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Houston's Gerry Pels Quoted by Law360 on SEC's Climate Disclosure Proposal Highlighting Present and Future Challenges Posed by Climate Change and Attempts to Reduce Greenhouse Gas Emissions

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Gerry Pels, Houston Partner and Chair of the Firm-wide Environmental Section – Energy and Industry, was quoted by Law360 on the U.S. Securities and Exchange Commission's climate disclosure proposal, noting pressure to decarbonize businesses and increased coordination between a company's environmental and financial divisions. Pels notes the SEC's proposal requires companies to disclose their direct and indirect GHG emissions, known as scope 1 and scope 2 emissions, and more significantly, requires disclosure of emissions generated from upstream and downstream activities in a company's value chain, known as scope 3 emissions.

"Just being able to get their arms around equipment issues in faraway and tucked-away places, it's going to be overwhelming for companies that don't have sophisticated systems already," Pels said. "These often are records they're not required to maintain by environmental laws as we sit here today."

Pels also says to some extent, the SEC's proposal could exceed what energy companies are required to do under existing air emissions regulations. In many instances, energy companies' GHG emissions aren't evaluated on a facility-specific basis, or even reported, he said.

"As those GHG emissions are identified and verified, it's reasonably possible that it may not correlate to emissions of other air contaminants regulated under a facility's existing permits, and it could trigger the need for re-permitting or lead to enforcement," Pels said. "Companies will need to be prepared for that."

To read the full article, click [here](#) (subscription may be required).