



California Air Resources Board Greenhouse Gas Mandatory Reporting

Reporting to ARB for CCAR Members

Starting in 2009, some companies who are CCAR members must report their 2008 GHG emissions to the State of California through the Air Resources Board's mandatory reporting program.

Reporting to CCAR is not a substitute for mandatory reporting to ARB.

The Air Resources Board approved the State's mandatory reporting regulation in December 2007, and it is now effective. While in many respects CCAR's reporting guidance and ARB's mandatory reporting regulations overlap, some key differences are summarized below.

- **Facility Level Reporting:** Under ARB, each facility that is subject to reporting must submit a separate emissions data report, whereas CCAR emissions can be aggregated into an entity-wide emissions report. Electricity retail providers can manage their facility reports through the entity-wide report they are required to file.
- **Organizational Boundaries:** Under ARB, reporting obligations are determined by operational management control. There is no option to use financial management control.
- **Required Gasses and Sources:** Under the ARB regulation, all facilities subject to reporting are required to report their on-site stationary combustion emissions of carbon dioxide (CO₂), nitrous oxide (N₂O), and methane (CH₄) by fuel type combusted. Certain sectors may be required to report process and fugitive emissions. Also there is no "transitional reporting"; all 3 gases **must** be reported in the first year. Reporting mobile emissions is optional.
- **Biomass Combustion Sources:** For ARB, biomass combustion CO₂ emissions must be separately identified and reported; under CCAR, reporting biomass combustion emissions is optional.
- **De Minimis Emissions Sources:** For ARB, one or more GHG sources that collectively produce no more than 3 percent of your facility's total CO₂ equivalent emissions, not to exceed 20,000 metric tons CO₂ equivalent, may be calculated using simplified methods and reported as *de minimis*. CCAR's guidance allows for 5 percent of your CO₂ equivalent sources from any mix of gases, facilities and sources to be reported as *de minimis*.
- **Methodology Documentation:** ARB's regulation requires that a log be maintained documenting all procedural changes that you make in your GHG accounting methods and instrumentation. This log is maintained by the facility operator and is not part of the emissions data report submittal.
- **Default Emissions Factors:** ARB's default emissions factors differ slightly from those found in the CCAR's General Reporting Protocol 3.1. CCAR permits use of the ARB emissions factors when using CARROT to voluntarily report 2008 GHG emissions to the Registry.
- **Device Level Fuel Use Reporting:** The ARB regulation requires fuel use to be reported where it is metered, though facility emissions may be calculated and reported on the basis of higher-level meters (e.g., the gas company meters). For ARB, measurement systems used to estimate GHGs must be accurate to ± 5 percent.
- **Indirect Emissions:** Under ARB, indirect energy usage is reported for facilities outside the electric power sector. Unlike CCAR, ARB does not require a calculation of indirect emissions.
- **Facility and Parent Company:** Because reporting to ARB is facility-specific, certain geographic and industrial classification information is required. Facilities also provide basic information on their parent companies.

Why is ARB's regulation different from the CCAR reporting protocols?

ARB staff worked closely with CCAR staff to develop the mandatory reporting requirements. ARB staff looked to *standards* established by the CCAR program in setting core requirements; independent third-party verification is an important example. Staff looked to CCAR *protocols* as the foundation for our reporting methodologies, and as a result ARB requirements bear strong similarity to CCAR requirements. This is particularly true for the cement, power generation, and general stationary combustion sources, as well as the verification element of the regulation.

When differences emerged during the regulatory process, the reasons were related to (1) requirements of the Global Warming Solutions Act of 2006 (Act) and other California law; (2) the need to develop new methodologies for sources not specifically considered by CCAR protocols, and (3) anticipated program needs and public comment. Examples follow:

- The Act requires ARB to begin with the largest sources of emissions; this requires facility-specific reporting, consistent with other mandatory reporting programs. The emphasis on larger sources and processes obviated the need to require reporting of mobile source emissions at facilities, which are very small for those subject to the proposed regulation. Thus, mobile sources were made optional.
- The Act requires reporting to be complete and verifiable, with "rigorous and consistent accounting of emissions." In addition, the California Office of Administrative Law (OAL) has for many years imposed strict requirements on test methods and calculation procedures specified in State regulations, requiring specificity. As a result of both sets of requirements, the ARB regulation is generally more stringent than CCAR protocols, providing fewer options for emissions accounting.
- ARB thought it important to address petroleum refineries and hydrogen plants in our first-year reporting requirements. As CCAR had not yet developed a protocol for these sources, ARB staff developed a number of new methodologies for the regulation, with the aid of a CCAR discussion paper. For refineries and oil-and-gas production sources the potential for highly variable carbon content in fuels necessitates rigorous test regimes beyond CCAR general combustion protocols.
- The Act requires accounting for GHGs from all power consumed in the state, including imports and line losses. This required development of new methods and rule language tied to electricity purchases and sales. ARB relied on recommendations from the California Public Utilities Commission and the California Energy Commission in formulating these methods, which are beyond CCAR requirements.
- ARB places high priority on the public process, and public comments resulted in other deviations from CCAR protocols where ARB staff thought such requests reasonable and appropriate.

In addition, the CCAR program itself is not a static program. Registry staff has continually adapted CCAR requirements to the dynamic nature of GHG reporting. Changes have been made in response to the formation of The Climate Registry and the adopted ARB regulation. ARB will continue to work closely with CCAR staff, and monitor development of federal and regional reporting frameworks so that reporting programs can be both rigorous and consistent.

For more information on ARB's mandatory reporting regulation and to determine if you are required to report to ARB, please visit ARB's mandatory reporting website (<http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep.htm>) or send an e-mail to ghgreport@arb.ca.gov.