



June 11, 2010

Environmental Protection Agency
EPA Docket Center (EPA/DC)
Mailcode 2822T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Re: OMB Watch Comments on **Docket ID No. EPA-HQ-OAR-2009-0925**
Mandatory Reporting of Greenhouse Gases – Proposed Rule Amendment

Dear Sir/Madam:

OMB Watch is submitting these comments on the proposed rule that would require reporters subject to the Mandatory Greenhouse Gas (GHG) Reporting Rule to provide the name, address, and ownership status of their U.S. parent company; their primary and all other applicable North American Industry Classification System (NAICS) code(s); and an indication of whether or not any of their reported emissions are from a cogeneration unit.¹

OMB Watch is a nonprofit research and advocacy organization whose core mission is to promote government accountability and improve citizen participation. Public access to government-held information has been an important part of our work for more than 15 years, and we have both practical and policy experience with disseminating government information. For example, in 1989, we created the Right-to-Know Network (RTK NET), an online service providing public access to environmental data collected by the Environmental Protection Agency (EPA). Ever since, defending and enhancing the public's right to know about environmental and public health threats has been a leading cause at OMB Watch. We also have considerable experience with the online reporting of federal spending through our project, FedSpending.org, a website that allows users to search, aggregate, and analyze all federal spending since FY 2000.² Additionally, we are engaged in agency regulatory processes and encourage agency rules to be responsive to public needs.

OMB Watch supports Option 2, which is EPA's preferred option for reporting parent company information. This option would require reporting facilities to identify all of their highest-level U.S. parent companies, along with the respective percentages of ownership. This option would

¹ 75 Fed. Reg. 18455–18468,
<http://www.regulations.gov/search/Regs/home.html#documentDetail?R=0900006480ad5ada>.

² <http://www.fedspending.org/>.

provide the agency and the public with a much fuller picture of the ownership status and the chain of corporate accountability for each covered facility.

By contrast, Option 1, which calls for the reporting of only the parent company with the largest ownership interest in the reporting entity, would produce far less complete data sets, greatly hindering the usefulness of the emissions data.

Reporting of Parent Company Information Is Crucial

Considering both the existence of regional market-based mechanisms like the Regional Greenhouse Gas Initiative (RGGI) and the possibility of a national cap-and-trade system and auction, collecting data on corporate-level emissions is essential for the efficient functioning of carbon markets. Identifying parent companies will allow existing and future financial markets that trade emissions credits to operate with greater transparency and provide participants with the data needed to make more informed investment decisions.

The corporate-level information that is available when reporters submit their parent company information allows company management to better understand their organization's pollution profile. The data available in a pollution registry such as this GHG registry can be a boon to industries seeking to improve their performance.

Investor organizations have grown significantly more active in their desire to know more about companies' environmental performance. There have been an increasing number of shareholder resolutions calling for disclosure of climate change-related risks faced by companies, including regulatory, legal, environmental, and even reputational risks faced by companies.³ Earlier this year, the Securities and Exchange Commission (SEC) issued new guidance⁴ for companies to disclose to investors the material risks they face from climate change, such as impacts to the company from new climate legislation, rising ocean levels, extreme weather, and new business opportunities. The inclusion of parent company information will greatly enhance the usefulness of the GHG registry to investors and management alike.

Researchers in academia and nongovernmental organizations, among others, have frequently invested thousands of hours trying to identify corporate parent information for facilities reporting to EPA. By providing the public with the needed corporate parent information, the agency is enabling researchers to conduct any number of studies, increasing our collective body of knowledge on GHG emissions.

Accuracy of Parent Company Information a Concern

The EPA has decided not to require the reporting of a numerical parent company identifier such as the Dun & Bradstreet Data Universal Numbering System (DUNS). OMB Watch concurs that,

³ Investor Network on Climate Risk. "Investors File a Record 95 Climate Change-Related Resolutions: a 40% Increase Over 2009 Proxy Season." March 4, 2010. <http://www.incr.com/Page.aspx?pid=1222>.

⁴ "SEC Issues Interpretive Guidance on Disclosure Related to Business or Legal Developments Regarding Climate Change." January 27, 2010. <http://www.sec.gov/news/press/2010/2010-15.htm>.

for the purposes of this GHG registry, there are significant limitations in the available numeric corporate identifiers. However, numeric identifiers are the best way to achieve a high degree of accuracy with facility-parent linkages. In the absence of such identifiers, EPA should work to ensure that facilities are reporting their parent companies in ways that prevent confusion and allow for accurate analyses.

One significant concern we have with the reporting of parent company identities is the accuracy and consistency of how parents are identified. For example, the reporter for a facility whose corporate parent's legal name is E. I. Du Pont De Nemours & Co. Inc. might enter "E. I. Du Pont De Nemours," leaving off the "& Co. Inc." Or the reporter might simply enter "Du Pont Inc" or any number of variants. This clearly makes aggregating facility reports under one parent company extremely difficult. The EPA should develop a system whereby reporters are provided a limited set of options for how a parent company is reported. For example, a drop-down list on an Internet search box might only allow the reporter to select "E. I. Du Pont De Nemours & Co. Inc.," thus precluding any spelling mistakes or variations on the name.

Reporting of NAICS Codes Is Also Key

OMB Watch also supports the agency's proposal to require the reporting of primary and other NAICS codes. EPA is correct to require the full six-digit NAICS codes for all relevant products, services, or activities at a facility. Years of experience with the TRI data have proven that including NAICS codes greatly expands the utility of the data and the knowledge that can be gained from them.⁵ The greenhouse gas registry also will be made significantly more valuable and versatile with this added feature.

Summary

OMB Watch supports EPA's proposal to require entities covered by the Mandatory GHG Reporting Rule to report parent company information. Specifically, we support Option 2, as outlined in the *Federal Register* notice. The agency should take steps to ensure the accuracy and consistency of reported parent company data. We also support the proposal to require the reporting of the primary and other six-digit NAICS codes. The purpose of this nascent GHG registry is to inform the public and policymakers about the nation's GHG emissions so we can develop policies that successfully stabilize and reduce these emissions. The data EPA has proposed to collect are crucial to meeting that goal.

We appreciate your consideration of our comments on this issue. Please do not hesitate to contact us at (202) 683-4840 if you have any questions.

Respectfully,

Brian Turnbaugh
Policy Analyst, Environmental Right-to-Know

⁵ The TRI program originally required reporting of Standard Industrial Classification (SIC) codes, but switched to NAICS codes in 2006 (<http://www.epa.gov/fedrgstr/EPA-WASTE/2006/June/Day-06/f5131.pdf>).