managers with flexibility to adjust their calculation methodologies. We look forward to the opportunity to comment on the CHP-specific aspects of the Technical Support Document once the Revised Federal Greenhouse Gas Accounting and Reporting Guidance is issued.

Sincerely,



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Executive Director

⁵ Draft Guidance, pg. 35.

⁶ TSD page B-17. The default methodology calculations require only the quantity of steam, and/or hot water consumed from the local CHP and use purchased electricity data as reported in the FEMP Energy Report based on metered electricity consumption, or use purchasing records and an emissions factor determined by EPA eGrid sub-region. (See Table D-8: eGRID2007 Year 2005 Sub-region Emission Rate Factors, page D-10).

⁷ TSD page B-17