

110TH CONGRESS
1ST SESSION

H. R. 2651

To require large publicly traded companies and significant emitters of greenhouse gases to report their emissions to the Environmental Protection Agency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2007

Mr. ENGEL introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require large publicly traded companies and significant emitters of greenhouse gases to report their emissions to the Environmental Protection Agency, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Greenhouse Gas Ac-
5 countability Act of 2007”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds that—

1 (1) global climate change poses a significant
2 and immediate threat to national security, the
3 United States economy, public health and welfare,
4 and the global environment;

5 (2) having accurate data on greenhouse gas
6 emissions is essential in order to implement a green-
7 house gas regulatory regime;

8 (3) compiling accurate information on the dis-
9 tribution and processing of fuels and the manufac-
10 ture of products that contribute to global warming
11 is important in crafting legislation to address global
12 warming; and

13 (4) the public and investors have the right to
14 know which facilities, entities, and countries con-
15 tribute to global warming pollution.

16 (b) PURPOSE.—The purpose of this Act is to estab-
17 lish a mandatory greenhouse gas inventory that—

18 (1) is complete, consistent, transparent, and ac-
19 curate;

20 (2) will provide accurate data that can be used
21 by public and private entities to design efficient and
22 effective greenhouse gas emission reduction strate-
23 gies;

1 (3) will provide the appropriate high-quality
2 data to be used in any future greenhouse gas regu-
3 latory regime; and

4 (4) will provide the public and investors infor-
5 mation on the scope, amount, and sources of green-
6 house gas pollution.

7 **SEC. 3. DEFINITIONS.**

8 For purposes of this Act:

9 (1) ADMINISTRATOR.—The term “Adminis-
10 trator” means the Administrator of the Environ-
11 mental Protection Agency.

12 (2) CARBON DIOXIDE EQUIVALENTS.—The term
13 “carbon dioxide equivalents” means, for each green-
14 house gas, the amount of each such greenhouse gas
15 that makes the same contribution to global warming
16 as one metric ton of carbon dioxide, as determined
17 by the Administrator.

18 (3) COMMISSION.—The term “Commission”
19 means the Securities and Exchange Commission.

20 (4) DIRECT EMISSIONS.—The term “direct
21 emissions” means greenhouse gas emissions by an
22 entity from a site, facility, or equipment that is
23 owned or controlled by that entity, and such term
24 includes—

1 (A) emissions from the generation of elec-
2 tricity, heat, or steam resulting from combus-
3 tion of fuels in stationary sources such as boil-
4 ers, furnaces, and turbines;

5 (B) emissions from physical or chemical
6 processing, including those resulting from man-
7 ufacture or processing of chemicals and mate-
8 rials such as cement, aluminum, and adipic
9 acid, ammonia manufacture, and waste proc-
10 essing;

11 (C) emissions from the transportation of
12 materials, products, waste, and employees re-
13 sulting from the combustion of fuels in entity-
14 owned or controlled mobile combustion sources
15 such as trucks, trains, ships, airplanes, buses,
16 and cars;

17 (D) fugitive emissions resulting from in-
18 tentional or unintentional releases, including—

19 (i) equipment leaks from joints, seals,
20 packing, and gaskets;

21 (ii) methane emissions from coal
22 mines and venting;

23 (iii) hydrofluorocarbon emissions dur-
24 ing the use of refrigeration and air condi-
25 tioning equipment; and

1 (iv) methane leakages from gas trans-
2 port;

3 (E) emissions from farming or raising of
4 animals; and

5 (F) any other type of direct emission the
6 Administrator determines appropriate.

7 (5) ESTIMATED PRODUCT EMISSIONS.—The
8 term “estimated product emissions” means the
9 greenhouse gas emissions of motor vehicles, fuels, or
10 any other product or material the Administrator de-
11 termines appropriate, with respect to the portion of
12 the life cycle of the product or material after the
13 product or material leaves the control of the report-
14 ing entity.

15 (6) GREENHOUSE GAS.—The term “greenhouse
16 gas” means—

17 (A) carbon dioxide;

18 (B) methane;

19 (C) nitrous oxide;

20 (D) hydrofluorocarbons;

21 (E) perfluorocarbons;

22 (F) sulfur hexafluoride; or

23 (G) any other emission or chemical com-
24 pound the Administrator determines appro-
25 priate.

1 (7) INDIRECT EMISSIONS.—The term “indirect
2 emissions” means greenhouse gas emissions that are
3 the result of the activities of an entity but are not
4 its direct emissions, and includes—

5 (A) emissions from the generation of elec-
6 tricity acquired and consumed by the entity, as
7 calculated based on guidance provided by the
8 Administrator;

9 (B) for an entity providing transmission
10 and distribution of electricity services, emissions
11 associated with the portion of the electricity
12 that is consumed or lost during the trans-
13 mission or distribution process, as calculated
14 based on guidance provided by the Adminis-
15 trator; and

16 (C) any other type of indirect emission the
17 Administrator determines appropriate.

18 (8) SIGNIFICANT EMITTER.—The term “signifi-
19 cant emitter” means—

20 (A) an entity that directly or indirectly
21 emits over—

22 (i) 10,000 metric tons of greenhouse
23 gas per year, measured in units of carbon
24 dioxide equivalents, at one facility; or

- 1 (ii) 100,000 metric tons of greenhouse
2 gas per year, measured in units of carbon
3 dioxide equivalents, entity wide; or
4 (B) an entity that produces or imports—
5 (i) fuels, including fossil fuels, that,
6 when combusted, will emit;
7 (ii) hydrofluorocarbons, perfluoro-
8 carbons, or sulfur hexafluoride that, when
9 used, will emit; or
10 (iii) other greenhouse gases that,
11 when used, will emit,
12 over 100,000 metric tons of greenhouse gas per
13 year, measured in units of carbon dioxide
14 equivalents.

15 **SEC. 4. GREENHOUSE GAS EMISSIONS REPORTING PRO-**
16 **GRAM.**

17 (a) ESTABLISHMENT OF REPORTING PROGRAM.—
18 The Administrator shall establish a program to require
19 each entity described in subsection (b) to annually report
20 to the Administrator the greenhouse gas emissions of the
21 entity for the previous year. In designing the program, the
22 Administrator shall consider the standards and principles
23 embodied in the WRI/WBCSD Greenhouse Gas Protocol’s
24 Corporate Accounting and Reporting Standard (revised
25 edition). The program shall be designed to—

1 (1) ensure the maximum practicable complete-
2 ness and accuracy of the greenhouse gas emissions
3 database at the Environmental Protection Agency;

4 (2) be consistent with the standards, protocols,
5 and principles of the Climate Registry and the Cali-
6 fornia Climate Registry;

7 (3) allow for electronic reporting of emissions;

8 (4) maximize the ease of compliance for report-
9 ing entities; and

10 (5) minimize double counting of emissions.

11 (b) REPORTING ENTITIES.—The following entities
12 shall be required to report greenhouse gas emissions to
13 the Administrator under the program established under
14 subsection (a):

15 (1) Any significant emitter.

16 (2) Any issuer of securities (as such terms are
17 defined in section 3(a) of the Securities Exchange
18 Act of 1934 (15 U.S.C. 78c) that is required to file
19 an annual report under section 13(a) or 15(d) of
20 such Act (15 U.S.C. 78m(a), 78o(d)), with annual
21 revenues exceeding \$10,000,000.

22 (3) Any entity with annual revenues exceeding
23 \$10,000,000 that is engaged in the business of—

24 (A) automobiles and components thereof;

25 (B) aerospace and defense;

- 1 (C) chemicals;
- 2 (D) construction materials;
- 3 (E) electric utilities;
- 4 (F) energy equipment and services;
- 5 (G) oil, gas, and consumable fuels;
- 6 (H) metals and mining;
- 7 (I) paper and forest products; or
- 8 (J) transportation.

9 (c) IDENTIFICATION OF APPROPRIATE REPORTING
10 ENTITY.—The Administrator shall consult with the Secu-
11 rities Exchange Commission as necessary to enable identi-
12 fication of entity boundaries. In determining entity bound-
13 aries, the Administrator shall consider the standards and
14 principles embodied in the WRI/WBCSD Greenhouse Gas
15 Protocol’s Corporate Accounting and Reporting Standard
16 (revised edition).

17 (d) NATURE OF REPORTING REQUIREMENT.—

18 (1) REPORTING BY ENTITY, COUNTRY, AND FA-
19 CILITY.—An entity described in subsection (b)(1)
20 shall report emissions by entity, by country, and by
21 facility. When reporting by facility, entities are only
22 required to report the emissions of facilities which
23 generate over 10,000 metric tons of greenhouse gas
24 per year, measured in units of carbon dioxide
25 equivalents. When reporting entity-wide emissions,

1 entities shall include all emissions, even those from
2 facilities which generate less than 10,000 metric
3 tons of greenhouse gas per year, measured in units
4 of carbon dioxide equivalents.

5 (2) REPORTING BY ENTITY AND COUNTRY
6 ONLY.—An entity described in subsection (b)(2) or
7 (3), that is not an entity described in subsection
8 (b)(1), shall report emissions by entity and by coun-
9 try.

10 (3) EMISSIONS REPORTING.—(A) Direct, indi-
11 rect, and estimated product emissions shall be re-
12 ported separately.

13 (B) Each type of direct emission described in
14 subparagraph (A), (B), (C), (D), or (E) of section
15 3(4), and each type of direct emission added by the
16 Administrator pursuant to subparagraph (F) of such
17 section 3(4), shall be reported separately.

18 (C) Each type of indirect emission described in
19 subparagraph (A) or (B) of section 3(7), and each
20 type of indirect emission added by the Administrator
21 pursuant to subparagraph (C) of such section 3(7),
22 shall be reported separately.

23 (D) Emissions relating to each of the green-
24 house gases described in subparagraph (A), (B), (C),
25 (D), (E), or (F) of section 3(6), and emissions relat-

1 ing to each other emission or chemical compound
2 added by the Administrator pursuant to subpara-
3 graph (G) of such section 3(6), shall be reported
4 separately.

5 (4) VEHICLE MANUFACTURERS.—An entity that
6 manufactures or imports motor vehicles shall sepa-
7 rately report the estimated product emissions of all
8 vehicles manufactured or imported by the entity, as
9 calculated based on guidance provided by the Ad-
10 ministrator.

11 (5) FUELS.—An entity that mines, extracts, re-
12 fines, distributes, processes, imports, or sells fuels
13 shall separately report the estimated product emis-
14 sions resulting from the use of all such fuels (includ-
15 ing hydrogen fuels and fuels derived from biomass),
16 as calculated based on guidance provided by the Ad-
17 ministrator.

18 (6) BIOMASS COMBUSTION.—Greenhouse gas
19 emissions from the combustion of biomass shall not
20 be included as direct emissions, but shall be reported
21 separately as biomass emissions.

22 (7) DE MINIMIS EMISSIONS.—The Adminis-
23 trator may excuse from the reporting requirements
24 of the program under this section any source of

1 emissions that is responsible for only de minimis
2 amounts of greenhouse gas emissions.

3 (e) INCLUDED ITEMS.—A report submitted pursuant
4 to this section—

5 (1) shall identify the appropriate contact at the
6 entity responsible for preparing the report;

7 (2) shall detail the tools and methods used in
8 the calculation of emission levels and preparation of
9 the report;

10 (3) may indicate whether the information con-
11 tained in the report has been verified by an inde-
12 pendent third party, and if it has been so verified,
13 shall identify and include the results of the inde-
14 pendent third-party verification; and

15 (4) shall be made available in electronic form.

16 (f) SCHEDULE OF PROGRAM DEVELOPMENT.—

17 (1) REGULATIONS.—Not later than 1 year after
18 the date of enactment of this Act, the Administrator
19 shall issue regulations establishing the program
20 under this section. Such regulations shall include—

21 (A) tools and procedures, developed in con-
22 sultation with the Secretary of Energy, to assist
23 entities in compliance with the reporting re-
24 quirements of the program; and

1 (B) other guidance required under this sec-
2 tion.

3 (2) EFFECTIVE DATE OF REPORTING REQUIRE-
4 MENT.—Entities shall be required to submit their
5 first greenhouse gas emissions report under this sec-
6 tion not later than 6 months after the issuance of
7 regulations under paragraph (1).

8 (g) OPTIONAL REPORTING.—An entity may addition-
9 ally report offsets, sequestration projects, or other efforts
10 to mitigate its greenhouse gas emissions, pursuant to
11 guidance provided by the Administrator.

12 (h) AUDITS.—The Administrator may conduct an in-
13 vestigation or order an audit as necessary to verify the
14 accuracy of information contained in a report submitted
15 pursuant to this section.

16 (i) PUBLIC RELEASE.—The Administrator shall
17 make available to the public all reports submitted pursu-
18 ant to this section after the date which is 1 year after
19 the effective date described in subsection (f)(2). After such
20 date, the Administrator, upon receiving a report, shall
21 make it available in electronic form within 30 days.

22 (j) GAO REPORT.—

23 (1) ACCESSIBILITY.—The Administrator shall
24 provide access to the Government Accountability Of-
25 fice of any document or information submitted to,

1 generated by, or otherwise in the possession of the
2 Environmental Protection Agency pursuant to this
3 Act.

4 (2) REVIEW AND REPORTS.—

5 (A) IN GENERAL.—Not later than January
6 1 of the first year following the calendar year
7 in which regulations are issued under sub-
8 section (f)(1), and on January 1 of each year
9 thereafter for the first five years and as re-
10 quested thereafter by one of the committees de-
11 scribed in clause (i) or (ii), the Government Ac-
12 countability Office shall submit a report under
13 this subsection to—

14 (i) the Committee on Environment
15 and Public Works of the Senate; and

16 (ii) the Committee on Energy and
17 Commerce of the House of Representa-
18 tives.

19 (B) CONTENTS.—Each report submitted
20 under subparagraph (A) shall include—

21 (i) a review of the entities' compliance
22 with the reporting requirements of this
23 Act, including the accuracy of the informa-
24 tion contained in such reports, based on a

1 randomized review of companies required
2 to report under this Act;

3 (ii) a determination of whether the
4 regulations issued under subsection (f)(1)
5 or this Act should be revised to improve
6 compliance and accuracy of reporting; and

7 (iii) a determination of whether the
8 regulations and this Act are effective in
9 inventorying greenhouse gases.

10 (k) PENALTIES.—A person who violates any require-
11 ment of this Act shall be liable to the United States for
12 a civil penalty in an amount not to exceed \$25,000 for
13 each such violation for each day a violation continues. The
14 Administrator may assess penalties on a per entity or per
15 facility basis for reports not submitted or submitted not
16 correctly, which may include per day penalties, depending
17 on the circumstances of the violation. Violations may be
18 corrected by submitting a corrected report.

19 (l) REPORT TO CONGRESS.—Not later than 1 year
20 after the effective date described in subsection (f)(2), the
21 Administrator shall transmit to the Congress a report con-
22 taining—

23 (1) an assessment, prepared after consultation
24 with the reporting entities, of the effectiveness of the
25 implementation of this section;

1 (2) a description of any modifications the Ad-
2 ministrator intends to make to the program under
3 this section; and

4 (3) recommendations on whether a program to
5 certify independent third parties described in sub-
6 section (e)(3) would be feasible and useful.

7 **SEC. 5. NATIONAL GREENHOUSE GAS EMISSIONS DATA-**
8 **BASE.**

9 (a) **ESTABLISHMENT.**—The Administrator shall es-
10 tablish a public website containing national greenhouse
11 gas emissions database using data obtained pursuant to
12 section 4. Such website database shall be designed to cor-
13 relate the data so as to be most useful for policymakers,
14 government agencies, investors, and researchers. The
15 website database shall allow the public, investors, and pol-
16 icymakers to—

17 (1) search and aggregate greenhouse gas re-
18 leases by greenhouse gas;

19 (2) ascertain through a single search the total
20 greenhouse gas releases of an entity, by reporting
21 year;

22 (3) download data from the database;

23 (4) determine the emissions of individual enti-
24 ties, industries, and geographic areas; and

1 (5) use the database for policymaking and regu-
2 latory purposes.

3 (b) AVAILABILITY TO PUBLIC.—The database estab-
4 lished under subsection (a) shall be made available to the
5 public 1 year after the effective date described in section
6 4(f)(2).

7 **SEC. 6. DISCLOSURES TO SHAREHOLDERS BY PUBLICLY**
8 **TRADED COMPANIES.**

9 (a) SUMMARY REQUIRED IN FINANCIAL REPORTS.—
10 Not later than 1 year after the date of enactment of this
11 Act, the Commission shall revise its regulations under the
12 Securities Exchange Act of 1934 to require that each an-
13 nual report filed by an issuer of securities as required by
14 section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a),
15 78o(d)) contain, in a form prescribed by the Commission
16 after consultation with the Administrator—

17 (1) a table of the greenhouse gas emission of
18 the issuer over the previous year;

19 (2) a short summary of the nature of such
20 emissions and—

21 (A) the estimated financial exposure of the
22 issuer because of the emissions of the issuer;
23 and

24 (B) the potential economic impacts of cli-
25 mate change on the interests of the issuer;

1 (3) a link or address by which to obtain access
2 to the complete greenhouse gas emission report to
3 the Administrator under section 4 of this Act; and

4 (4) a statement of whether or not the issuer
5 has had such greenhouse gas emission report inde-
6 pendently verified.

7 (b) INTERIM INTERPRETIVE RELEASE.—

8 (1) IN GENERAL.—As soon as practicable after
9 the date of enactment of this Act, the Commission
10 shall issue an interpretive release clarifying that
11 under items 101 and 303 of Regulation S–K of the
12 Commission under part 229 of title 17, Code of Fed-
13 eral Regulations (as in effect on the date of enact-
14 ment of this Act)—

15 (A) the commitments of the United States
16 to reduce emissions of global warming pollution
17 under the United Nations Framework Conven-
18 tion on Climate Change, done at New York on
19 May 9, 1992, are considered to be a material
20 effect; and

21 (B) global warming constitutes a known
22 trend.

23 (2) PERIOD OF EFFECTIVENESS.—The inter-
24 pretive release issued under paragraph (1) shall re-

- 1 main in effect until the effective date of the final
- 2 regulations promulgated under subsection (a).

○