

June 4, 2009

Jim Norton  
Chair: Reporting Committee  
Western Climate Initiative  
(Submitted electronically via [www.westernclimateinitiative.org](http://www.westernclimateinitiative.org))

**RE: Comments on Response to Stakeholder Comments and Final Draft Essential Requirements of Mandatory Reporting for the Western Climate Initiative**

Dear: Mr. Norton:

I am writing on behalf of the members of the Canadian Petroleum Products Institute (CPPI<sup>1</sup>) in response to your agency's call for submissions regarding the mandatory reporting of Greenhouse Gas emissions.

CPPI is aware that you will be receiving detailed submissions from the American Petroleum Institute (API), the National Petrochemical & Refiners Association (NPRA) and the Western States Petroleum Association (WSPA). CPPI is particularly supportive of the well established API methodologies as a backbone for our industry's approach to accurately quantifying emissions at our facilities.

In order of priority, I draw your attention to the following concerns:

1. As things stand, there will be a proliferation of reporting requirements; there is a need for one reporting requirement for all climate change plans regardless of jurisdiction.
2. Unnecessary costs are being imposed on the refining sector that provide no material benefit to regulators.
3. There is inadequate protection for confidential business information.
4. The timelines envisioned by WCI are impractical and in some cases will be impossible to meet.

CPPI understands the importance of accurate data collection and our members have worked collaboratively with federal and provincial governments through the National Advisory Committee on Reporting and the Stakeholder Advisory Committee on Reporting (NACR/SACR).

The attached provides some detailed views on a number of critical issues.

Thank you in advance for your consideration of our views.

Sincerely,



Peter Boag  
President

CC: All Provincial Governments  
George Enei, Acting Director General  
Science and Risk Assessment  
Environment Canada  
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<sup>1</sup> CPPI members: Bitumar Inc., BP Canada Energy Company, Chevron Canada Limited, Husky Energy Inc., Imperial Oil Limited (Products and Chemicals Division), North Atlantic Refining Limited, NOVA Chemicals (Canada) Ltd., Parkland Income Fund, Petro-Canada, Shell Canada Products, Suncor Energy Products Inc., and Ultramar Ltée

## **Response to the WCI / EPA reporting rules.**

### **1. The proliferation of proposals for reporting is a symptom of bigger problems. There must be one and only one reporting requirement for facilities.**

The WCI quite rightly notes the number of jurisdictions developing proposals for reporting GHG emissions and other relevant information. CPPI is becoming increasingly concerned “pride in authorship” will overtake a sensible discussion about a single window reporting system for its members. In the Canadian context, large final emitters already have experience with two mandatory reporting obligations and would argue the WCI has given no regard to what has actually already worked and what hasn't. CPPI remains concerned over the prescriptive nature of the approaches being taken by both the WCI and EPA. The principle of “best available data” should prevail at least in the initial implementation stages until confidence in a fully mature system is developed.

### **2. Cap and Trade and intensity based framework each require the same level of accuracy. In that regard the Alberta experience is valuable.**

All climate change strategies to date have attempted to price emissions, be it \$25, 250, 15. Cap and Trade does not in and of itself present specific requirements for precision unless the WCI or EPA can demonstrate this. In this regard, CPPI believes Alberta has established a reporting requirement that incorporates continuous improvement.

### **3. There appears to be consensus that direct costs will be borne – CPPI believes WCI and others have understated the burden.**

This reporting proposal adds material cost to operations – capital investments will be required that in our experience, are unnecessary in order to provide regulators with first class information. **The requirement to install flow meters and High Heat Value analyzers and the resulting calibration programs run in capital costs alone in the range of \$25,000 to \$70,000 per device, not per facility.** Quality Assurance accordance with the AB code of practice (similar codes in place for ON too, and maybe other jurisdictions) for one CEMS for SO<sub>x</sub> and NO<sub>x</sub> is approximately \$100,000 per year. For one facility with multiple stacks, quality assurance of multiple CEMS could be in the order of millions. Such an investment needs to be weighed against the gain in accuracy from inventory calculations. NPRA and API have well documented the capital cost implications and CPPI supports their conclusions. **We believe existing reporting requirements in Alberta and with the federal government are more than adequate to obtain accurate information. CPPI will be working with the Canadian federal and provincial governments to more fully quantify these costs and why they are unreasonable.**

### **4. A smarter approach for refineries.**

API methodologies are the industry backbone and regular scrutiny has proven their value.

In particular,

- a) A compilation of applicable GHG estimation methodologies (API Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil & Gas Industry);
- b) Guidelines for reporting greenhouse gas emissions (API/IPIECA Petroleum Industry Greenhouse Gas Reporting Guideline).

The API Compendium of GHG Emission Methodologies is widely used by the oil and gas industry. These guidelines and other existing protocols may all be acceptable for all reporting requirements across all jurisdictions who are proposing that the refining industry be subject to overlapping climate change strategies.

5. The concept of de minimus emissions can be considered from a couple of perspectives. De minimus can relate to small volumes that have limited significance relative to a facility total. Another perspective is for situations of relatively small volumes occurring in multiple locations. In both cases, what is important is to roughly weigh the work or cost to estimate the emissions versus the potential size of the emissions being considered. This assessment may result in concluding that investing resources is not warranted, or alternatively that there is value in estimating the small volumes, but only if a highly simplified low cost method is applied. This approach to de minimus is principled based, and would be applied to a given situation. Being limited to a fixed percentage of 3% or 20,000 metric tonnes may be too high in certain situations or too low in other cases.

**6. Third party verification and audit.**

CPPI believes that taxation audit principles should prevail. Regulated facilities should be responsible for keeping all information required to support its filing and is open for review by competent authority.

**7. Regulating authority is responsible for enforcement.**

The principal purpose of a central depository should be for harmonization assurances.

**8. Conclusion – we need to be guided by sensible principles:**

- Build on sound technical work by API, NPRA, WSPA, CPPI, CONCAWE.
- Establish forum for protocol improvement.
- Develop human resource requirements for compliance, verification, and audit.