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**NOTICE TO PRESIDING OFFICERS
OF PROPOSED RULEMAKING**

Pursuant to s. 227.19, Stats., notice is hereby given that final draft rules are being submitted to the presiding officer of each house of the legislature. The rules being submitted are:

Natural Resources Board Order No. 4M-3-02

Legislative Council Rules Clearinghouse Number 02-012

Subject of Rules Establishment and operation
of a voluntary multi-pollutant emission
reduction registry.

Date of Transmittal to Presiding Officers July 9, 2002

Send a copy of any correspondence or notices pertaining to this rule to:

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An electronic copy of the proposed rule may be obtained by contacting Ms. Turner

REPORT TO LEGISLATURE

NR 437 and 484, Wis. Adm. Code
Establishment and operation of a voluntary multi-pollutant
emission reduction registry

Board Order No. AM-3-02
Clearinghouse Rule No. 02-012

Statement of Need

1999 Wis. Act 195 which created s. 285.78, Stats., requires the Department to promulgate rules to establish and operate a system under which the Department registers reductions in emissions of greenhouse gases if the reductions are made before they are required by law. The law explicitly allows the Department to register carbon sequestration from the creation or preservation of carbon reserves and to register avoided emissions resulting from energy efficiency measures and from the use of renewable energy sources. The law also allows the Department to establish and operate systems under which the Department registers reductions in emissions of fine particulate matter, mercury or other air contaminants identified by the Department, if the reductions are made before they are required by law. Registration of all emissions reductions covered by s. 285.78, Stats., are strictly voluntary.

The proposed rule creates ch. NR 437 to establish the rule and procedures under which the new voluntary emission reduction registry will operate. The rule identifies sources which are eligible to register emission reductions for the following pollutants: greenhouse gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride), nitrogen oxides, sulfur dioxide, volatile organic compounds, carbon monoxide, mercury lead and fine particulate matter. The rule provisions also address baseline determinations, quantification methods, and registration procedures. To facilitate implementation of this rule, the Department also proposes to revise ch. NR 484 to incorporate several new documents by reference.

Modifications as a Result of Public Hearing

In addition to other minor changes made to clarify the rule, the following modifications were made:

The definition of quantification protocol was revised to read: "Quantification protocol" means a replicable and workable method or set of methods for quantifying emissions, emission rates or the amount of carbon sequestered."

It was determined that the definition of "renewable energy project" was too narrow. A new definition for "renewable resource" was created to mean any of the following: direct radiation from the sun, geothermal energy, wind, tidal or wave action, flowing water, biomass, human waste or animal waste.

Section NR 437.03(2)(e) was amended to add retirement of manufacturing or combustion process to be a means to create a voluntary emission reduction.

The Department will register only actual emission reductions, so a unit's capacity or its ability to run or its potential to emit are not considered in determining the baseline. Permit limits or legal requirements are not used to determine baselines, except for a new source which has no previous emission history or in cases where a VER (voluntary emission reduction) is taken to comply with a

law and result in emissions which are lower than required by law. NR 437.05(1)(a) has been revised to reflect this by adding the word "actual" to the first sentence and dropping the second sentence. NR 437.05(1)(a) now reads: "(1) STANDARD BASELINE. (a) *Emission reductions.* Baselines for emission reduction actions shall be determined as the average annual actual emissions or emission rate for the 2 years immediately preceding the year in which the VER action is taken."

A new paragraph, s. NR 437.05(2)(c), has been added to the alternative baselines section to address the baseline determination for VERs taken to comply with a law. It reads: "(c) For VERs that result from actions taken to comply with a law and that result in emissions which are lower than those required by law, the baseline shall be the standard baseline as described in sub. (1) or the emission limits required by law, whichever is less."

Appearances at the Public Hearing and Their Position

In support:

Kimberly Nicholas Cahill, UW-Madison Center for Sustainability & the Global Environment, 1321 Jenifer Street, Madison, WI 53703

Kim Zulliger, Alliant Energy, 222 W. Washington Avenue, Madison, WI 53703

In opposition – none

As interest may appear:

Dillon A. McMullen, N6640 County Road H, Irma, WI 54442

Fred K. McMullen, 1313 Gypsy Hill Road, Ambler, PA 19002

Toby Tyler, UPS Automotive Manager, 6800 S. 6th Street, Oak Creek, WI 53154

Response to Legislative Council Rules Clearinghouse Report

The recommendations were accepted. The Department's response to specific questions is as follows:

5.a. Carbon dioxide is used as a reference point for both "carbon dioxide equivalent" and "global warming potential". All other greenhouse gases are compared with carbon dioxide to determine both of these. Global warming potential is not generally given as an absolute value, only as a value relative to the global warming potential of carbon dioxide.

5.d. The use of renewable energy products is intended to include the purchase of renewable electricity. This has been clarified by changing s. NR 437.03(2)(d) to read: "Production, use or purchase of renewable energy".

5.f. The protocols for converting pounds of mercury collected and disposed of into avoided emissions have not, in many cases, been developed. The relationship will differ from product to product. For these reasons, the decision was made to allow for reporting of the amount of mercury collected and disposed of without calculating the emission reduction. To clarify this, the following sentence has been added to s. NR 437.06(6): "The emission reduction resulting from collection and disposal of mercury-containing products need not be registered."

5.g. The rule does not give the Department any authority to approve or disapprove any alternative protocol or alternative baseline.

Final Regulatory Flexibility Analysis

Since the proposed rule is voluntary and does not require anyone to do anything, it will not have any significant economic impact on small businesses. Small businesses could benefit from the registry rule if they improve energy efficiency to produce emission reductions, thereby saving money and improving their profitability and competitiveness. The emission reductions could be registered and possibly sold. They could also benefit if they are hired by a larger business to do plantings for a carbon sequestration project or to collect mercury-containing products. Small consulting firms may be hired by larger companies to help them manage emissions and emission reductions.

ORDER OF THE STATE OF WISCONSIN
NATURAL RESOURCES BOARD
AMENDING AND CREATING RULES

The Wisconsin Natural Resources Board adopts an order to **amend** NR 484.05(1) and (8), 484.06(intro.) and (4) and 484.11(intro.); and to **create** NR 437, 484.05(8g), (8r), (14) and (15), 484.06(6) and (7) and 484.11(11), relating to the establishment and operation of a voluntary multi-pollutant emission reduction registry.

AM-3-02

Analysis Prepared by the Department of Natural Resources

Authorizing statutes: ss. 227.11(2)(a), 285.11(1), and 285.78, Stats.

Statutes interpreted: s. 285.11(6), Stats.

The proposed rule will establish a voluntary multi-pollutant emission reduction registry. The proposed rule specifies which greenhouse gases and air contaminants are included, which entities are eligible to participate, how baselines are determined, how emission reductions are quantified, and how to register reductions. The goals of the proposed rule are to provide some incentive for persons wanting to voluntarily reduce emissions before they are required to do so or beyond what they are required to do by law.

The proposed rule will also incorporate by reference a number of new documents in chapter NR 484. The consent of the Attorney General and the Revisor of Statutes will be requested for the incorporations by reference.

SECTION 1. Chapter NR 437 is created to read:

Chapter NR 437
VOLUNTARY EMISSION REDUCTION REGISTRY

NR 437.01 Applicability; purpose.

NR 437.02 Definitions.

NR 437.03 Eligibility.

NR 437.04 Quantification protocols.

NR 437.05 Baseline determination.

NR 437.06 Quantifying and registering voluntary emission reductions and quantifying baselines.

NR 437.07 Registration procedure.

NR 437.01 Applicability; purpose. (1) **APPLICABILITY.** This chapter applies to any person who wants to register emission reductions or avoided emissions of greenhouse gases or air contaminants, or carbon sequestration, if the emission reduction, emission avoidance or carbon sequestration occurs before it is required by law or results in emissions which are lower than those allowed by law.

(2) **PURPOSE.** (a) This chapter is adopted under ss. 227.11(2)(a) and 285.78, Stats., to establish a system under which the department registers emission reductions or avoided emissions of greenhouse gases or air contaminants or carbon sequestration, if the emission reduction, avoided emissions or carbon

sequestration occurs before it is required by law or results in emissions which are lower than those allowed by law.

Note: Emission reductions may be used to comply with existing regulations if they meet the provisions specified in the applicable regulation. Examples of existing regulations are the emission offset requirements of s. NR 408.06 and the internal offsets compliance option in s. NR 425.05. Registrants should be aware that registration under this chapter does not guarantee that the emission reductions meet the requirements of the applicable regulation. Once used to meet a regulatory requirement, the emission reductions are no longer eligible for registration under this chapter.

(b) The purpose of the registry is to ensure, to the greatest extent possible, that efforts undertaken voluntarily by persons in Wisconsin to reduce or avoid emissions of greenhouse gases or air contaminants or to sequester carbon are publicly recognized and that these reductions are considered under future mandatory federal or state emission reduction programs.

(c) The department shall consider the information recorded in the registry under this chapter when determining baselines and reduction requirements under future emission reduction programs implemented under state authority, to the extent allowed under state law.

NR 437.02 Definitions. The definitions contained in ch. NR 400 apply to the terms used in this chapter. In addition, the following definitions apply to the terms used in this chapter:

(1) "Baseline" means the average annual amount or rate of a greenhouse gas or air contaminant emitted before an emission reduction or avoidance action is taken, or the amount of carbon stored before a carbon sequestration project is undertaken.

(2) "Carbon dioxide equivalent" means the amount of CO₂ that would have the same global warming potential as a given amount of another greenhouse gas. The CO₂ equivalent amount of any greenhouse gas is calculated by multiplying the mass of the greenhouse gas by the global warming potential for that gas.

(3) "Carbon reserve" means any system that takes in and stores more carbon from the atmosphere than it releases to the atmosphere.

(4) "Carbon sequestration" means the establishment or enhancement of a carbon reserve.

(5) "Fine particulate matter" means solid or liquid particles with a diameter less than or equal to 2.5 micrometers or emissions that are precursors to solid or liquid particles with a diameter less than or equal to 2.5 micrometers.

(6) "Global warming potential" means the potential over a 100 year time period for a greenhouse gas to cause warming of the earth's surface compared to the global warming potential of carbon dioxide over the same time period.

Note: The global warming potentials for most of the greenhouse gases covered in this chapter are contained in *IPCC Third Assessment Report, Climate Change 2001: The Scientific Basis*, Intergovernmental Panel on Climate Change, 2001.

(7) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride or any other gas that traps heat in the atmosphere.

(8) "Law" means any federal or state statute, rule, order, mandatory emission limiting condition in an air permit or other legal requirement.

(9) "Mandatory emission limiting condition in an air permit" means a condition in an air pollution control permit that restricts emissions in order to comply with a federal or state statute, rule, order or other legal requirement or in order to avoid application of a federal or state statute, rule, order or other legal requirement. "Mandatory emission limiting condition in an air permit" does not include a permit condition that reflects a lower emission level that is the result of a voluntary action or a contractual agreement with the department, such as an agreement under the Environmental Cooperative Agreement program (s. 299.80, Stats.), or a federal voluntary program.

(10) "Ozone precursor" means nitrogen oxides and volatile organic compounds.

(11) "Quantification protocol" means a replicable and workable method or set of methods for quantifying emissions, emission rates, or the amount of carbon sequestered.

(12) "Renewable energy project" means a project or facility that produces energy from a renewable resource.

(13) "Renewable resource" means any of the following: direct radiation from the sun, geothermal energy, wind, tidal or wave action, flowing water, biomass, human waste, or animal waste.

(14) "Voluntary emission reduction" or "VER" means any emission reduction, avoided emission or carbon sequestration that occurs before it is required by law or that results in emissions that are lower than those allowed by law.

NR 437.03 Eligibility. Any person may register VERs under this chapter. VERs may be registered if they meet all of the following requirements, as applicable:

(1) The VERs are not required by or go beyond the requirements of law. The following are examples of VERs that are eligible for registration:

(a) VERs that result from actions taken to comply with a law that result in reductions of greenhouse gas or air contaminant emissions that are not required by or go beyond those required by law.

(b) VERs that are made after an applicable law is in effect but before the reduction is required by law.

(c) VERs that are made and are reflected in an air pollution control permit, as long as the level of reduction is beyond what is required by law.

Note: A VER may be reflected in an air pollution control permit when, for example, the permit contains a requirement to use air pollution control equipment which reduces emissions beyond what is required by law. VERs that are later used to meet netting or offset requirements or to qualify as a synthetic minor source under air permitting requirements are no longer eligible for registration under this chapter.

(d) VERs that are part of a contractual agreement with the department, as defined within the contractual agreement.

(2) The VER is the result of one or more actions taken. Examples of actions include:

(a) Change in type of fuel used.

(b) Installation and operation or modification of emission control equipment.

(c) Implementation of energy efficiency measures by the energy producer or user.

(d) Production, use, or purchase of renewable energy.

(e) Changes to, replacement of, or retirement of a manufacturing or combustion process.

(f) Product reformulation or replacement.

- (g) Beneficial reuse or recycling activities.
- (h) Increases in vehicle fleet fuel efficiency.
- (i) Changes that reduce vehicle miles traveled.
- (j) Carbon sequestration projects.
- (k) Projects to collect, store and dispose of mercury-containing products in a manner that will prevent or minimize future releases of mercury into the environment.

(3) The action and VER occur within the state of Wisconsin.

(4) The VER has not been registered by any other person under this chapter.

(5)(a) The amount of VERs to be registered is equal to or exceeds the corresponding threshold level in Table 1, except as provided in pars. (c) and (e).

(b) If emissions of more than one greenhouse gas have been reduced, the CO₂ equivalents of each of the gases shall be totaled to determine whether the threshold level is met or exceeded.

(c) For actions which reduce emissions of multiple air contaminants or greenhouse gases, if the VER of at least one of the air contaminants or greenhouse gases equals or exceeds the registration threshold for that greenhouse gas or air contaminant, then all of the VERs may be registered, even if VERs for one or more greenhouse gases or air contaminants are below the corresponding thresholds.

(d) VERs may be aggregated from several or many sources to meet or exceed the registration threshold level in Table 1.

Table 1

Emission Reduced	Registration Threshold
Greenhouse gases	25 tons per year CO ₂ equivalent
Nitrogen oxides	1 ton per year
Sulfur dioxide	1 ton per year
Volatile organic compounds	1 ton per year
PM ₁₀	1 ton per year
PM _{2.5}	1 ton per year
Carbon monoxide	1 ton per year
Lead and lead compounds	0.5 ton per year
Mercury and mercury compounds	1 pound per year

(e) The mass of mercury collected through a mercury collection and disposal project may be registered if it is equal to or exceeds 10 pounds.

(6) The reduction or avoidance of emissions of greenhouse gases or the sequestration of carbon occurred after December 31, 1990.

(7) The reduction or avoidance of emissions of air contaminants other than greenhouse gases occurred after December 31, 1993.

NR 437.04 Quantification protocols. (1) **QUANTIFICATION.** The emission or carbon reserve baseline and the resulting VER shall be quantified using quantification protocols that are listed in sub. (2)(a) or that have been submitted to the department under sub. (2)(b).

(2) **QUANTIFICATION PROTOCOLS.** (a) The following protocols may be used to quantify baselines and VERs:

1. Source emission testing performed in accordance with ss. NR 439.07 and 446.04.
2. Continuous emissions monitoring performed in accordance with the methods specified in ss. NR 439.09 and 439.095(6).
3. Mass balance estimates based on evaluation of input and output streams using representative supplier data, engineering estimates or sampling analyses.
4. *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*, intergovernmental panel on climate change, 1996, incorporated by reference in s. NR 484.06(6).
5. *International Performance Measurement and Verification Protocol*, Volume 1, U.S. department of energy, October 2000, incorporated by reference in s. NR 484.06(7).
6. *Compilation of Air Pollutant Emission Factors, Volume I: Stationary, Point and Area Sources*, U.S. environmental protection agency, AP-42, 5th edition, January 1, 1995, as revised by Supplements A to F and Update 2001, incorporated by reference in s. NR 484.05(8).

7. *Compilation of Air Pollutant Emission Factors, Volume II: Mobile Sources*, U.S. environmental protection agency, AP-42, 4th edition, September 1985, as revised by Supplement A (1991), incorporated by reference in s. NR 484.05(8g).

8. *Compilation of Air Pollutant Emission Factors, Volume II: Mobile Sources*, U.S. environmental protection agency, AP-42, 5th edition, Appendices G to K, incorporated by reference in s. NR 484.05(8r).

9. *Emission Inventory Improvement Program Technical Reports, Volume I, Introduction To The Emission Inventory Improvement Program*, U.S. environmental protection agency, July 1997, incorporated by reference in s. NR 484.06(4)(b)1.

10. *Emission Inventory Improvement Program Technical Reports, Volume II, Point Sources*, U.S. environmental protection agency, May 2002, incorporated by reference in s. NR 484.06(4)(b)2.

11. *Emission Inventory Improvement Program Technical Reports, Volume III, Area Sources and Area Source Method Abstracts*, U.S. environmental protection agency, December 2001, incorporated by reference in s. NR 484.06(4)(b)3.

12. *Emission Inventory Improvement Program Technical Reports, Volume IV, Mobile Sources*, U.S. environmental protection agency, September 1997, incorporated by reference in s. NR 484.06(4)(b)4.

13. *Emission Inventory Improvement Program Technical Reports, Volume VI, Quality Assurance/Quality Control*, U.S. environmental protection agency, September 1997, incorporated by reference in s. NR 484.06(4)(b)5.

14. *Emission Inventory Improvement Program Technical Reports, Volume VII, Data Management Procedures*, U.S. environmental protection agency, January 1999, incorporated by reference in s. NR 484.06(4)(b)6.

15. *Emission Inventory Improvement Program Technical Reports, Volume VIII. Greenhouse Gases*, U.S. environmental protection agency, October 1999, published electronically, incorporated by reference in s. NR 484.06(4)(b)7.

16. *Emission Inventory Improvement Program Technical Reports, Volume IX, Particulate Emissions*, U.S. environmental protection agency, August 2001, published electronically, incorporated by reference in s. NR 484.06(4)(b)8.

17. *Voluntary reporting of greenhouse gases under Section 1605(b) of the Energy Policy Act of 1992 - General Guidelines*, October 1994, U.S. department of energy, incorporated by reference in s. NR 484.05(14).

18. *Sector-Specific Issues and Reporting Methodologies Supporting the General Guidelines for the Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992, Volumes 1, Electricity Supply, Residential and Commercial Buildings, and Industrial Sector*, October 1994, U.S. department of energy, incorporated by reference in s. NR 484.05(15).

19. *Sector-Specific Issues and Reporting Methodologies Supporting the General Guidelines for the Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992, Volumes 2, Transportation, Forestry, and Agriculture*, October 1994, U.S. department of energy, incorporated by reference in s. NR 484.05(16).

20. *The Greenhouse Gas Protocol - a corporate accounting and reporting standard*, World Resources Institute and World Business Council for Sustainable Development, October 2001, incorporated by reference in s. NR 484.11(11)(a).

21. *GHG Calculation Tools*, World Resources Institute and World Business Council for Sustainable Development, October 2001, incorporated by reference in s. NR 484.11(11)(b).

22. *Factor Information Retrieval Data System (FIRE)*, U.S. environmental protection agency, office of air quality planning and standards, version 6.23, incorporated by reference in s. NR 484.06(4)(a).

(b) Alternative protocols may be submitted to the department, with the following information:

1. A copy or description of the protocol.
2. Documentation of the accuracy and replicability of the protocol.
3. The name and address of the organization that developed the protocol.

4. Whether the protocol has been approved by another state, federal or international agency or organization for registering voluntary emission reductions or carbon sequestration or for regulatory purposes.

(c) The department shall maintain a list of alternative quantification protocols submitted under par. (b) and make the list available to the public.

(d) If no protocol is available for quantifying a VER, the action may be registered without quantifying the VER, but the baseline shall be quantified. If no protocol is available for quantifying a baseline, the action may be registered without quantifying the baseline. When a protocol becomes available, the baseline and VER shall be quantified for each year for which the action is registered.

NR 437.05 Baseline determination. Any person wishing to register a VER shall determine a baseline in order to quantify the amount of emissions reduced or avoided or the amount of carbon sequestered, except as provided in sub. (4). Baselines shall be determined as follows:

(1) **STANDARD BASELINE.** (a) *Emission reductions.* Baselines for emission reduction actions shall be determined as the average annual actual emissions or emission rate for the 2 years immediately preceding the year in which the VER action is taken.

(b) *Avoided emissions.* 1. Baselines for renewable energy projects shall be determined as the average annual emission rate for the Wisconsin generating system of the electric power generator whose emissions are avoided by the renewable energy project, in terms of mass per unit of energy produced. The average annual emission rate shall be the average of the emission rates for the 2 years immediately preceding the year in which the VER action is taken.

2. Baselines for energy efficiency projects shall be determined as the average annual emission rate for the Wisconsin generating system of the electric power generator whose emissions are avoided by the energy efficiency project, in terms of mass per unit of energy produced. The average annual emission rate shall be the average of the emission rates for the 2 years immediately preceding the year in which the VER action is taken.

(2) ALTERNATIVE BASELINES. (a) Alternative years may be used to determine the baseline if the 2 years immediately preceding the year in which the emission reduction or avoidance action was taken are not representative of the emissions or emission rate before the emission reduction action was taken. Any person using alternative years shall submit documentation to the department explaining the reason for the use of different years.

(b) For VER projects for which there are no prior emissions, the baseline shall be determined as the emission limits or performance standards required by law, if applicable. If there are no applicable emission limits or performance standards, the baseline shall be determined as the industry or activity average emission or emission rate. Any person using an alternative baseline under this subsection shall submit documentation to the department describing how the baseline was determined.

(c) For VERs that result from actions taken to comply with a law and that result in emissions which are lower than those required by law, the baseline shall be the standard baseline as described in sub. (1) or the emission limits required by law, whichever is less.

(3) BASELINE FOR CARBON SEQUESTRATION. For carbon sequestration projects, the baseline shall be determined as the amount of carbon, quantified in terms of carbon dioxide equivalents, stored in the carbon sequestration project area at the beginning of the project.

(4) NO BASELINE. When no quantification protocol is available to determine a baseline, the action may be registered without determining a baseline.

NR 437.06 Quantifying and registering voluntary emission reductions and quantifying baselines. (1) VERs and baselines shall be quantified on either a mass or a rate basis, or both. Mass-based VERs shall be quantified and registered as total tons or pounds per year. Rate-based VERs shall be quantified and registered as tons or pounds per unit of input or output.

(2) Greenhouse gas VERs and baselines shall be quantified in terms of carbon dioxide equivalents.

(3) Ozone precursor VERs and baselines may be quantified for the 5-month ozone season as defined in s. NR 400.02(117), in terms of tons or pounds per day averaged over the ozone season, or they may be quantified on a calendar year basis, as tons per year.

(4) VERs and baselines shall be quantified on a calendar year basis. VERs shall be registered on a calendar year basis.

(5) VERs and baselines may be quantified on a project basis, facility basis or, for persons who own or operate multiple facilities within Wisconsin, a statewide basis. VERs may be registered on a project basis, facility basis or, for persons who own or operate multiple facilities within Wisconsin, on a statewide basis.

(6) VERs that result from projects to collect, store and dispose of mercury-containing products may be registered in terms of pounds of mercury collected, stored and disposed. The emission reduction resulting from the collection, storage and disposal of mercury-containing products need not be registered.

NR 437.07 Registration procedure. (1) INITIAL REGISTRATION. Any person seeking to register VERs shall complete the registration forms and submit them to the department.

Note: Registration forms may be obtained from: Voluntary Emission Reduction Registry, Wisconsin DNR, PO Box 7921, Madison WI 53707, or they may be downloaded from the voluntary emission reduction registry web page on the department's web site, which may be accessed at <http://www.dnr.state.wi.us>.

(2) REQUIRED INFORMATION FOR INITIAL REGISTRATION. The initial registration form shall include the following information:

(a) General information:

1. The name, address and telephone number of the applicant.
2. The location of the emission source, emission reduction project, renewable energy project or carbon sequestration project.
3. The name, title, telephone number, fax number and e-mail address, if available, of the contact for general and technical information about the registration.

4. If applicable, the appropriate 4 digit standard industrial classification code of the business or activity seeking to register VERs as specified in the Standard Industrial Classification Manual, 1987, incorporated by reference in s. NR 484.05(1), and a brief description characterizing the nature of the business or other activity of the applicant.

5. If the source reports air contaminant emissions under ch. NR 438, the 9-digit facility identification number used in those reports.

6. If the VER is made at a facility which has an air pollution control permit, the air pollution control permit identification number or numbers.

7. For VERs that have been verified by a third party, the name and address of the person performing the verification and a brief description of the verification procedure.

8. A signed and dated statement by a responsible official stating that, to the best of his or her knowledge and belief, the information in the registration form is accurate, all of the requirements of this chapter have been met, and the VERs have not been registered under this chapter by another person.

(b) VER information:

1. A description of the action or actions taken to reduce or avoid emissions or to sequester carbon.

2. The month and year in which the action first began to reduce or avoid emissions or sequester carbon.

3. The quantification protocols and the calculations used to determine the baselines and the VERs.

4. The baseline for each greenhouse gas and air contaminant being registered and for each carbon sequestration project.

5. For each greenhouse gas or air contaminant, the amount or rate, or both, of emissions reduced or avoided for each year in which VERs are being registered.

6. For carbon sequestration, the amount of carbon sequestered, if quantified, for each year in which sequestered carbon is being registered.

7. For projects to collect mercury-containing products, the mass of mercury collected, stored and disposed of for each year in which it is collected, stored and disposed of and a description of the methods used to store and dispose of the mercury collected in the project.

8. The name and address of other public or private registries in which the VER is registered.

(3) SECTION 1605(b) REPORTING. (a) Persons who report their greenhouse gas emission reductions to the federal voluntary reporting of greenhouse gases program, established in section 1605(b) of the energy policy act of 1992 (42 USC 13385(b)), may register any 1605(b) emission reductions which are eligible under s. NR 437.03 by submitting their annual 1605(b) reporting forms to the department, in lieu of submitting the department's forms.

(b) A registrant may submit the 1605(b) reporting forms to the department before the emission reductions are accepted into the 1605(b) database by the U.S. department of energy.

(4) REGISTRATION UPDATE. VERs may be registered for each year in which they occur after the initial registration as follows:

(a) If there is no change in the status of the initial registration or, for subsequent years, the status of the previous year's registration, the registration update shall include:

1. The year for which the VER is being registered.
2. A signed and dated statement by the responsible official stating that the information in the registration update is accurate, to the best of his or her knowledge and belief, and that all of the requirements of this chapter have been met.

(b) If there are changes to any of the information initially submitted under sub. (2) or (3) or, for subsequent years, the information submitted under this subsection for the previous year, the registration update shall include:

1. An explanation of the changes in the initial or previous year's registration.
2. If applicable, a recalculated baseline or VER or both, with the quantification protocol and the calculations used to make the recalculations.

3. A signed and dated statement by the responsible official stating that the information in the registration update is accurate, to the best of his or her knowledge and belief, and that all of the requirements of this chapter have been met.

(5) CORRECTION OF HISTORIC DATA. If new information becomes available for the calculation of previously registered VERs or baselines, registrants may provide the new information and the corrected VER or baseline with a signed statement by the responsible official stating that the corrected VER or baseline is accurate to the best of his or her knowledge and belief.

(6) DEPARTMENT ACTION. (a) Upon receipt of an initial registration, a registration update or a correction, the department shall determine whether the registration, update or correction contains all of the information required under this section. The department shall notify the registrant of its determination within 90 days after receipt of the registration, update or correction. If the initial registration, registration update or correction is determined to be incomplete, the department shall specify what additional information is required.

(b) The department shall register all VERs for which complete information has been submitted.

(c) The department shall provide source-specific emission reduction registry information on the department's web site.

Note: The Department's web site may be accessed at: <http://www.dnr.state.wi.us>.

SECTION 2. NR 484.05(1) and (8) are amended to read:

Document Reference	Document Title	Incorporated by Reference For
NR 484.05		
(1) NTIS Order No. PB 87-100012	Standard Industrial Classification Manual, 1987	NR 400.02(74) NR 400.02(86) NR 400.02(91) NR 400.02(149) NR 405.02(8) NR 407.02(4)(intro.) NR 407.05(4)(b) NR 408.02(5) NR 410.02(4) NR 421.02(3) NR 421.02(17) NR 422.02(112)

NR 422.095(1)
 NR 422.15(1)(intro.)
NR 437.07(2)(a)4.
 NR 438.02(1)
 NR 465.02(51)

- (8) EPA, OAQPS, AP-42 Compilation of Air Pollutant Emission Factors, Volume I: Stationary Point And Area Sources, Fifth Edition, January 1995, as revised by Supplement A (February 1996), Supplement B (November 1996), Supplement C (November 1997), Supplement D (July 1998), Supplement E (November 1999), Supplement F (October 2000) and Update 2001 (December 2001)
- NR 437.04(2)(a)6.
 NR 438.03(5)(a)
 NR 489.09(2)(b)

SECTION 3. NR 484.05(8g), (8r), (14) and (15) are created to read:

Document Reference	Document Title	Incorporated by Reference For
NR 484.05 (8g) EPA, OAQPS, AP-42	Compilation of Air Pollutant Emission Factors, Volume II: Mobile Sources, Fourth Edition, September 1985, as revised by Supplement A (1991)	NR 437.04(2)(a)7.
(8r) EPA, OAQPS, AP-42	Compilation of Air Pollutant Emission Factors, Volume II: Mobile Sources, Fifth Edition, Appendix G (1998), Appendix H (1995), Appendix I (1998), Appendix J (1998), and Appendix K (1998)	NR 437.04(2)(a)8.
(14) NTIS Order No. DE95003295INZ	Voluntary reporting of greenhouse gases under Section 1605(b) of the Energy Policy Act of 1992 - General Guidelines, October 1994	NR 437.04(2)(a)17.
(15) NTIS Order No. DE95003296INZ	Sector-Specific Issues and Reporting Methodologies Supporting the General Guidelines for the Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992, Volumes 1, Electricity Supply, Residential and Commercial Buildings, and Industrial Sector, October 1994.	NR 437.04(2)(a)18.

- (16) NTIS Order No. DE95003297INZ Sector-Specific Issues and Reporting Methodologies Supporting the General Guidelines for the Voluntary Reporting of Greenhouse Gases under Section 1605(b) of the Energy Policy Act of 1992, Volume 2, Transportation, Forestry, and Agriculture, October 1994. NR 437.04(2)(a)19.

SECTION 4. NR 484.06(intro.) and (4) are amended to read:

NR 484.06 Other government organizations. (intro.) The following materials from other government organizations listed in the first column of Tables 4A to ~~4E~~ 4G are incorporated by reference for the corresponding sections of chs. NR 400 to 439 and 445 to 499 in the third column of Tables 4A to ~~4E~~ 4G.

(4) The following ~~is a database document~~ are from the U.S. environmental protection agency.

Note: Paragraph (a) lists a database document. Electronic copies may be downloaded for personal use from the following ~~Internet~~ internet address:

<http://www.epa.gov/ttn/chief/software/fire/index.html>

Those without access to a computer can obtain printed copies of all or of specific parts of FIRE from:

Department of Natural Resources
Bureau of Air Management
Box 7921
101 South Webster Street
Madison WI 53707-7921

Note: Copies of the documents listed in par. (b) may be downloaded for personal use from the following internet address: <http://www.epa.gov/ttn/chief/eiip/techreport/index.html>.

Those without access to a computer can obtain printed copies from:

Info CHIEF
Emission Factor And Inventory Group (MD-D205-01)
Office of Air Quality Planning and Standards
U. S. Environmental Protection Agency
Research Triangle Park, NC 27711
Phone: (919) 541-1000
Fax: (919) 541-5680

Table 4D

U.S. Environmental Protection Agency Document ~~Reference~~ References

Document Number	Title	Incorporated by Reference For
<u>(a) EPA, OAQPS, FIRE 6.01</u> <u>6.23</u>	Factor Information Retrieval Data System, Version 6.01 <u>6.23</u>	<u>NR 437.04(2)(a)22.</u> <u>NR 438.02(2)</u>

(b) EPA, EIIP Technical
Report Series

<u>1. Volume I</u>	<u>Introduction To The Emission Inventory Improvement Program, July 1997</u>	<u>NR 437.04(2)(a)9.</u>
<u>2. Volume II</u>	<u>Point Sources, May 2002</u>	<u>NR 437.04(2)(a)10.</u>
<u>3. Volume III</u>	<u>Area Sources and Area Source Method Abstracts, Dec. 2001</u>	<u>NR 437.04(2)(a)11.</u>
<u>4. Volume IV</u>	<u>Mobile Sources, Sept. 1997</u>	<u>NR 437.04(2)(a)12.</u>
<u>5. Volume VI</u>	<u>Quality Assurance/Quality Control , September 1997</u>	<u>NR 437.04(2)(a)13.</u>
<u>6. Volume VII</u>	<u>Data Management Procedures, January 1999</u>	<u>NR 437.04(2)(a)14.</u>
<u>7. Volume VIII</u>	<u>Greenhouse Gases, Oct. 1999</u>	<u>NR 437.04(2)(a)15.</u>
<u>8. Volume IX</u>	<u>Particulate Emissions, Aug. 2001</u>	<u>NR 437.04(2)(a)16.</u>

SECTION 5. NR 484.06(6) and (7) are created to read:

NR 484.06(6) The following document is from the intergovernmental panel on climate change.

Note: Copies may be downloaded for personal use from the following internet address: <http://www.ipcc-nggip.iges.or.jp/public/gl/invs1.htm>.

Those without access to a computer can obtain printed copies from:

IPCC Secretariat
C/O World Meteorological Organization
7bis Avenue de la Paix
C.P. 2300
CH- 1211 Geneva 2, Switzerland
Phone: +41-22-730-8208
Fax: +41-22-730-8025
e-mail: ipcc_sec@gateway.wmo.ch

Table 4F

IPCC Document Reference

Publishing Organization	Title	Incorporated by Reference For
Intergovernmental Panel on Climate Change (IPCC)	Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories, Volumes 1-3	NR 437.04(2)(a)4.

(7) The following document is from the U.S. department of energy.

Note: Copies may be downloaded for personal use from the following internet address:

<http://www.ipmvp.org/info/Vol1book.pdf>.

Those without access to a computer can obtain printed copies from:

Energy Efficiency and Renewable Energy Clearinghouse (EREC)
NCI, 8260 Greensboro Dr., Suite 400
Mclean, VA 22102
Phone: (703) 287-8385
Fax: (703) 893-0400
or
Phone: 1-800-DOE-EREC

Table 4G

U.S. Department of Energy Document Reference

Publishing Organization	Title	Incorporated by Reference For
U.S. Department of Energy, OEERE	International Performance Measurement and Verification Protocol, Volume 1 - Concepts and Options for Determining Energy Savings, October 2000.	NR 437.04(2)(a)5.

SECTION 6. NR 484.11(intro.) is amended to read:

NR 484.11 Other private organizations. The following materials from other private organizations listed in the first column of Tables 6A to ~~6J~~ 6K are incorporated by reference for the corresponding sections of chs. NR 400 to 439 and 445 to 499 listed in the third column of Tables 6A to ~~6J~~ 6K. A test method is also incorporated for 40 CFR 63.457 as in effect on April 1, 2002. Since that CFR section is incorporated by reference in s. NR 484.03(6), the test method listed in this section which is incorporated by reference for it is hereby also incorporated by reference and made part of this chapter and chs. NR 400 to 439 and 445 to 499.

SECTION 7. NR 484.11(11) is created to read:

NR 484.11(11) The following documents are from the World Resources Institute and World Business Council for Sustainable Development.

Note: Copies of the document listed in par. (a) may be downloaded for personal use from the following internet

address: <http://ghgprotocol.org/standard/ghg.pdf>

Printed copies may purchase from:

World Resources Institute Publications
PO Box 4852
Hampten Station
Baltimore MD 21211
Phone: 1-800-822-0504
Fax: (410) 516-6998

Note: Copies of the software documents listed in par. (b) may be downloaded for personal use from the following

internet address: <http://ghgprotocol.org/standard/tools.htm>

To obtain the software by mail contact:

WRI
10 G Street NE
Washington DC 20002
Phone: (202) 729-7600
Fax: (202) 729-7637

Table 6K
WRI/WBCSD Document Reference

Document Number	Title	Incorporated by Reference For
(a) ISBN 2-940240-18-3	The Greenhouse Gas Protocol – a corporate accounting and reporting standard, first edition, October 2001	NR 437.04(2)(a)20.
(b) N/A	GHG Calculation Tools	NR 437.04(2)(a)21.

The foregoing rule was approved and adopted by the State of Wisconsin Natural Resources Board on June 26, 2002.

The rule shall take effect the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.

Dated at Madison, Wisconsin _____.

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By _____
Darrell Bazzell, Secretary

(SEAL)

Fiscal Estimate — 2001 Session

<input checked="" type="checkbox"/> Original	<input type="checkbox"/> Updated	LRB Number	Amendment Number if Applicable
<input type="checkbox"/> Corrected	<input type="checkbox"/> Supplemental	Bill Number	Administrative Rule Number NR 437

Subject
 Promulgation of chapter NR 437, Wis. Adm. Code to establish and operate a voluntary emission reduction registry.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- | | |
|--|---|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> Create New Appropriation | |

Increase Costs — May be possible to absorb within agency's budget.

Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs

Permissive Mandatory

2. Decrease Costs

Permissive Mandatory

3. Increase Revenues

Permissive Mandatory

4. Decrease Revenues

Permissive Mandatory

5. Types of Local Governmental Units Affected:

Towns Villages Cities

Counties Others

School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Chapter 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The emission reduction registry will require a startup period followed by routine operation of the system. Most of the initial cost of establishing the registry will be in developing the database, web page, and application forms. Some programming work will also be necessary to add a registry module to the Consolidated Reporting System.

Estimated startup cost = 1/2 FTE for one year = \$30,000 + \$5,000 outreach costs + \$10,000 programming costs = \$45,000.

This cost will be absorbed within the existing Air Program budget through reallocation and redirection of resources involving the existing climate change staff and possibly one or more interns.

Estimated cost for ongoing operation of the registry = 1/4 FTE = \$15,000 per year

This cost will also be absorbed within the existing Air Program budget through reallocation of resources.

Assumptions:

1 FTE = \$60,000 per year

Estimated number of registry applications = 10 to 50 per year

Air Management staff have the knowledge and skills needed to develop the registry database, web page, and application forms.

No outside contractor will need to be hired.

Long-Range Fiscal Implications

Ongoing operation of the emission reduction registry is estimated to cost the state about \$15,000 per year.

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency DNR
Authorized Signature 	Telephone No. 266-2794	Date (mm/dd/ccyy) 05-21-02

Fiscal Estimate Worksheet — 2001 Session
 Detailed Estimate of Annual Fiscal Effect

Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 437

Subject

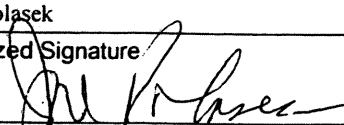
Promulgation of chapter NR 437, Wis. Adm. Code, to establish and operate a voluntary emission reduction registry.

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 Estimated first year cost to establish the registry = \$45,000.

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations — Salaries and Fringes		\$ 15,000	\$ -
(FTE Position Changes)		(0.25 FTE)	(- FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$	\$ -
B. State Costs by Source of Funds			
GPR		\$	\$ -
FED			-
PRO/PRS		15,000	-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
Total State Revenues		\$	\$ -

Net Annualized Fiscal Impact

	State	Local
Net Change in Costs	\$ 15,000	\$ 0
Net Change in Revenues	\$ 0	\$ 0

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency DNR
Authorized Signature 	Telephone No.	Date (mm/dd/ccyy) 05-21-02



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

Ronald Sklansky
Clearinghouse Director

Richard Sweet
Clearinghouse Assistant Director

Terry C. Anderson
Legislative Council Director

Laura D. Rose
Legislative Council Deputy Director

CLEARINGHOUSE RULE 02-012

Comments

[NOTE: All citations to “Manual” in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated September 1998.]

2. Form, Style and Placement in Administrative Code

a. Section NR 437.04 (2) (a) 21. lacks a cross-reference indicating where the protocol it identifies is incorporated by reference.

b. Since s. NR 437.03 (4) (intro.) is not drafted properly as introductory material, it should be numbered par. (a) and the subsequent paragraphs should be renumbered. [See s. 1.03 (8), Manual.] Also, see s. NR 437.05 (intro.).

c. In s. NR 437.07 (5) (c), a note should be added that specifies the department’s web site.

5. Clarity, Grammar, Punctuation and Use of Plain Language

a. The term “carbon dioxide equivalent” is, essentially, a comparison of the global warming potential of one gas to that of carbon dioxide. However, the definition of “global warming potential” also compares a gas to carbon dioxide. Should this latter term be defined in terms of absolute global warming impact, rather than in comparison to carbon dioxide?

b. In s. NR 437.02 (9), (12), and (13), the word “which” should be replaced by the word “that.” Section NR 437.04 (1) should refer to “protocols *that are* listed in sub. (2) (a) or *that* have been submitted . . .” (emphasis added).

- c. The quotation mark at the end of s. NR 437.02 (9) should be omitted.
- d. In s. NR 437.03 (2) (d), does the use of renewable energy projects to create a VER include the purchase of electricity that includes renewable resources in its portfolio? This may warrant clarification.
- e. In s. NR 437.03 (4) (c), the words "several or many" should be replaced by "multiple."
- f. The rule does not explicitly state how mercury handled in a collection and disposal project is to be equated to emission reductions. The only possible hint is in s. NR 437.03 (4) (d)--does this paragraph indicate that 10 pounds of mercury collected and disposed of will be treated as equivalent to one pound of avoided emissions? If so, this should be stated more clearly; if not, then the equivalency that will be used should be stated somewhere in the rule.
- g. When an applicant submits an alternative protocol under s. NR 437.04 (2) (b), does the department have the option to review and reject the proposed protocol or is the department obliged to accept any protocol submitted to it? Similarly, may the department reject an alternative baseline submitted under s. NR 437.05 (2)? These should be clarified.
- h. Since electric utilities are not the only entities that generate electric power, and so are not likely to be the only entities avoiding emissions through renewable energy projects, s. NR 437.05 (1) (b) should refer to electric power generators (or some such term) rather than electric utilities.
- i. Section NR 437.07 (2) (b) 7. should indicate that the amount of mercury collected must be reported for each year in which it is collected, in conformity with s. NR 437.06 (1). Compare to the preceding subdivision.
- j. Section NR 437.07 (4) (b) 1. should start with the word "An"; in the following subdivision, the word "a" should be inserted before "recalculated."



WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

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CLEARINGHOUSE REPORT TO AGENCY

[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

CLEARINGHOUSE RULE 02-012

AN ORDER to amend NR 484.05 (1) and (8), 484.06 (intro.) and (4) and 484.11 (intro.); and to create NR 437, 484.05 (8g), (8r), (14) and (15), 484.06 (6) and (7) and 484.11 (11), relating to the establishment and operation of a voluntary multi-pollutant emission reduction registry.

Submitted by **DEPARTMENT OF NATURAL RESOURCES**

02-05-02 RECEIVED BY LEGISLATIVE COUNCIL.

03-04-02 REPORT SENT TO AGENCY.

RNS:DLL:ksm;tlu

LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]
Comment Attached YES NO
2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]
Comment Attached YES NO
3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]
Comment Attached YES NO
4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS [s. 227.15 (2) (e)]
Comment Attached YES NO
5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]
Comment Attached YES NO
6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL REGULATIONS [s. 227.15 (2) (g)]
Comment Attached YES NO
7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]
Comment Attached YES NO