AB 32 Cost of Implementation Fee Regulation

Workshop for Potential Regulatory Updates

California Air Resources Board
June 5, 2014

Workshop Materials and Submitting Email Questions

Slides are posted at:
http://www.arb.ca.gov/adminfee

Webcast link:
http://www.calepa.ca.gov/Broadcast/

Questions during the workshop can be emailed to: sierra@calepa.ca.gov

Outline

- Regulatory timeline for Mandatory Reporting Regulation (MRR) and Cost of Implementation Fee Regulation (COI) amendments
- Staff's potential revisions to COI
- Questions and Comments
- Next Steps
- Mandatory Reporting Regulation Presentation

Regulatory Timeline for MRR and COI amendments

June 5, 2014	August 1	Sept. 18	Jan. 1, 2015
• Workshop and Potential Regulatory Language available	• Begin formal 45-day comment period	• Board Meeting Sept 18-19	• Effective Date

AB 32 Cost of Implementation Fee Regulation

- AB 32 provides ARB authority to adopt a fee schedule
- Fee Regulation adopted in September 2009
- Total fees collected varies according to costs approved in the State Budget for program implementation
- Repaid program start-up loans, with accrued interest, that were utilized in the first four years of the program

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- Assesses fees to approximately 250 entities, representing about 80 percent of statewide emissions.
- Invoice recipients include:
  - Cement manufacturers
  - Electricity importers and in-state electricity generating facilities
  - Industrial facilities
  - Natural gas suppliers
  - Oil and gas producers
  - Refineries and transportation fuel suppliers

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- Common Carbon Cost (CCC) assessed for each metric ton of carbon dioxide ($MTCO_2$) emissions
- CCC is determined as follows:

$$\frac{\text{Total Required Revenue}}{\text{Total annual emissions}}$$

- Ensures invoices are proportional to the fee payer's contribution to California's emissions
- The CCC for FY 2013-14 is $0.145 per $MTCO_2$ emissions

Energy Cost Impacts for FY 2013-14

- Transportation Fuels
  - CA Diesel – $0.0014 per gallon
  - CA Gasoline – $0.0012 per gallon
- Natural Gas – $0.0008 per therm
- Electricity – $0.000062 per KWh
  - Unspecified Imports – $0.000062 per KWh
  - Specified power – ranges from (0 to 0.000207) $/KWh (renewable energy to coal plant)
- Coal – $0.243 to $0.376 per short ton (sub-bituminous to anthracite)
- Petroleum Coke – $0.367 per short ton

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Potential Amendments

Fee Regulation Amendment Goals

- Align the Fee Regulation with MRR and Cap-and-Trade applicability provisions
- Decrease reliance on data that have not undergone third-party verification
- Ensure equitable fee structure
- Streamline program administration
- Clarify existing regulatory provisions
- Minimize changes in fees to fee paying entities as a result of modifications

Potential Amendments – CO_2e

Modify emissions applicability from $MTCO_2$ to $MTCO_2e$.

- Align with MRR and Cap-and-Trade emissions reporting requirements
- Equitably capture a broader range of statewide GHG emissions
- Reduce administrative burden

Potential Amendments – Thresholds

25,000 MTCO$_2$e applicability threshold for natural gas delivery and transportation fuel.

- Aligns with MRR's verification requirements
- Ensure a greater level of data certainty
- Alleviate confusion for reporters not subject to MRR reporting, yet subject to Fee Regulation reporting
- Remove small natural gas and transportation fuel suppliers subject to fees (impacts 10 suppliers)
  - Less than 0.03% increase in fees to the remaining fee payers

Potential Amendments – Coal Coke

Broaden applicability to include coal coke / metallurgical coke.

- Original intent is to assess fees on all coke combustion
- Inclusion may result in an increase of billable emissions of less than 0.005%

Potential Amendments - MSW

Assess fees on non-biogenic municipal solid waste.

- Intent of the Regulation is to assess fees for the combustion of fossil fuels for electricity generation
- Provides equity amongst fee paying fossil fuel electricity generating facilities
- Average fee increase of $10,000 for each of the three CA MSW facilities

Potential Amendments – Petroleum Coke Emission Factors

Correct emission factor for petroleum coke.

- Correction from 2,530.65 kg CO_2/short ton to 3,072 kg CO_2/short ton
- Original value is the emission factor for metallurgical coke
- Impacts 12 facilities that combust petroleum coke

Potential Amendments - Other

- Transmission loss factor for specified electricity
- Outdated language
- Add clarifying language
- Definition updates

Submitting Informal Written Comments

Submit informal comments by June 17, 2014 to the following link:

http://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=coifees-2014-ws&comm_period=1

Accessible from: http://www.arb.ca.gov/adminfee

Additional Information

Fee Regulation page, including discussion draft:

http://www.arb.ca.gov/adminfee

August 1, 2014: Official 45-Day comment period opens for MRR and COI regulations

September 18-19, 2014: Board hearing to consider amendments to MRR and COI

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