

Comments on:

Exposure Draft Titled Omnibus Amendments: Amending Statements of Federal Financial Accounting Standards 38, 49, and Technical Bulletin 2011-1

I am writing to comment on the proposed rule Omnibus Amendments 2023-2, which amends Statements of Federal Financial Accounting Standards (SFFAS) 38, 49, and Technical Bulletin 2011-1. I believe that the proposed rule is inadequate and irresponsible, as it does not address the urgent environmental impact and cost externalities of oil and gas and fossil fuels, which are extensively used by federal entities and pose significant climate change risks for the United States and the world.

Oil and gas and fossil fuels are non-renewable energy sources that are formed from the decomposition of buried carbon-based organisms that died millions of years ago. When they are burned, they release large amounts of carbon dioxide and other greenhouse gases, which trap heat in our atmosphere, causing global warming and climate change. According to the Intergovernmental Panel on Climate Change (IPCC), emissions from fossil fuels are the dominant cause of global warming. In 2018, 89% of global CO₂ emissions came from fossil fuels and industry. Coal is the dirtiest of them all, responsible for over 0.3C of the 1C increase in global average temperatures. Oil releases a huge amount of carbon when burned - approximately a third of the world's total carbon emissions. Natural gas is often promoted as a cleaner energy source than coal and oil. However, natural gas is still a fossil fuel and accounts for a fifth of the world's total carbon emissions.

The proposed rule does not adequately address the environmental impact of oil and gas and fossil fuels, nor does it provide sufficient information or criteria to help practitioners identify and disclose such impacts. The proposed rule only amends SFFAS 38 and Technical Bulletin 2011-1 to align the terminology and presentation requirements for federal natural resources other than oil and gas with SFFAS 38. However, this alignment does not reflect the fact that oil and gas are natural resources that have environmental consequences.

Moreover, the FASAB is also working on another project to reexamine the existing standards for reporting federal oil and gas and other natural resource information. The proposed rule may conflict with or preempt the outcome of that project, which could have implications for reporting on oil and gas and fossil fuels that are derived from or affect natural resources. Furthermore, the proposed rule does not address the environmental impact of seized and forfeited oil and gas and fossil fuels, which are part of another project that the FASAB is considering developing amendments to SFFAS 3, Accounting for Inventory and Related Property. Oil and gas and fossil fuels may have environmental impacts due to their energy consumption, carbon footprint, pollution, waste, water use, land use, habitat destruction, biodiversity loss, health effects, social costs, etc. The

proposed rule does not adequately address these impacts or align with other standards that deal with environmental issues.

I urge the FASAB to reconsider the proposed rule and include environmental impacts as a part of these government accounting standards. Environmental impacts are not only relevant for financial reporting, but also for public health and welfare, clean energy economy, environmental justice, national security, international cooperation, and moral responsibility. The use of oil and gas and fossil fuels by federal entities can have significant effects on climate change and global warming, as well as pollution, noise, water scarcity, waste generation, land degradation, habitat loss, biodiversity decline, health problems, social conflicts, human rights violations, etc. The FASAB should provide clear guidance and disclosure requirements for practitioners to report on these impacts and help users assess the risks and benefits of such technologies. The FASAB should also coordinate with other federal agencies, such as the Environmental Protection Agency (EPA), the Department of Energy (DOE), the Office of Science and Technology Policy (OSTP), etc., to develop potential performance standards and provide tools and resources to reduce negative impacts.

In addition, I suggest these revisions to the proposed rules:

- Define oil and gas as natural resources that have environmental impacts in SFFAS 38.
- Require disclosure of estimated greenhouse gas emissions from oil and gas production in RSI in SFFAS 38.
- Require disclosure of estimated environmental costs and benefits from oil and gas production in RSI in SFFAS 38.
- Require disclosure of seized and forfeited oil and gas in SFFAS 3.
- Require valuation of seized and forfeited oil and gas at net realizable value or fair value in SFFAS 3.
- Require disclosure of estimated environmental impacts from seized and forfeited oil and gas in RSI in SFFAS 3.
- Require disclosure of estimated greenhouse gas emissions from fossil fuel consumption by federal entities in RSI in SFFAS 49.
- Require disclosure of estimated environmental costs and benefits from fossil fuel consumption by federal entities in RSI in SFFAS 49.

- Require disclosure of alternative energy sources and efficiency measures adopted by federal entities to reduce fossil fuel dependence in RSI in SFFAS 49.

Thank you for your attention to this critical issue.

Michael Ravnitzky
Silver Spring, Maryland