

PROPOSED AMENDMENTS TO THE REGULATION FOR THE MANDATORY REPORTING OF GREENHOUSE GAS EMISSIONS

California Air Resources Board
September 18, 2014

Presentation Outline

- Mandatory Reporting Program Background
- Proposed Amendments to the Mandatory Reporting Regulation
- Proposed 15 Day Changes
- Next Steps
- Staff Recommendation

Mandatory Reporting Program

- The Mandatory Reporting Regulation (MRR) requires California's largest emitters to report greenhouse gases (GHG) each year
- Approximately 750 reporting entities
 - Facilities with $\geq 10,000$ MT CO₂e emissions
 - All Electricity Importers and Retail Providers
 - Fuel and Natural Gas Suppliers
- Regulation includes requirements for third-party verification of reported data

Overview of Proposed Amendments

- Align with Cap-and-Trade Regulation
 - Updates and additions to product data reporting
- Integrate Cost of Implementation (COI) Fee Regulation reporting into MRR
- Updates for Electric Power Entity reporting
- Clarifications and updates for petroleum and natural gas systems
- Updates and clarifications for fuel supplier requirements

Align with Cap-and-Trade

- Update reporting and verification requirements to support the Cap-and-Trade Program
 - Clarify reporting requirements to support the calculation of compliance obligations
 - Add additional product data and other data reporting to support allowance allocation
 - Clarify product data verification procedures
- Update definitions to harmonize with Cap-and-Trade Regulation

Product Data Reporting Refineries and Hydrogen

- Correct total complexity weighted barrel (CWB) equation to be consistent with Cap-and-Trade Regulation
- Clarify existing requirement for primary refinery product reporting to ensure consistency in sector reporting
- Clarify definitions of “on-purpose hydrogen” and “by-product hydrogen”

COI Fee Regulation Data Reporting Integration

- Incorporate COI Fee Regulation data reporting requirements into Mandatory Reporting Regulation
 - Provides consistent and verified data, reduces complexity
- Updates do not impose new data reporting requirements
- Streamlines reporting process

Petroleum and Natural Gas Systems

- Clarify existing reporting requirements
- Exempt small equipment blowdowns
- Require reporting of emissions associated with compressor start-ups
- Add voluntary reporting of enhanced oil recovery steam produced via renewable methods (solar)
- Clarify existing oil and gas product data reporting requirements

Fuel Suppliers

- Clarify existing reporting requirements related to biofuels
- Clarify reporting requirements natural gas liquid (NGL) fractionators related to reporting liquefied petroleum gas (LPG)
- Clarify how, and under what circumstances, natural gas suppliers should report biomethane deliveries

Electric Power Entities (1)

- Clarify requirements for reporting transmission losses
- Narrow existing applicability of hourly meter data retention and specify “lesser of” analysis
 - Provides exemptions for specific types of imports
- Include reporting requirements related to sales of power into the California Independent System Operator

Electric Power Entities (2)

- Clarify which data sources are used to develop ARB's specified source emission factors for imported power
 - Staff proposal for additional changes in 15-day amendments
 - Staff proposing to use U.S. EPA Part 98 data

Additional Data for Natural Gas Transmission and Distribution

- Need for better estimates of methane leaks
 - Methane is a short-lived climate pollutant
 - Require residential, commercial and industrial natural gas meter counts
- Emissions related to dig-ins
 - Best available estimate
 - Number of dig-ins

Verification Requirements

- Further strengthen conflict of interest requirements
- Include verification requirements to ensure quality and completeness of data under MRR
- Clarify applicability of conformance requirements related to data collected to support the COI Fee Regulation and the Cap-and-Trade Regulation

Proposed 15-day Revisions

- Clarify electric power entity requirements
 - Use of US EPA GHG emissions data for computation of specified source emission factors
 - In limited cases, default to using Energy Information Administration (EIA) fuel-use data for GHG emissions
 - Use EIA net generation data
 - Clarify transmission loss factor
- Clarify reporting requirements related to the definition of oil and gas production facilities
- Further clarify product data reporting requirements for refineries and hydrogen production

Staff Recommendation

- Staff recommends the approval of the proposed amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, which also includes the 15-day changes described today