



# Mandatory Reporting Regulation 2016 Amendments

*September 22, 2016*

# Presentation Outline

- ▣ Overview
- ▣ Mandatory Reporting Program Background
- ▣ Proposed Amendments to the Mandatory Reporting Regulation
- ▣ Proposed 15-Day Changes
- ▣ Next Steps

# Overview

- ▣ This is the first presentation of three interrelated items:
  - ▣ Mandatory Reporting Regulation (MRR),
  - ▣ Cap-and-Trade Regulation, and
  - ▣ California's draft compliance plan for the federal Clean Power Plan (CPP) rule

# Mandatory Reporting Program

- MRR requires California's largest emitters to annually report and verify greenhouse gases (GHG) and product data during the subsequent calendar year
- Approximately 775 reporting entities
  - Facilities with  $\geq 10,000$  MT CO<sub>2</sub>e emissions
  - All Electricity Importers and Retail Providers
  - Fuel and Natural Gas Suppliers
- Regulation includes requirements for independent third-party verification of reported data

# Proposed Amendments

- General updates for clarifications and improving quantification of GHGs
- Align with Cap-and-Trade Regulation
- Clarifications and updates for petroleum and natural gas systems
- Clarifications and updates for fuel supplier requirements
- Revisions to implement the U.S. EPA CPP requirements
- Updates for Electric Power Entity reporting
- Verification timing changes

# General Updates

- Update global warming potential values to the 4<sup>th</sup> assessment report of the Intergovernmental Panel on Climate Change (IPCC) beginning in 2021
- Clarify reporting and verification cessation provisions
- Clarify and modify applicability for certain sectors including oil and gas production, fuel suppliers, and natural gas processing plants
- Most amendments will affect 2018 data reported in 2019, to correspond with Cap-and-Trade's 3<sup>rd</sup> compliance period
  - Exceptions include product data changes to support allocation and provisions to support Clean Power Plan

# Align with Cap-and-Trade

- Update reporting and verification requirements to support the Cap-and-Trade Program
  - Clarify requirements for calculation of compliance obligations
- Update definitions to harmonize with Cap-and-Trade Regulation
- Clarify and add product data reporting to support allowance allocation
  - Clarify Complexity Weighted Barrel (CWB) throughput and hydrogen production data reporting
  - Consolidate other product data reporting for refineries
  - Clarify requirements for several sectors including milk production, tomato products, poultry, and others

# Petroleum and Natural Gas Systems

- Clarify calculation of GHG emissions
  - Convert volumetric data to reflect standard conditions
  - Allow use of a default value for the fraction of gas combusted
- Incorporate a revised Flash Test procedure
- Clarify reporting for sorbent emissions

# Fuel Suppliers

- Address potential double counting of fuel volumes
  - Clarify requirements for fuel delivered over multiple racks
  - Remove reporting for enterers and in-State producers of ethanol and biodiesel
- Require reporting of fuel volumes for exported or excluded aviation or marine fuels to facilitate verification
- Clarify requirements for intrastate pipeline suppliers and facilities that deliver or “pass through” natural gas to other facilities
- Clarify reporting for in-State producers of LNG and CNG
- Revise reporting requirements to allow biomethane to be reported by a utility that transports the fuel

# Clean Power Plan (CPP) Integration

- Proposed changes to implement the reporting requirements under the U.S. EPA CPP
- Electric generating units (EGU) must report hourly Watt meter data, as well as thermal and mechanical output (already reported to U.S. EPA)
- EGU-level reporting required, no change expected for most reporters
- California reporting updates for CPP begin in 2021

# Electric Power Entities

- Clarify reporting requirements for specified source imports to ensure accurate emissions accounting
- Proposal to address incomplete reporting of imported electricity emissions from transfers within the Energy Imbalance Market (EIM)
- Include the California Independent System Operator (CAISO) as a reporting entity for electricity imports data, related to transfers within the EIM
- Remove provisions associated with the qualified export (QE) adjustment to align with Cap-and-Trade
- Clarify requirements for reporting sales into the CAISO markets

# Change in Verification Deadline

- Change verification deadline from September 1 to August 1 to support Cap-and-Trade implementation
  - Current deadline does not provide ARB staff sufficient time to reasonably complete all mandated activities to ensure effective implementation of the Cap-and-Trade Program
  - ARB staff must perform data quality assurance checks, calculate and notify entities of compliance obligations, and allocate allowances prior to the November 1 Cap-and-Trade compliance deadline
- Staff will continue to discuss with reporters how to streamline the process for them and ARB to successfully implement this change

# Other Verification Modifications

- ▣ Adjust timing requirements for verifier submittal of documentation and ARB review of documentation to streamline verification process
- ▣ Modify the accreditation requirements to streamline the process

# Potential 15-Day Revisions

- Further clarify reporting and applicability requirements for nitric acid facilities
- Further clarify change of ownership and cessation requirements for fuel suppliers
- Clarifications to definitions, as needed
- Clarify requirements for verifiers to update “Issues Log”
- Revisions to address incomplete reporting of imported electricity emissions under CAISO EIM

# Next Steps

- ▣ Prepare and release 15-Day changes to public
- ▣ Report back to Board in Spring 2017
- ▣ Submit to Office of Administrative Law Summer 2017
- ▣ If approved, regulation would be effective January 1, 2018