AGA
American Gas Association

Submitted via regulations.gov
Docket No. EPA-HQ-OAR-2022-0878

January 18, 2023

U.S. Environmental Protection Agency.
EPA Docket Center
Mailcode 28221T
1200 Pennsylvania Ave., N.W.
Washington, D.C. 20460

RE: AGA's Comments on EPA's Request for Information about Low Emissions Electricity Program & GHG Corporate Reporting under the Inflation Reduction Act §60107 and 60111

The American Gas Association ("AGA") appreciates the opportunity to comment on the U.S. Environmental Protection Agency's (EPA) Request for Information (RFI) in this Docket regarding GHG Corporate Reporting under section 60111 of the Inflation Reduction Act ("IRA").

These air emissions monitoring programs are several initiatives created by the recent Inflation Reduction Act (IRA)[1] to make significant progress toward the important goal of reducing GHG emissions to net zero by 2050 as well as to reduce climate and air emissions impacts on low income and underserved communities. AGA will focus these comments on EPA's questions regarding how to implement section 60111 to support enhanced standardization and transparency of corporate plans to reduce GHG emissions and to support progress toward meeting those plans.

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 77 million residential, commercial, and industrial natural gas customers in the U.S., of which 95 percent — more than 73 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets more than one third of the United States' energy needs.[2]

Section 60111 of the Inflation Reduction Act appropriated $5 million to EPA "to support – (1) enhanced standardization and transparency of corporate climate action commitments and plans to reduce greenhouse gas emissions; (2) enhanced transparency regarding progress toward meeting such commitments and implementing such plans; and (3) progress toward meeting such commitments and implementing such plans." It should be noted that while the caption of this RFI might imply otherwise, Congress did *not* direct EPA to devise a new regulatory program prescribing a set of rules for mandatory "GHG corporate reporting." Section 60105 also did not direct EPA to attempt to "standardize" corporate climate action commitments, which would be a

---

[1] Public Law 117-169, 136 Stat. 1818 (August 16, 2022).
[2] For more information, please visit www.aga.org.

daunting task to accomplish across many vastly different sectors. Instead, Congress directed EPA "to support enhanced standardization and transparency of corporate climate action plans" and to support corporate efforts to make progress toward achieving their goals. Supporting, enhancing, and educating should be EPA's focus.

1. EPA Can Enhance GHG Target Setting and Tracking Through Updates in GHGRP Subpart W Regulations and in the Voluntary Methane Challenge Program

EPA asks in Question 1 where EPA could provide the most value to corporate target setting and tracking. AGA agrees with the Edison Electric Institute (EEI) in its comments filed in this docket that EPA already provides valuable data to support GHG target setting and tracking in its mandatory GHG Reporting Rule Program (GHGRP).[3]

For AGA's gas utility members, Subpart W is most relevant, as it provides for reporting methane direct emissions from their natural gas distribution, intrastate transmission and storage operations. EPA has an opportunity in its ongoing GHGRP rulemaking to enhance the accuracy of those Subpart W methane reports by updating the national average default emission factors and by allowing companies to conduct methane measurements on their facilities to develop company-specific emission factors based on empirical data. Allowing the use of company-specific measurements and emission factors will provide a more accurate corporate GHG report and will enhance a company's ability to demonstrate progress toward GHG reduction goals. As we explained in our comments on EPA's GHGRP supplemental notice of proposed rulemaking, using national average emissions estimates per mile of pipe or type of equipment and then multiplying by a company's miles of pipeline or equipment numbers produces a rough but likely overstated emissions estimate. Worse, this method makes it impossible to show any real world GHG reductions achieved through measures such as enhanced leak detection and repairs. Both to incentivize reductions and to enhance transparency regarding actual progress toward emission reduction goals, EPA should allow companies to use company-specific measurements and emission factors to report their methane emissions under Subpart W.

Another program that EPA could leverage and enhance to implement IRA section 60111 is the Methane Challenge program. AGA and our members helped establish the EPA Methane Challenge program, which calls on participating companies to set challenging best management practice (BMP) goals for reducing methane emissions across their operations. Alternatively, participating companies have set goals for reducing emissions to achieve low methane emissions intensity levels under the ONE Future track of the Methane Challenge Program. All the founding natural gas distribution participants in Methane Challenge are AGA member companies. The methane emissions strategies our members shared in Natural Gas STAR and the commitments they made in the Methane Challenge program have helped to reduce methane emissions from U.S. natural gas distribution systems by 69 percent from 1990 to 2019, down to just 0.1 percent of annual produced natural gas, as shown in the April 2022 GHG Inventory for 1990-2022.[4] EPA could work with Methane Challenge partners to develop ways to enhance that program. In particular, it would be helpful to allow companies to use company-specific measurements and

---

[3] 40 C.F.R. Part 98.

[4] *See* AGA's Analysis of the April 2022 Inventory of U.S. Greenhouse Gas Emissions and Sinks (1990-2020): **https://www.aga.org/research/reports/epa-updates-to-inventory-ghg/.**

emission factors to report their progress in this voluntary program. Funding under IRA section 60111 could be used for pilot company-specific measurement studies and for training.

2. Flexibility rather than Regimentation is Needed so that Corporate Climate Commitments can be Tailored to the Sector, the Company, and Relevant Circumstances

In Question 2, EPA asks what, if any, enhanced standardization around setting corporate climate commitments would be of value? AGA agrees with EEI that flexibility can help encourage participation and foster progress, which is more important that conformity to a single standardized approach. Many of AGA's members are combination gas and electric utilities that are also members of EEI. Sixty-five of 's member local gas distribution companies have set near and long-term GHG reduction goals, and nearly all include a commitment to reach net-zero by 2050 or earlier. Their goals use a range of years for baselines and reduction goals, as well as different forms of commitments. This is necessary to reflect the unique service territory and configuration of each company and the need to maintain long-term affordability and reliability of gas deliveries to homes and businesses, including increasing percentages of net zero renewable natural gas (RNG) and hydrogen. As EEI notes in their response, given that these goals are voluntary, it is unclear how EPA could standardize them or what statutory authority the agency would have to mandate standardization. Further, EPA's statutory authority for the GHGRP covers only reports of direct emissions, whereas voluntary corporate climate goals often include goals for reducing indirect supply chain emissions or downstream customer emissions.

EPA agrees with EEI that if EPA moves forward, it should endeavor to enhance consistency and to minimize potential duplication with other federal emissions reporting programs. To do so, EPA should consider adopting the approaches included in the GHG Protocol, which have been incorporated into recent Securities and Exchange Commission (SEC) and Federal Acquisition Regulation (FAR) Council proposals to require GHG emissions reporting. It would not enhance standardization or transparency if EPA created a competing or conflicting emissions reporting program, as that would confuse those interested in understanding and tracking progress toward emissions reductions goals. However, note that EPA would need to retain some flexibility, as the World Resources Institute, a non-government organization based in Europe, has indicated it is considering some changes that could substantially limit the use of book-and-claim accounting, which would seriously undercut the foundation for both renewable energy credits (RECs) and RNG. Those changes would not further EPA's goals. Also, while the WRI is seeking comment on general concepts, its process does not follow the transparent and rigorous notice and comment process required under the U.S. Administrative Procedures Act.

We also agree with EEI that it might be useful for EPA to provide guidance, subject to notice and opportunity to comment, on what qualifies as certified natural gas, i.e., natural gas that is certified to be produced using practices that result in a lower methane intensity in production than conventional natural gas. EPA would need to consider providing flexibility to accommodate existing state or other regulatory definitions of certified gas. Certified natural gas is a critical interim strategy to reduce supply chain emissions for gas distribution and electric generation. As demonstrated in AGA's recent Pathways to Net Zero Study,[5] certified gas is an important component in the pathways toward reaching net zero goals for natural gas distribution – together with RNG, hydrogen, methane emission reductions, and innovative technologies.

3. **EPA Can Help Gas Utilities Transparently Track Progress Toward Their Climate Commitments and Achieving their Plans by Updating the GHGRP Subpart W Regulations and in the Voluntary Methane Challenge Program**

EPA asks in question 3 how the agency can help support companies in meeting their commitments and implementing their plans, and in question 4 the agency asks how EPA can help support companies in meeting their commitments and implementing their plans. AGA's response is the same as our response to question 2 above.

AGA appreciates the opportunity to comment. If you have any questions, please do not hesitate to contact me or Tim Parr, Deputy General Counsel, tparr@aga.org.

Respectfully Submitted,

Pamela A. Lacey
Chief Regulatory Counsel
American Gas Association
400 N. Capitol St., NW
Washington, DC 20001
202-824-7340

[5] Pathways to Net-Zero - American Gas Association (aga.org), https://www.aga.org/research-policy/pathways-to-net-zero/, AGA Comments Appendix A.