ENVIRONMENT VIRGINIA | VMI | April 6, 2011

Greenhouse Gas Reporting

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O'Brien & Gere

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Agenda

- EPA Mandatory GHG Reporting Rule
  - Overview
  - Updates
- Leveraging mandatory reporting requirements
  - Facilitate reporting to voluntary programs
- Implications

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EPA Mandatory GHG Reporting Rule (40 CFR Part 98)

- **WHO** – applies to direct GHG emitters, fossil fuel suppliers, and industrial gas suppliers
  - Mobile source emissions at manufacturer level

- **WHAT** – facility-level reporting
  - "contiguous or adjacent properties in actual physical contact"

- **HOW** – three types of source categories
  - **All-in** – all emissions must be reported (no threshold)
  - **Threshold** – ≥ 25,000 $MTCO_2E$ in combined emissions from general stationary combustion + specified source categories
  - **General Stationary Combustion** – ≥ 30 mmBtu/hr in aggregate rated heat input capacity and ≥ 25,000 $MTCO_2E$ in emissions

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Updates – Dec 2010 to Present

Date	Update
2010 Early Dec	**Final Rules** published for: •Subpart W (Petroleum & Natural Gas Systems) •Subparts I, L, DD, QQ, SS (Additional Sources of Fluorinated Gases) •Subparts RR, UU (CO_2 Injection and Geologic Sequestration)
2010 Mid Dec	**Confidentiality implications** of data element collection for direct emitters •"Data elements", e.g., raw material usage, production quantities •Delay/defer reporting of these elements •Call for comments
2011 Early Jan	**e-GGRT** (Electronic Greenhouse Gas Reporting Tool) available •Web-based tool with web forms for data entry and automated calculations •Automated data entry through XML schema •Reporting, not record-keeping
2011 March	**Extension** of Reporting Deadline •Final reports due Sep 30 •e-GGRT registration by Aug 1 •Allow EPA to refine e-GGRT

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What Does This Mean?

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Leveraging Mandatory Reporting Requirements

- Mandatory Rule→ **Need** to commit resources
- Deadline Extension → **Time** to commit resources

- Questions:
  - What is the most **efficient use** of committed resources?
  - Can I achieve multiple objectives through an incremental addition of resources?

- Can use as opportunity to:
  - Identify potential **cost savings**
    - Energy use reduction
    - Process efficiencies
  - Identify new **revenue streams**
  - Take advantage of tax credits and deductions

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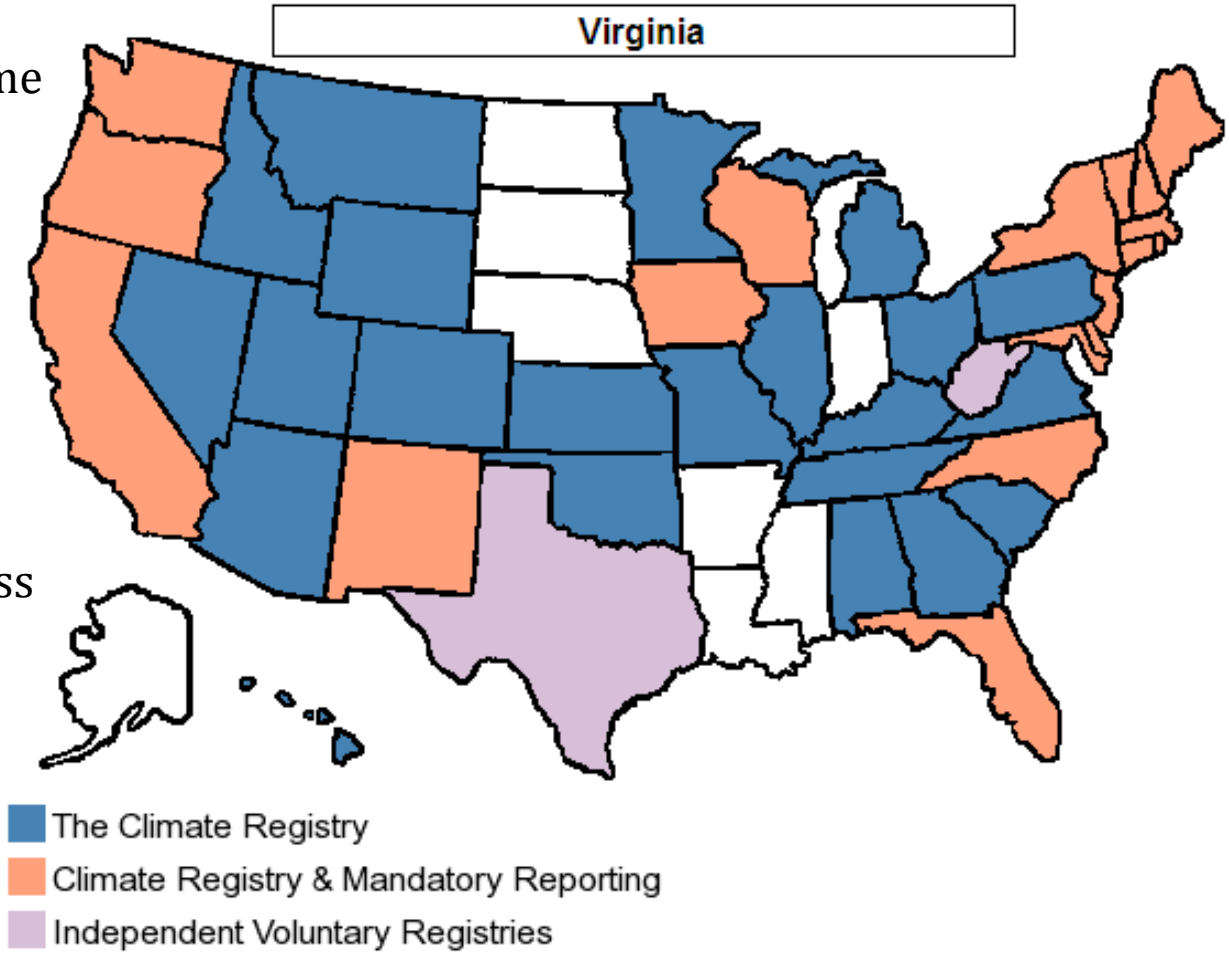
State-Level Mandatory GHG Reporting

- 18 States currently have some form of mandatory GHG reporting
  - Virginia is a Climate Registry member, but no mandatory reporting
- Consider developing unified structure for reporting across States
  - Both with and without mandatory reporting requirements



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Beyond "Reporting"

- If you are required to report under the Mandatory Reporting Rule, you also serve other functions
  - Federal Agency
  - Contractor to Federal Agency
  - Local Government
  - Higher Education Institution
  - Large Public Corporation
  - Supplier to Large Public Corporation

- Consider opportunities for leadership in these functions

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Presidential Executive Order 13514

- Requires Federal agencies to:
  - Measure, report, and reduce GHG emissions
  - Increase energy efficiency
  - Conserve and protect water resources
  - Eliminate waste, recycle, minimize pollution
- Impacts on Federal suppliers and contractors
  - Sustainable purchasing practices
  - Green building design

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Local Government Operations Protocol (LGOP)

- Guidelines for GHG emissions from local government operations
  - Quantification
  - Reporting
- Baseline for reduction benefits from policies and programs

- Sources are similar to those in WRI Protocol
  - Stationary, mobile, process, fugitive, indirect
- Sectors are more specific and relevant to local governments
  - E.g., streetlights, water delivery facilities, ports, solid waste facilities

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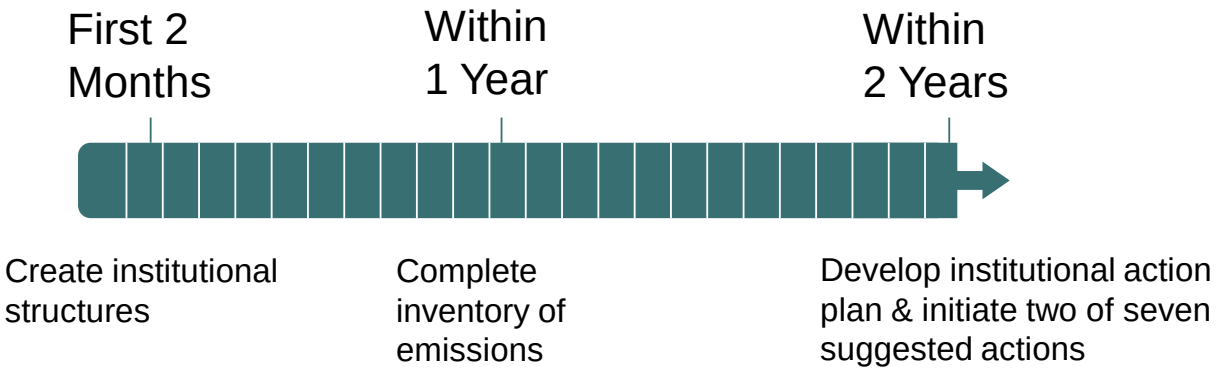
ACUPCC

American College & University Presidents Climate Commitment

The Commitment



- Target date for achieving carbon neutrality
- Actions to make carbon neutrality & sustainability part of the curriculum
- June 2007 (public launch): 284 signatories
- April 2011: 677 signatories, 1/3rd of US student population

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Carbon Disclosure Project

- Global not-for-profit, focusing on corporate disclosure of environmental parameters to identify:
  - Investment Risks
  - Commercial Opportunity
- Programs
  - **Investor CDP**: corporate GHG/climate change data
  - **CDP Water Disclosure**: corporate water-related data
  - **CDP Supply Chain**: process for corporate supply chain GHG disclosure – Scope 3 emissions
    - Walmart requires CDP disclosure of its suppliers
  - **CDP Public Procurement**: process for local/national govt supply chain GHG disclosure – Scope 3 emissions

CARBON DISCLOSURE PROJECT

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Carbon Disclosure Leadership Index (CDLI)

- Rankings of global and country-leading companies based on
  - **Disclosure**: Quality, comprehensiveness, and transparency
  - **Performance**: Level of action taken by company to manage climate change-related impacts

Sector	Company	Disclosure Rating
Consumer Discretionary	Carnival	87
	BMW Bayerische Motoren Werke	79
Consumer Staples	Wal-Mart Stores	89
	Woolworths	82
	Reckitt Benckiser	80
Energy	Chevron	88
	Spectra Energy	88
	Hess	86
	Total	81
	Anadarko Petroleum	79
	Transocean	79
Financials	HSBC Holdings	92
	Bank of Montreal	87
	Simon Property Group	86

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P&G Supplier Sustainability Scorecard

- Called "Sustainability", but really an Environmental Scorecard

PGSupplier.com

- Absolute or Intensity (per unit of output) measures of energy use, water use, waste disposal and GHG emissions on a year-to-year basis

P&G

- Also ISO 14001 EMS, Renewables, Waste Diverted from Landfills, Transportation Efficiency (supplier to customer), Monetary Violations & Sanctions

- Supplier Rating: "Does the supplier report on and improve P&G's environmental sustainability core measures, and support P&G initiatives?"

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Wal-Mart Supplier Sustainability Index

- Three-phase approach:
  - **Supplier Assessment:** More than 100,000 global suppliers asked to complete a brief survey on four focus areas: energy & climate; material efficiency (also a Packaging Scorecard); natural resources; and people & community.
  - **Lifecycle Analysis Database:** Creating a consortium of universities to collaborate with suppliers, retailers, non-governmental organizations and government officials to help develop a global database of information on products' lifecycles – from raw materials to disposal.
  - **Customer Tool:** To provide customers with product information in a simple, convenient, easy to understand manner so they can make choices and consume in a more sustainable way.

- Rated as Above Target, On Target, or Below Target for each individual section and as a whole

Walmart
Save money. Live better.

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Implications

Walmart Corporate

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Home > Press Room > State by State > Virginia

- Press Releases
- Walmart Facts
- Photos
- Videos
- Journalist Center
- Holiday 2010 Media Center

State Information

Virginia Community Impact

Real Estate

As of March 2011, Walmart's presence in Virginia includes:

Supercenters:	85
Discount Stores:	12
Neighborhood Markets:	1
Sam's Clubs:	16
Distribution Centers:	4

Average store size (national average)

Supercenter: 185,000 sq. ft. with approx. 142,000 items
Discount Store: 108,000 sq. ft. with approx. 120,000 items
Neighborhood Market: 42,000 sq. ft. with approx. 29,000 items
Sam's Club: 132,000 sq. ft. with approx. 5,500 items

People

- As of February 2011, the total number of Walmart associates in Virginia is 40,002.
- As of February 2011, the average wage for regular, full-time hourly associates in Virginia is $12.65 per hour (Walmart Discount Stores, Supercenters, and Neighborhood Markets). Additionally, eligible associates receive an annual incentive based on the company performance.
- Associates that contribute to the 401(k) Plan will receive a dollar for dollar match from Walmart of up to 6 percent of pay.

Suppliers

- In FYE 2010, Walmart spent $1,957,101,418.00 for merchandise and services with 1,050 suppliers in the state of Virginia. As a result of Walmart's relationship with these suppliers, Walmart supports 48,334 supplier jobs in the state of Virginia.

Virginia News

- Community of Clearbrook Welcomes New Walmart
- Expanded Walmart Brings Savings and Convenience to Charlottesville
- Richmond Walmart Unveils New Design
- Walmart Brings Savings and Convenience to Dumfries

> More Walmart Virginia News

Media Contacts

If you are a journalist call
1-800-331-0085

International journalists call
479-273-4314

@Walmart on Twitter

Walmart and Virginia Suppliers (FY2010):

- 1,050 suppliers engaged
- $2B spent
- 48,334 jobs supported

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Conclusions

- EPA Mandatory Reporting Rule is here
  - 6-month extension
- Consider opportunities for leadership within your function
  - Government, Industry, Higher Education
  - Leverage resources already allocated for EPA Rule
- Consider implications of these leadership opportunities
  - Costs, revenues, jobs

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THANK YOU

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