

ARB AB 32 Cost of Implementation Reporting and Verification Frequently Asked Questions (FAQs)

The California Air Resources Board (ARB) has developed this Frequently Asked Questions (FAQ) document to provide guidance to entities required to report to ARB under CCR sections 95200-95207 (Cost of Implementation, COI).

These FAQs clarify COI reporting requirements for transportation fuel producers and importers. Reporting requirements for these entities are found in the Regulation for the Mandatory Reporting of Greenhouse Gas (GHG) Emissions (MRR). ARB will update this FAQ document over time as new questions are posed and answered.

This guidance document clarifies COI and MRR requirements; it neither creates nor modifies any legal requirements, and cannot do so.

1) Producers and Importers of Transportation Fuels

a) What is the applicability threshold for transportation fuel producers and importers under COI?

COI fees are based on annual volumes of produced and/or imported for the following fuels: California gasoline and California diesel distributed for use in California, and CARBOB plus the designated amount of oxygenate that when combusted results in 25,000 metric tons or more of carbon dioxide (or carbon dioxide equivalent) emissions.

b) Where can I find the applicable requirements for reporting transportation fuels under COI?

This information must be reported pursuant to section 95113(m) of MRR for refineries and section 95121(d) of MRR for transportation fuel suppliers. Detailed sector-specific MRR reporting guidance is available here: <http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/guidance.htm>.

c) What if not all the product that is distributed by my refinery is finished California gasoline and California diesel, and/or CARBOB?

Only volumes of finished California gasoline and California diesel, and/or CARBOB plus designated volumes of oxygenate for blending, that are intended for sale in California are subject to COI fees. If a third party purchases unfinished blendstocks from the refiner and finishes the product to produce California gasoline, California diesel, and/or CARBOB, then they are the producer of the transportation fuels and are liable to pay COI fees on the finished volumes of transportation fuels distributed for use in California. Please note, only designated volumes of oxygenate are required to be reported, this means that the refinery may not be blending the CARBOB with oxygenate onsite.

d) What if a refinery's corporate entity keeps records of refinery rack deliveries and this information is not available to individual refinery operators?

Consistent with data reported in previous years under COI, the corporate entity can report consolidated volumes of finished California gasoline, California diesel, and/or CARBOB plus designated oxygenate that are intended for sale in California. To do this in the new configuration in Cal e-GGRT, the corporate entity can designate one refinery to report on behalf of the corporate entity and that refinery would enter the fuel volumes into Cal e-GGRT. If this is not feasible, then the corporate entity can disaggregate the data to the refinery-level and provide that data to the individual refinery's operators to input into Cal e-GGRT. Reporters should specify which approach they are using.

e) What if not all of the produced and/or imported California gasoline, California diesel, and/or CARBOB that leaves my refinery and/or terminal rack are distributed for use in California?

According to title 13, "California gasoline and CARBOB" are defined as being suitable for sale as a motor vehicle fuel in California, and "Vehicular diesel fuel" is reasonably known to be offered for sale in California. The producer should have reasonable assurance that all the finished transportation fuels they produce are used in California. All fuel is subject to COI fees unless the producer has objective evidence that the fuel is exported from California (and not imported back into California). Verification bodies should review bills of lading, contracts, shipment records, and other records to verify whether fuel has been exported from California.

f) My corporation produces finished transportation fuel and sells some to third parties that then distribute the finished fuel. Who is responsible for paying the COI fees?

The producer of the finished fuel that is sold to a third party in California is liable for paying COI fees.

g) My company blends biomass diesel fuels with California diesel and distributes some to end users, and sells some to resellers. We do not know for certain whether or not the reseller will be distributing this diesel in California. Is the entire volume of fuel reportable in the non-emissions data required by sections 95121(d)(7) and (8)?

See the answers to Questions 1 e. and 1. f in this document.

- h) My corporation stores some finished product outside of the refinery site. Since these volumes of finished transportation fuels leave the refinery gate, are they subject to COI fees?**

Yes, all finished transportation fuels are subject to COI fees when they are distributed for use or can be used in California. The corporation can report finished fuel when it leaves the bulk transfer system as it is distributed across the terminal rack.

- i) Will COI data reported pursuant to section 95113(m) of MRR for refineries, and 95121(d) of MRR for transportation fuel suppliers be subject to verification?**

COI data is subject to review for reasonableness as part of a conformance check by verifiers. To establish conformance the verifier will check that the emissions data report contains the required information, and that a reasonable method was used to quantify the data.

- j) In previous years, I aggregated quantities of produced and/or imported finished transportation fuels distributed for use in California, at the corporate level. This information was entered in the COI Fee module. Now that the Fee Module is obsolete, how is this information entered into Cal e-GGRT?**

As discussed in Question 1. d. of this document, the corporate entity may choose one refinery to report aggregated volumes on behalf of the entire corporation of finished transportation fuel produced and/or imported for use in California. Required data for refineries are entered into the Cal e-GGRT “Subpart Y Additional Production Data and Solomon Energy Intensity Index[®]” workbook, as shown in the excerpt below.

Cost of Implementation (COI) Fees Data [section 95113(m)]			
Product	Volume (bbl)	Volume of Oxygenate Associated with CARBOB Produced/Imported (bbl)	
CARBOB* produced for use in California			
CARBOB* imported for use in California			
Finished California gasoline** produced for use in			
Finished California gasoline** imported for use in			
Product	Volume (bbl)	Volume of Biodiesel Associated with Fuel (bbl)	Volume of Renewable Diesel Associated with Fuel (bbl)
California Diesel*** produced for use in California			
California Diesel*** imported for use in California			

* As defined by "California reformulated gasoline blendstock for oxygenate blending" in section 95202 of the AB 32 Cost of Implementation Fee Regulation
 ** As defined by "California gasoline" in section 95202 of the AB 32 Cost of Implementation Fee Regulation
 *** As defined by "California diesel" in section 95202 of the AB 32 Cost of Implementation Fee Regulation

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This is the same information that was previously reported by the corporate entity within the Fees Module. For comparison, below is a screenshot of the former (now obsolete) Fees Module inputs for gasoline and diesel.

PRODUCERS AND IMPORTERS OF CA GASOLINE AND CA DIESEL			
CA Gasoline Produced	<input type="text"/>	(gallons)	
CA Gasoline Imported	<input type="text"/>	(gallons)	
CA Diesel Produced	<input type="text"/>	(gallons)	
CA Diesel Imported	<input type="text"/>	(gallons)	
CARBOB Produced or Imported	CARBOB Blend Produced (Gallons)	CARBOB Blend Imported (Gallons)	Intended Oxygenate Percentage
	Delete		
No CARBOB blends found.			
+ ADD a CARBOB Blend			

Reporter should attach documentation to their GHG Report describing which refinery is reporting on behalf of the corporate entity along with the corporate entity ARB ID number by using the “additional attachments” upload button located in the Subpart A module of Cal e-GGRT, as shown below.

k) My refinery produces CARBOB onsite and blends it with oxygenate offsite to produce finished California gasoline. Where do I report the quantity of designated oxygenate in Cal e-GGRT?

Designated oxygenate is reported by the refinery operator regardless of where the blending with oxygenate occurs. The quantity is reported using the Cal e-GGRT workbook “Subpart Y Additional Production Data and Solomon Energy Intensity Index[®]” in the Cost of Implementation Fee section, as the volume of oxygenate associated with CARBOB produced/imported (bbl) (see screenshot of section 95113(m) in Question 1. j. of this document).

l) What is required to be reported under sections 95121(d)(7) and (d)(8) of MRR, and does this requirement overlap with any other COI reporting requirements?

Sections 95121(d)(7) and (d)(8) were added to Cal e-GGRT for the purposes of reporting volumes of imported finished California gasoline and California diesel, and/or imported CARBOB plus designated oxygenate, that are intended for sale in California. These volumes reported are used to determine COI fees for position holders and/or importers that are importing these products. Note that refiners must report produced and imported fuel volumes for COI purposes pursuant to section 95113(m) of MRR (see answer to Question 2.a. of this document).

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For fuel suppliers, this data is reported in the Cal e-GGRT “Suppliers of Transportation Fuels Calculation and Reporting Tool” workbook. An excerpt of the workbook entry fields is shown below. Revisions to the reporting tool for 2015 reporting year have been made to clarify the terms, “biodiesel” and “renewable diesel” as consistent with those used in the COI regulation.

41	Non-emissions data required by Sections 95121(d)(7) and (8)	For AB 32 Cost of Implementation Fee purposes, all fuel suppliers, except for refiners that report pursuant to section 95113(m), must report the following data pursuant to section 95121(d)(7) and (8)	
42		[Quantity] Volume of fuel imported from outside of California for use in California (barrels).	[Percentage] For CARBOB, the designated percentage of oxygenate must be reported
43	Imported Fuels		
44	CARBOB*		
45	California Gasoline**		
46	California diesel fuel***		
47	Biodiesel		
48	Renewable Diesel		
49	Blended Biomass Diesel Fuels	[Quantity] Volume of fuel blended with California diesel for use in California (barrels).	
50	Biodiesel		
51	Renewable Diesel		
52	* As defined by "California gasoline blendstock for oxygenate blending" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		
53	** As defined by "California gasoline" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		
54	*** As defined by "California diesel" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		

m) The refinery I represent blends pure biofuels (>=99%) with diesel for distribution as California diesel. According to COI Regulation Section 95201(c) pure biodiesel and renewable diesel (>=99%) are exempt from paying fees. What is the purpose of reporting this volume of renewable diesel and biodiesel, if these fuels are exempt from COI?

Most biofuels distributed for use in California are blended with California diesel at less than 20% of the total volume. If biofuel is blended into California diesel at the point of regulation of the fee, the refinery in this case, it adds to the total volume of California diesel distributed. COI fee is assessed on the total volume of California diesel distributed. However, pure biofuels (>=99%) distributed for use in California are exempt from COI. Historically, refineries have not reported biofuel volumes as separate from California diesel for the purposes of COI. Now, as the reporting tool is designed, this volume must be reported separately.

n) I am a verifier reviewing data submitted by a refinery using “Subpart Y Additional Production Data and Solomon Energy Intensity Index[®]” I don’t see refinery fuel gas (RFG) reported here. Where is this data reported for COI purposes?

COI assesses a fee on the combustion of refinery fuel gas (RFG) as reported in Cal e-GGRT by fuel type “other-fuels gaseous” and fuel name “refinery fuel gas” under subpart C. If the reporter was unable to report RFG combustion emissions separately from purchased natural gas emissions at their stationary combustion units, then the reporter could report RFG combustion emissions in a separate form called [AB 32 Cost of Implementation \(COI\) Fee Regulation Refinery Fuel Gas Data Submittal and Certification Report Year 2014](#). This form must be uploaded into their Cal e-GGRT account as a PDF document. “Subpart Y Additional Production Data and Solomon Energy Intensity Index[®]” contains only volumes of transportation fuels: CARBOB, and finished California gasoline and diesel reporting under section 95113(m) of the MRR.

2) Suppliers and Importers of Transportation Fuels

- o) What is the applicability threshold for transportation fuel producers and importers under COI?**

See the answer to question 1.a. above.

- p) Where can I find the applicable requirements for reporting transportation fuels under COI?**

See answer to question 1.b. and 1.l. above.

- q) The fuel supplier I represent mixes pure biofuels (>=99%) with diesel at the terminal rack for distribution as California diesel. According to COI Regulation Section 95201(c) pure biodiesel and renewable diesel (>=99%) are exempt from paying fees. What is the purpose of reporting this volume of renewable diesel and biodiesel, if these fuels are exempt from COI?**

Most biofuels distributed for use in California are blended with California diesel at less than 20% of the total volume. If biofuel is blended into California diesel at the point of regulation of the fee, the fuel terminal in this case, it adds to the total volume of California diesel distributed. COI fee is assessed on the total volume of California diesel distributed.

- r) The fuels supplier I represent mixes only a portion of imported pure biofuels (>=99%) at the terminal rack for distribution as California diesel. How do we report the volume of biofuels that are mixed with diesel and distributed as California diesel while ensuring we aren't charged a fee on the pure biofuels distributed for use in California?**

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Fuel suppliers and importers of pure biofuel that are not blending with diesel to distribute as California diesel, must report the entire quantity of imported biofuels in section 95121 Suppliers of Transportation Fuels under the section called, "Imported Fuels [Quantity]" and should only report the portion of biofuels that are blended with diesel for distribution as California diesel in the cell called "Blended Biomass Diesel Fuels [Quantity]". If no quantities of biofuels are blended then they could report this number as zero. COI fee is assessed on the total volume of California diesel distributed.

- s) The biofuel producer I represent is being charged a COI fee from the fuel supplier. I thought biofuels were exempt from COI fees. Why are we being charged a fee?**

Pure biofuel producers may be charged a fee by their fuel distributor(s). ARB does not provide guidance on how, or if, the fuel fee for California diesel can be passed through to biofuel producers. For more information on the COI fuel fee rates, please refer to ARB's website <http://www.arb.ca.gov/cc/adminfee/historicaldata.htm>

3) Petroleum and Natural Gas System Operators and Suppliers of Natural Gas

- t) What is the applicability threshold for oil and natural gas producers, and natural gas suppliers that report under COI?**

COI fees are based on annual volumes of associated and natural gas that are consumed or combusted on-site, and result in emissions of 25,000 metric tons or more of carbon dioxide (or carbon dioxide equivalent). In addition, COI fees are based on the annual volume of natural gas that is produced, imported and/or delivered, that, if completely combusted, oxidized, or used in other processes on or off-site, would result in emissions of greater than or equal to 25,000 metric tons or more of carbon dioxide (or carbon dioxide equivalent).

- u) Where can I find the applicable requirements for reporting under COI?**

This information is reported pursuant to section 95152 for petroleum and natural gas systems and 95122 for natural gas suppliers.

- v) The facility I am reporting for combusts associated gas and natural gas produced from on-site oil wells in addition to processed natural gas that is transported by pipeline into the facility. Are all the emissions from the on-site combustion of these fuels subject to COI?**

COI fees are paid on the combustion of produced natural gas and associated gas. The intent is to differentiate produced natural and associated gas from processed natural gas that is delivered by upstream fuel suppliers. Only emissions from on-site consumption of associated and/or natural gas that is produced from on-site wells are subject to COI fees. COI assesses a fee upstream on the natural gas suppliers at the point of delivery. However, if the facility is receiving processed natural gas from an interstate pipeline (from outside of California), then the receiving facility is assessed fees on the quantity delivered. The term, "to consume on-site" means to consume at a facility. This definition does not limit COI from assessing fees on the combustion of associated and/or natural gas produced from wells owned or operated within another facility, and consumed within the reporting facility.

w) Is my facility required to pay COI fees on associated and natural gas if it is produced from wells located in an adjacent facility then transported by pipeline into my facility for combustion?

If the upstream natural gas supplier is an intrastate pipeline owner or operator (from inside of California) and reports deliveries of natural gas into your facility, then the upstream supplier is required to pay COI fees (see answer to Questions 1 c. in this document). However, if the produced associated and natural gas is simply transferred from one oil/gas production facility to another, then the facility that consumes or combusts the fuels is required to pay COI fees.

x) The facility I am reporting for has an electricity generation unit (EGU) that only supplies power to my facility and a few neighboring facilities. Are the fossil fuels used to power this unit subject to the COI fees?

The requirement to exclude natural gas deliveries applies only to grid-dedicated, stand-alone electricity generating facilities in California that deliver electricity to the California transmission and distribution system. The EGU at this facility does not meet this definition, and fuels used to power this system are subject to COI fees.

y) The facility I am reporting for has a cogeneration unit supplying power to on-site equipment, are the fossil fuels used to power this unit subject to COI fees?

COI fees are assessed on the quantity of fossil fuels (except California diesel) used for combustion in the cogeneration facility at the fuel supplier level. If the facility has only one cogeneration unit of several operating electricity generation units, the entire facility is classified as a cogeneration facility for purposes of the COI Fee. The COI fee on the quantity of natural gas delivered to the cogeneration facility is paid by the

supplier unless the natural gas is delivered by an interstate pipeline (see answer to Questions 1 c. in this document).

z) Will COI data reported pursuant to section 95152 of MRR for oil and gas producers and 95122 for natural gas suppliers be subject to verification?

COI data is subject to verifier review for conformance. Verifiers use a risk-based approach to data sampling to inform their professional judgment of reasonable assurance that reported data are in conformance with MRR. To establish conformance, the verifier will check that the emissions data report contains the required information and that a reasonable method was used to quantify the fuels.

aa) As the facility operator, how can I report the emissions from produced natural and associated gas consumed on-site?

The reporter must subtract any volume of purchased/acquired pipeline natural gas consumed within their stationary combustion unit(s) using a mass balance approach, as was reported in previous years under COI using the Fee Module. The quantity of processed or pipeline quality natural gas combusted must be reported separately from any produced gas in Cal e-GGRT by selecting the appropriate fuel names. The Reporter completing Subpart C for a stationary combustion unit or aggregation of units can report the quantity of produced natural or associated gas using any of the three fuel names “natural gas produced and consumed on-site (not pipeline quality)”, “natural gas produced and consumed on-site (pipeline quality)”, or “associated gas produced and consumed on-site”. A screen shot of the fuel selection screen is provided below.