

November 26, 2007

California Air Resources Board
1001 "I" Street
Sacramento, CA 95812

Re: Support for mandatory reporting regulations under AB 32

Dear Chair Nichols and Members of the California Air Resources Board,

The undersigned organizations offer this letter as public comment on the proposed mandatory reporting regulations for greenhouse gases (dated 10/19/07). The mandatory reporting regulations are a critical foundation for effective implementation of AB 32 and ultimately for meeting the state's 2020 global warming pollution limit. We commend the California Air Resources Board (CARB) staff for developing the proposed regulations through a transparent and productive public process under significant time constraints this year. We appreciate the opportunity to comment on this proposed regulation and look forward to continuing to work with CARB staff to implement and expand upon the regulations going forward.

In general, our organizations support most of what is contained in the proposed regulation. As described below, we urge you to make one important modification to the proposed regulation prior to adoption at the December 6, 2007 meeting. While there are additional areas we believe could be improved in the proposed regulation going forward, we believe that it represents an excellent starting point. We appreciate the staff's efforts to improve and refine the draft regulations in response to concerns of stakeholders. The draft regulation has been improved by a number of changes, including the clarification of de minimus reporting and allowance for voluntary entity and mobile source reporting.

Our only recommended change to the proposed regulation is to require entities subject to triennial verification to fully comply with the mandatory reporting requirements, including third party verification, in 2010 when reporting their 2009 emissions, rather than in 2011 as proposed. We accept the proposed phase-in period in 2009 as a reasonable accommodation given the significant reporting and verification infrastructure that will need to be developed. However, we are concerned that the proposed regulation would delay the submittal of fully compliant, verified data from all reporters until the end of 2011. Instead, we believe that it is both reasonable and feasible to require full compliance in 2010. We do not believe that this would impose an undue burden on either the affected entities or on the reporting and verification infrastructure. This will enable the state to have a complete set of verified data from all reporters at least a year prior to the start of 2012 enforcement of regulations to reduce emissions.

The following additional comments are focused on our recommendations for future refinements and expansions to the mandatory reporting requirements under AB 32. Many of the issues described below have been raised in comments previously submitted by the undersigned organizations. Each of our organizations continues to support its previous comments and urges CARB to consider and adopt those recommendations in future amendments to the regulation.

As noted in the staff report, the proposed regulation would require reporting from emission sources including electricity generators and providers, oil refineries, cement plants, cogeneration facilities, hydrogen plants, and other industrial sources that emit over 25,000 metric tons of carbon dioxide per year. This encompasses 94% of major statewide stationary source greenhouse gas emissions, and approximately 40% of total statewide emissions. Combined with existing inventory mechanisms for the 40% of statewide emissions from the transportation sector, this proposed regulation will improve the state's information on about 80% of statewide emissions. We believe that this represents an admirable accomplishment for the initial regulation.

However, there are still a number of important sources that would not yet be required to report under the proposed regulations. We recommend that over the coming year CARB develop and adopt regulations that would require reporting of emissions from at least the following sources:

- Natural gas providers' emissions associated with the natural gas used by customers that are not covered by the 25,000 ton per year stationary source reporting requirement;
- Landfills;
- Fugitive emissions from oil and gas exploration, transmission, and distribution;
- Large stationary sources below the 25,000 ton per year threshold;
- Mobile source emissions from large fleets; and
- Clarify whether existing reporting mechanisms for the transportation sector are adequate or whether those should be expanded. Since the Low Carbon Fuel Standard requires full lifecycle accounting, CARB should ensure that reporting mechanisms are sufficient to support implementation of the standard.

The staff report also notes that CARB staff plans to develop proposed expansions to the mandatory reporting regulations for the Board's consideration going forward. We generally concur with the staff's recommendations and believe that there are a number of areas where the proposed regulations should be further refined and improved to ensure that emissions reports are complete, reliable, and provide adequate information to support progress toward the statewide emissions limit. In particular, we recommend that:

- Efficiency metrics should be developed wherever feasible.
- Annual third party verification should be considered for all emissions reports.

In conclusion, we appreciate CARB's time and hard work throughout the year in

developing the proposed regulations. Thank you for considering our comments and suggestions to further improve the proposed mandatory emissions reporting regulation, and we urge you to adopt the proposed regulations on December 6.

Sincerely,

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Natural Resources Defense Council

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American Lung Association of California

Tim O'Connor
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cc: Linda Adams, Secretary, California Environmental Protection Agency
Eileen Tutt, Deputy Secretary External Affairs, California Environmental Protection Agency
James Goldstene, Executive Officer, CARB
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