



New directions on the road to net zero: 3 directives & decisions driving change in air emissions requirements.

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What goes up must come down – but not always the same way. Since the adoption of the Paris Agreement in December 2015, our EHS regulatory experts have tracked over 14,500 regulatory developments in air emissions management. Looking ahead, they've flagged more changes to come. Yet, on this road to net zero, not all regulators are going in the same direction. Read about the different approaches in these 3 key proposals and turning points in air emissions.

EU: A common denominator for calculating emissions.

With 532 tracked regulatory developments in the first half of 2022, Europe is one of the most active regions when it comes to evolving air emissions requirements. A critical element influencing these rising figures is new and changing requirements around how companies measure and report their air emissions.

One example is the "CountEmissions EU" initiative. If adopted, this initiative would set up a common methodology for measuring and calculating the greenhouse gas (GHG) emissions released by freight and passenger transport operations.

The proposed accounting methodology could be made mandatory for some (or ... all) transport service providers. In addition, the European Commission could establish a verification system (such as certification or accredited verifiers) to ensure that the GHG emissions data provided comply with the proposed rules.

What does it mean for businesses?

As a result, transport users would be able to monitor and compare (in a more reliable and accurate way) the GHG emissions performance of different transport services or travel and delivery options.

However, on the other side of the supply chain, transport operators and carriers could face increased compliance costs and administrative burden following the adaptation, implementation, operation, and maintenance of the proposed GHG accounting system. Companies should keep watch on this proposal and take proactive steps to align their emissions monitoring processes if, or when, the time comes.



Chart 1: Regulatory developments in air emissions management (2015-2021)

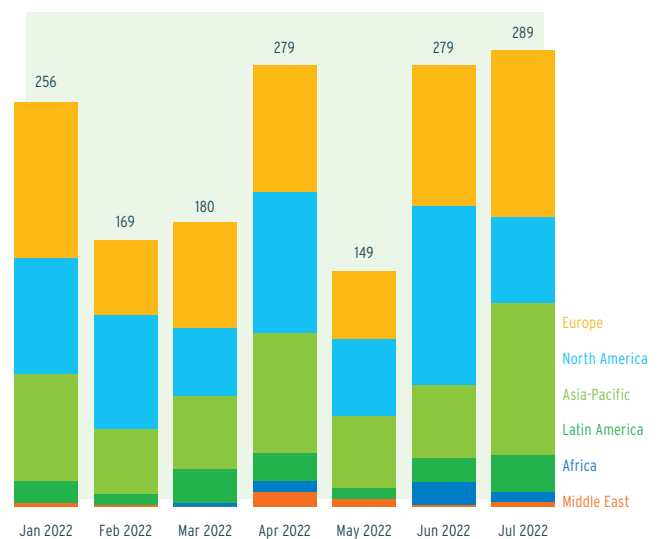
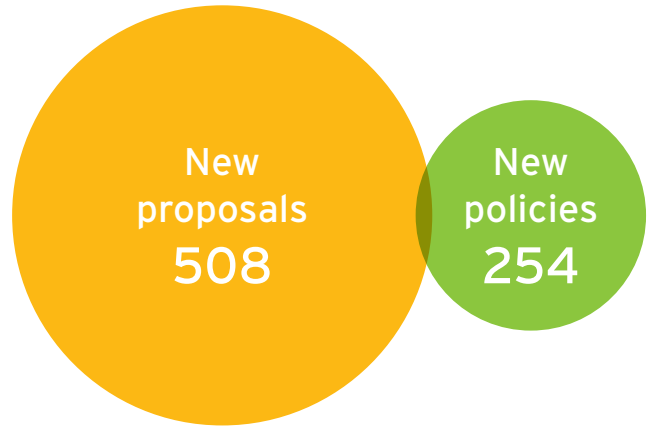


Chart 2: Air emissions regulatory developments by region (Jan-July 2022)



Image 1:
Proposals and policies in
air emissions management
(Jan-July 2022)



US: Major questions mean more red tape for regulators.

While on the large scale, we hear a great deal about new policies putting pressure on companies to reduce emissions. However, one development in the US has put the burden back onto regulators.

On 30 June 2022, the US Supreme Court issued a decision in *West Virginia v. Environmental Protection Agency (EPA)* reversing a lower court's ruling that the Affordable Clean Energy Rule (ACE) improperly repealed the Clean Power Plan (CPP). By doing so, the Supreme Court applied a rule for reviewing certain new agency actions with "significant economic and political impacts." This is the first time the court has chosen to group earlier, similar cases as a formal set of rules for agency review - referred to as the "major questions" doctrine.

What does it mean for businesses?

As a result of this decision, federal agencies will make efforts to limit significant rulemaking to areas where they have a clear statement of congressional authorization to do so.

More specifically, it's now more likely that any replacement rule from the EPA will be limited to traditionally accepted forms of emissions reduction systems, like direct emission controls at the smokestack.

But be careful not to expect the slate to be cleared of all clean energy and clean power requirements. As part of its commitment to reducing air emissions, the US will continue to pursue progress even within this tighter federal framework.

India: Aggressive regulations to curb air pollution.

The Commission for Air Quality Management (CAQM), established in late 2019, is committed to preventing and controlling air pollution in India's National Capital region (NCR) and its adjoining areas. And it shows in recent restrictions.

Of late, the CAQM has been aggressively issuing regulations to curb the pollution in these areas, which include 5 Indian States known for having the highest air emissions in the country.

Following the issue of the Policy to Curb Air Pollution in the NCR, we've seen the banning of certain fuels and the use of diesel generator sets alongside tight targets and timelines. For example, as of 30 September 2022, the CAQM requires:

- industries in isolated areas of Delhi operating on fuels that are not piped natural gas (PNG) or electricity to convert
- industries in other NCR states operating partially on PNG and coal or petroleum-based fuels to fully shift to PNG or approved fuels
- imposing a complete ban on the use of coal as fuel in industrial operations where gas infrastructure or supply is available (and by 31 December 2022 where infrastructure or supply is not available)
- formulating a comprehensive plan for industrial waste management and zero burning for all industrial areas in NCR

What does it mean for businesses?

For companies that emit air pollutants (such as particular matter - PM2.5 and PM10) or by using diesel generator sets in the NCR, you could see future operational impacts according to this new policy.

Additionally, after legislative action by appropriate authorities, the company can expect a complete ban on the use of coal in industrial operations starting 1 January 2023 throughout NCR. With such stringent requirements in such a short timeframe, make sure your facilities in these areas are ready for the switch.

As momentum continues to grow, so will your list of requirements.

Air emissions are on more regulatory radars than ever. And with the EU, US, and APAC all aiming to be climate neutral within the next 30-60 years, we can expect more and more proposals on their path to progress. As these regions continue to issue new requirements for measuring, reporting, and reducing air emissions, your multi-national company will feel the proverbial heat to meet them. Prepare your program now for more of what's to come by expanding your view of changing environmental policies - and making the necessary changes to keep up.

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Want to get ahead of upcoming air emissions requirements?

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Regulatory Forecaster service: Air emissions requirements.

Europe

European Union

- Companies could be subject to gas reduction measures at the national level to avoid gas supply disruptions - 22-Aug-2022
- Companies can send their views on a proposal to set out a common EU framework to calculate and report transport emissions- 03-Aug-2022
- European Commission specifies the content and presentation of sustainability-related disclosures in the financial services sector - 02-Aug-2022
- European Commission classifies fossil gas and nuclear energy as 'green' under the EU taxonomy - 18-Jul-2022

Austria

- Companies operating heating installations with fossil fuels would be required to comply with additional requirements - 29-Jul-2022

France

- Companies can refer to the list of installations for which free allowances of greenhouse gas emissions are allocated for the period 2021- 2025 - 26-Aug-2022
- Companies employing more than 500 workers and based in France must include significant indirect emissions and a transition plan in the greenhouse gas emissions assessment - 29-Jul-2022

United Kingdom

- Companies can submit their views on policy proposals for strengthening national emissions reduction commitments outlined in the UK NAPCP - 03-Aug-2022

Africa

Egypt

- In the near future, companies might have to comply with new requirements related to mitigating climate change since all relevant Ministries and relevant bodies are obliged, as of 9 June 2022, to prepare the necessary operational plans to implement the national strategy for climate change for 2050 - 21-Jun-2022

Americas

Brazil

- Companies generating hydroelectric energy for self-consumption will have to comply with new monitoring criteria as of 1 January 2023 - 26-Aug-2022
- Companies can now obtain certified emission reduction credit to trade or comply with greenhouse gas emission (GHG) limits - 20-Jul-2022

Canada

- Companies that opt into the federal offset program and emit greenhouse gases must comply with the Canadian Greenhouse Gas Offset Credit System Regulations for the first time - 27-Jul-2022
- QUEBEC: Companies generating greenhouse gas emissions are subject to updated requirements related to the cap-and-trade system for greenhouse gas emission allowances - 31-Aug-2022

Chile

- Companies generating air emissions can face future restrictions due to an update of the thresholds for breathable particulate matter MP10 - 15-Jun-2022

United States

- The Inflation Reduction Act of 2022 provides 5 million USD to the U.S. Environmental Protection Agency to review and enforce companies' climate change pledges - 01-Sep-2022
- Companies could see more stringent judicial review of new federal regulations as a result of the West Virginia v. EPA decision - 20-Jul-2022

Asia-Pacific

China

- As per action plan on green energy transformation, importers and users of equipment with high energy efficiency would be subject to national standards with stringent environmental requirements by 2030 - 22-Aug-2022
- Environmental tax rates applied to diesel oil, fuel oil, and lubricants reduced more than 70 percent until 31 December 2022 - 22-Aug-2022

India

- Companies may soon be subject to stricter recycling, reuse and waste requirements. This follows on from the Circular Economy and Miscellaneous Provisions Bill 2022 passing its final stage in the House of Oireachtas on 22 July 2022 - 10-Aug-2022
- DELHI/HARYANA/UTTAR PRADESH/RAJASTHAN: Facilities that emit air pollutants in the National Capital Region (NCR) must note the formulation of a sector-wise action plan to curb air pollution - 27-Jul-2022
- Non-polluting and facilities requiring environmental clearance may soon be exempted from obtaining consent under the Air Act from state authorities, and facilities may be relieved from imprisonment penalties for contravening less severe provisions - 26-Jul-2022
- Facilities that operate industrial boilers may soon be required to comply with stringent emission limits - 14-Jul-2022
- Facilities that handle hazardous substances may be soon subject to remediation of environmental damages and increased penalties under the Public Liability Insurance Act, 1991 - 19-Jul-2022

Japan

- Specified Greenhouse Gas Emitters under the Law on Promotion of Global Warming Countermeasures are recommended to report additional voluntary climate change-related information as of 1 April 2023 - 19-Aug-2022

Taiwan

- Manufacturing facilities that emit greenhouse gases with 25,000 tonnes of carbon dioxide equivalent per year will be subject to GHG emission accounting and registration in 2023 - 15-Aug-2022

Vietnam

- Companies that fail to comply with the environmental protection regulations are subject to higher fines and heavier sanctions (such as withdrawal of environmental license) starting 25 August 2022 - 22-08-2022