



## **Electric Power Entity Reporting Requirements Frequently Asked Questions (FAQs)** for California's Mandatory GHG Reporting Program

### **Introduction**

CARB has developed this FAQ document on issues that pertain to reporting requirements for Electric Power Entities (EPE) under the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (title 17, California Code of Regulations, section 95100 et seq) (MRR). These FAQs respond to questions and comments from stakeholders on specified source electrical imports, meter data requirements, renewable electricity and Renewable Energy Credits (REC), and reporting electricity sales into California Independent System Operator (CAISO) markets.

Unlike MRR, this guidance does not have the force of law, does not establish new mandatory requirements for greenhouse gas (GHG) reporting, and in no way supplants, replaces, or amends any of the legal requirements of the Regulation. Conversely, an omission or truncation of regulatory requirements in this guidance does not relieve operators of their legal obligation to fully comply with all requirements of MRR.

This document provides answers to frequently asked questions that CARB has received from EPEs. These answers may be based in part on case-specific factual circumstances and are offered here only as guidance that does not supplant the requirements of MRR.

FAQs 5.1 and 7.1 have been updated, with additional clarifications throughout.

This document references the 2018 MRR. The 2018 MRR contains amendments approved by the Board on December 21, 2018. The 2018 MRR has an effective date of April 1, 2019 and must be used for reporting data year 2019 emissions onward. The 2018 MRR is available at: <https://ww3.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr-2018-unofficial-2019-4-3.pdf>

[This document also references CARB's 2018 Cap-and-Trade Regulation \(title 17, CCR, sections 95801 et. seq.\), which is available at: https://arb.ca.gov/cc/capandtrade/ct\\_reg\\_unofficial.pdf](https://arb.ca.gov/cc/capandtrade/ct_reg_unofficial.pdf)

**Table of Contents**

**Introduction** ..... 1

**Table of Contents** ..... 2

**1 Specified and Unspecified Source Electrical Imports** ..... 4

    1.1 General Requirements for Reporting Specified Source Imports..... 4

    1.2 Seller Warranty ..... 7

    1.3 Short-Term Transactions ..... 8

    1.4 Asset Controlling Supplier Requirements..... 10

**2 Meter Data Requirements and Lesser of Analysis** ..... 13

    2.1 Overview of the Meter Data Requirement ..... 13

    2.2 Lesser of Analysis ..... 15

**3 Qualified Export Adjustment (Obsolete)** ..... 19

**4 Renewable Electricity and Renewable Energy Credits** ..... 20

    4.1 Renewable Energy Credits..... 20

    4.2 REC Requirements for Specified Source Imports ..... 21

**5 Reporting Sales into CAISO Markets** ..... 22

    5.1 Who must report sales into CAISO markets?..... 22

    5.2 Why must POU and co-ops report CAISO sales? ..... 23

    5.3 Does an EPE still have to report, even if it didn’t sell any power into CAISO markets? ..... 23

    5.4 What constitutes a sale into CAISO markets under section 95111(a)(12)? ..... 23

    5.5 What is an Electrical Distribution Utility (EDU) compliance obligation under section 95111(a)(12)? ..... 24

    5.6 How does a POU or co-op report sales into CAISO markets? ..... 24

    5.7 Which emission factors should an EDU use to report CAISO sales under section 95111(a)(12)? ..... 25

    5.8 When should an EDU use a system emission factor, that is not listed in ONE, to report CAISO sales under section 95111(a)(12)? ..... 25

**6 CAISO Energy Imbalance Market (EIM)**..... 26

    6.1 Are EPEs required to report EIM imports and exports under MRR? ..... 26

    6.2 What CAISO settlement data should be used when reporting EIM imports? ..... 26

    6.3 Are EIM imports subject to the Lesser of Analysis (LOA)?..... 26

## Guidance for California’s Mandatory Greenhouse Gas Emissions Reporting

|          |  |           |
|----------|--|-----------|
| 6.4      | For CY2019 Only [Obsolete] .....   | 27        |
| 6.5      | For CY2019 Only [Obsolete] .....   | 27        |
| 6.6      | How are EIM imports identified as an EIM Import in ONE in either the Specified Imports or Unspecified Imports tab? .....   | 27        |
| 6.7      | Should EIM imports reported as result of the Lesser of Analysis be reported as “EIM” or “Metered” in the “E-Tagged, Metered, or EIM?” field in ONE? 27             |           |
| <b>7</b> | <b>Reporting Retail Sales of Electricity.....</b>  | <b>27</b> |
| 7.1      | Do EPEs have to report retail sales that serve California load? .....  | 27        |
| 7.2      | What constitutes “retail sales of electricity” under MRR? .....  | 27        |
| 7.3      | How should CPUC-registered electric service providers (ESP) report? ....   | 28        |
| 7.4      | Can an EPE report retail sales for an affiliated ESP or community choice aggregator (CCA)? .....   | 28        |
| <b>8</b> | <b>Cessation of Reporting and Verification.....</b>  | <b>29</b> |
| 8.1      | Imports and/or Exports: When an EPE stops importing and exporting power, how much longer does the EPE have to report and verify? .....                             | 29        |
| 8.2      | The EPE I represent had ceased importing and exporting electricity in the California market in 2020. When am I eligible to cease reporting and verification? ..... | 30        |
| 8.3      | Wheels: When an EPE only has “wheeled electricity through California” to report, does the EPE have to report and verify? .....                                     | 30        |
| <b>9</b> | <b>Additional Information.....</b>   | <b>30</b> |

## **1 Specified and Unspecified Source Electrical Imports**

This section describes the requirements for specified source imports, seller warranty, short-term transactions, Asset Controlling Suppliers (ACS), and ACS power.

### **1.1 General Requirements for Reporting Specified Source Imports**

The following FAQs address general questions for reporting specified source electrical imports under MRR, including what criteria must be met to claim imported power as from a specified source.

#### **1.1.1 What criteria must be met for imported electricity to be reported as from a specified source?**

If imported electricity meets specified source requirements in MRR, it must be reported as such. To report imported power as from a specified source, an EPE must have a specified source power contract and the power must meet direct delivery requirements (generally through e-tag documentation). In addition, for electricity reported as specified, the REC serial numbers associated with the specified import must be reported, if applicable. These requirements are described in section 95852(b)(3) of the Cap-and-Trade Regulation and section 95111 of MRR. Specific reporting requirements on aggregation, seller warranty, and measurement are set forth in section 95111(a)(2) and (4) of MRR. See section 4.2 below for more details on specified import REC reporting.

Importers that directly deliver power meeting all specified source requirements may not “voluntarily” report the power as unspecified, regardless of REC ownership or ability to obtain REC serial number data (section 95111(a)(4)). This includes electricity conveyed to the importer as specified under seller warranty provisions, as well as when specified source electricity is imported by the GPE. This is the case regardless of any contracts dictating sale or ownership status of RECs, and regardless of contracts that seek to convey greenhouse gas benefits of zero emission power to other counterparties.

#### **1.1.2 For imports made on behalf of a retail provider, does the retail provider need to report all of the details of the import (as if they were the importer), including REC serial numbers?**

Section 95111(c)(4) of MRR requires retail providers that report any imports or exports to also report electricity imported on their behalf to serve their load and identify the importing first deliverers. In ONE, the Excel workbook used for reporting EPE transactions in the California Electronic Greenhouse Gas Reporting Tool (Cal e-GGRT), retail providers must report all of the details of “on behalf of” imports (as if they were the importer), except that they would select “No” to the question “Are YOU the PSE on the NERC e-Tag in the Physical Path table on the last California border crossing?”. This applies to both specified and unspecified imports, including electricity from California

Renewables Portfolio Standard (RPS) eligible renewable energy resources. However, REC serial numbers associated with specified source power must be reported only by the entity that imported that power. "On behalf of" retail providers should not report REC serial numbers associated with electric power imported by another entity. In addition, retail providers should not report REC serial numbers for in-State power.

### **1.1.3 Can substitute power be provided by a specified source?**

Yes. Substitute power can be provided by a specified source. However, it is generally the case that ancillary services for transmission are provided as unspecified power from within the host balancing authority area (BAA). An EPE must provide appropriate documentation, such as a specified source contract for substitute power (also referred to as ancillary services power), to the verifier and CARB to substantiate the specified source claim.

### **1.1.4 Can a specified source include more than one facility?**

In general, multiple power generation facilities cannot constitute a single specified source under MRR, except for ACSs which are approved and registered by CARB (see section 1.4 on ACSs for more details). Under section 95102(a) of MRR a specified source of electricity is a facility or unit that can be claimed as a delivered source of electricity. Thus, a reporting entity cannot register multiple units as a single facility or source, for purposes of obtaining a single specified source emission factor. However, multiple dams operated under a single Federal Energy Regulatory Commission (FERC) license may be considered one facility.

### **1.1.5 What is a generation providing entity (GPE) as it pertains to a specified source?**

A generation providing entity (GPE) is a full or partial owner, generating unit operator, or party to a contract for a fixed percentage of the net generation from a specified source (see GPE definition in section 95102(a) of MRR). An entity that is entitled to a share of the total capacity or total output of a facility meets the GPE definition, whereas an entity that is entitled only a fixed MW or MWh amount does not.

### **1.1.6 Does a generation providing entity (GPE) have to report power imported from a specified source (for which it is a GPE) as specified source power?**

When the power is directly delivered, the importer "must report all direct delivery of electricity as from a specified source for facilities or units in which they are a generation providing entity (GPE) or have a written power contract to procure electricity," per section 95111(a)(4) of MRR. However, an e-Tag alone is not definitive, and the power contract must also be examined for consistency with regulatory requirements. This is

the case regardless of REC ownership, or if the counterparty to the sale seeks to claim an associated RPS adjustment. As explained in the [Reporting and Verification Guidance for RPS Adjustment Claims](#) document, the RECs associated with electricity that is directly delivered are not eligible to be claimed as an RPS adjustment. Entities cannot voluntarily report specified source power as unspecified.

GPEs who import specified power must still conduct a lesser of analysis when required by section 95111(b)(2)(E) of MRR and must report substitute electricity as unspecified, consistent with the "unspecified source" definition in section 95102 of MRR.

### **1.1.7 Must imported electricity associated with firming and shaping contracts be reported as specified?**

As described in the [Reporting and Verification Guidance for RPS Adjustment Claims](#) document, there may be some instances in which the electricity associated with firming and shaping contracts results in directly delivered power that must be reported as a specified import. In many firming and shaping contract arrangements, the importer imports power firmed and shaped by the local balancing authority. Under these arrangements, some electricity importers may claim purchased RECs associated with electricity purchased from a renewable facility owned by a GPE, and then subsequently sell that electricity into the local balancing authority area. In these cases, tagged imports associated with the firming and shaping contract may come from a variety of sources and interties within the GPE's local balancing authority area. However, many GPEs will provide firmed and shaped electricity tagged directly from the renewable facility when the facility is operating sufficient to meet those needs. In these situations, the importer must report the imports generated by and tagged from the renewable facility as specified source imports, and the RECs associated with this electricity cannot be reported as an RPS adjustment. Electricity imported from the renewable facility is subject to the lesser of analysis, and only the lesser of the tagged or generated amount would be reported as specified imported electricity. Electricity purchased from the renewable facility, but confirmed to have sunk outside of California, and with which the associated RECs have been purchased and retired, may be eligible for an RPS adjustment.

### **1.1.8 What happens if there is a mismatch between the contracted source and the tag source?**

Under MRR section 95102(a), the specified source of electricity definition requires that the electricity importer have the right of ownership or a written power contract (which also pertains to verbal contracts), and the directly delivered definition requires that electricity be directly delivered to the California grid. Under MRR, the definition of "Power contract" or "written power contract" for a specified source contract is contingent upon the delivery of power from a particular facility, unit, or asset-controlling supplier's system that is designated at the time the transaction is executed. The "source of

generation” or “generation source” is defined under MRR as the generation source identified on the physical path of NERC e-Tags. Thus, the contract source must match the source on the physical path of the final delivered e-Tag. Mismatched sources, even if similar or equal in carbon content, are nonetheless mismatched and cannot be claimed as specified source power.

Transactions can only be claimed as specified source imported power if all applicable requirements are met. Power that cannot be claimed as specified must be reported as unspecified.

### **1.2 Seller Warranty**

The following FAQs address questions related to seller warranty requirements in MRR, including how the requirements are applied to specified source claims.

#### **1.2.1 What is the role of the seller warranty requirements in short-term transactions?**

The seller warranty provisions in section 95111(a)(4) of MRR are designed to correctly identify and report specified power transactions and prevent the resale of unspecified power as specified source power. Transactions that meet the seller warranty requirements are eligible to be claimed as specified source imports, as long as the requirements of MRR are met. Therefore, a reporter cannot report electricity as specified power for transactions that do not meet the seller warranty requirements.

#### **1.2.2 What is seller warranty, as it pertains to specified source claims?**

Seller warranty is a power contract provision or guarantee in which the seller agrees to provide power from a specified source to a buyer, such that it has not been previously transacted as unspecified power. Seller warranty provides for greater electricity market transparency and more accurate pricing when purchasing specified power.

#### **1.2.3 Is it possible to resell unspecified power as specified power?**

While it is technically possible to resell unspecified power as specified source power, such a transaction would not meet the seller warranty requirements in section 95111(a)(4), and therefore, such power must not be reported as specified under MRR. However, if the power was reported as specified, and during the verification process it was determined to be unspecified, the specified power would need to be reclassified as an unspecified source transaction, which could result in an increase in covered emissions for the reporter.

### **1.3 Short-Term Transactions**

The following FAQs address questions related to short-term transactions of electric power, including how the specified source requirements and seller warranty provisions of MRR apply to short-term transactions for electric power.

#### **1.3.1 What are short-term and long-term transactions for electric power?**

Under most power contract agreements, often referred to as enabling agreements, short-term transactions are transactions for less than one week in duration, for which written confirmations are not required between buyer and seller, and long-term transactions are for transactions for one week or more in duration. Short-term transactions are typically for day-ahead or real-time power. Unlike short-term transactions, long-term transactions generally require the use of written confirmations.<sup>1</sup>

#### **1.3.2 Are there any standard contracts that could be used to facilitate short-term transactions that would meet CARB specified source requirements?**

Most short-term power trading is conducted under the umbrella of one of the standard power contract enabling agreements, e.g., the Western Systems Power Pool (WSPP), Edison Electric Institute (EEI), or International Swaps and Derivatives Association (ISDA). If operating under a standard agreement, power traders are bound by the standard provisions of the agreements under which they may verbally transact. Short-term power markets have evolved to allow for a high level of transaction precision and efficiency for the standard confirmation provisions, including price, quantity, and delivery point, which can be easily confirmed verbally.<sup>2</sup> Additionally, to facilitate reporting and verification under MRR, WSPP members approved an optional specified source confirmation in December 2013, referred to as Exhibit C-SS, which can be utilized in both short-term and long-term transactions.

#### **1.3.3 How will a verifier and CARB determine whether a short-term transaction is from a specified source?**

Short-term power transactions can be verbally transacted via phone. Although an entire short-term transaction can be accomplished via voice record, both buyer and seller may have very different opinions about what product was actually transacted, e.g., whether specified or unspecified power was transacted. Thus, not all short-term transactions may result in an explicit acknowledgement between buyer and seller of the type of power transacted. In this scenario, an EPE may use the voice tape to indicate that the buyer and seller agreed to a specified source product prior to execution of the

---

<sup>1</sup>The WSPP standard contract agreements are available here:  
<https://www.wspp.org/pages/Agreement.aspx>

<sup>2</sup> Under standard enabling agreements, verbal can mean both verbal and electronic (Instant Messenger).

transaction, and thereby establish evidence of seller warranty, which can then be used as evidence during the verification process.

A specified source claim must include (1) a contract, (2) direct delivery, and (3) a specified source seller warranty throughout the market path.

- **Contract requirement:** A reporter claiming transacted electricity as specified needs to show evidence of a contract, which can include one of the standard enabling agreements.
- **Direct delivery requirement:** A reporter claiming transacted electricity as specified needs to demonstrate direct delivery, likely by providing the standard e-Tag documentation, which is the most common, or by demonstrating another form of direct delivery per section 95102(a).
- **Seller warranty requirement:** A reporter claiming the transacted electricity as specified needs to provide evidence of a specified power purchase seller warranty at the time the transaction is executed. Reporters may refer to Table 1 for guidance on situations in which this requirement may be satisfied. The examples in Table 1 are not exclusive.

**Table 1: Seller Warranty Guidance for Short-Term Transactions**

|                                       | <b>Did Reporter Establish Evidence of Seller Warranty?</b>   |
|---------------------------------------|--|
| <b>Specified Source Claim</b>         | <b>Yes.</b> At a minimum, voice tape indicates buyer agreed to buy specified power. Supplemental documentation, such as trade logs and/or aggregate daily, weekly, or monthly confirmations can strengthen the claim.  |
| <b>Must be Claimed as Unspecified</b> | <b>No, if:</b><br>Voice tape indicates buyer agreed to buy unspecified power.<br>-or-<br>Voice tape has no indication buyer agreed to transact specified source power, including ACS power, prior to execution.<br>-or-<br>Buyer cannot demonstrate that the source was specified prior to contract transaction execution. |

Note: This table assumes valid contract rights, and direct delivery with appropriate source information. See Table 2 for BPA transactions.

**1.3.4 What happens if a reported specified source claim is found to be invalid during the MRR verification process?**

In the event a reported specified source claim is found to be invalid during the verification process, the reporter would be required to reclassify the transaction as

unspecified in the greenhouse gas (GHG) emissions data report. This could result in an increase of covered emissions for the first deliverer (importer).

Please see Section 1.1 of this document for more information on the types of evidence that may be submitted during the verification process to substantiate specified source claims.

### **1.4 Asset Controlling Supplier Requirements**

The following FAQs address questions related to asset controlling suppliers (ACS), including requirements that must be met to be approved as an ACS, which entities are approved as an ACS under MRR, and how the specified source requirements and seller warranty provisions of MRR apply to ACS power.

#### **1.4.1 What is an ACS?**

An ACS is a specific type of EPE approved and registered by CARB. An ACS owns or operates interconnected electricity generating facilities or serves as an exclusive marketer for these facilities even though it does not own them. Each ACS is assigned a system emission factor by CARB for the wholesale electricity procured from its system and imported into California. ACS emission factors are published on a two-year lag; e.g., 2016 emissions data is reported and verified in 2017 and then published in 2017 for use in 2018 transactions. Once approved by CARB, ACS power procured from an ACS's system is considered specified source power, subject to meeting all applicable requirements.

#### **1.4.2 What is the process for an entity to be approved as an ACS?**

MRR includes provisions for an EPE to apply to become an ACS in section 95111(f). By May 1, EPEs seeking approval must submit an ACS application, which is posted here: <https://ww2.arb.ca.gov/mrr-acs>.

By June 1, the EPE must file a system emission factor calculation using FOUR workbook, as posted on the Cal e-GGRT Reporting Form Instructions webpage.

After the system emission factor calculation has been third-party verified and CARB approved the EPE as an ACS, CARB will post an ACS system emission factor for use during the following calendar year.

#### **1.4.3 Which entities are approved as an ACS under MRR?**

For data year 2020 transactions, Bonneville Power Administration (BPA), Powerex, and Tacoma Power are approved ACS entities. Powerex has withdrawn their 2020 ACS application and will no longer transact power as an ACS effective January 2021. Please see the CARB Mandatory GHG Reporting – Asset Controlling Supplier webpage, for more details on approved ACS entities: <https://ww2.arb.ca.gov/mrr-acs>.

**1.4.4 What evidence does an importer need to provide for CARB to recognize a short-term purchase from BPA as specified source ACS power with the BPA ACS emission factor?**

Reporters can use the BPA ACS emission factor for electricity imported from BPA, if the reporter can meet the seller warranty requirements for short-term transactions. Reporters can use Table 2 to determine if they meet the seller warranty requirements and have sufficient evidence to claim the BPA ACS emission factor for short-term transactions.

**Table 2: Seller Warranty Guidance Short-Term Transactions for BPA Power**

|  | Buyer Purchase Scenarios  |  |  |
|--|---|--|--|
|  | Transacted Directly with BPA  | Transacted with Intermediate Seller      | Unspecified Power Via Exchange or Broker*  |
| <b>Specified Source Claim at the BPA ACS emission rate</b> | Regardless of contracted amount, tags that show source as “BPA Power” or “BPA Slice” and were transacted directly with BPA must be claimed as specified | See Table 1 guidance for seller warranty | A specified source claim is not allowed, because the transacted power was by definition unspecified, as the source was unknown prior to contract execution |
| <b>Must be Claimed as Unspecified</b>                      | Path out power received from BPA via e-Tag (does not list BPA Power” or “BPA Slice” as source on e-Tag) must be claimed as unspecified                  | See Table 1 guidance for seller warranty | Must be claimed as unspecified, because buyer did not know source prior to contract execution  |

Note: This table assumes valid contract rights and direct delivery with appropriate source information.

\*Power can be transacted via broker as specified, and CARB regulations and guidance in no way prohibit brokered specified source sales, so long as all applicable specified source requirements are met.

**1.4.5 How do Powerex, Tacoma, and BPA differ as ACSs?**

BPA, Powerex, and Tacoma are distinct entities with different capabilities and responsibilities, as described here. BPA only sells power from one source – its overall system portfolio. According to BPA, under its federal mandate, it cannot sell power from individual specified sources, nor can it self-market unspecified power, whereas Powerex

and Tacoma can do both. Powerex and Tacoma can sell power from multiple sources, including specified, unspecified, or ACS power.

Although Bonneville considers all of its sales as sourced from the BPA system, CARB differentiates between Bonneville sales from two sources based on e-Tags: BPA ACS power and path out power. Bonneville tags power from either BPA Power or BPA Slice (both of which are ACS power), or from non-BPA power sources (that were originally procured for use by the BPA system). Bonneville sales tagged from a non-BPA source, but sold by Bonneville as BPA power are referred to as path outs, or path out power. Thus, buyers of BPA power may end up receiving e-Tags sourced as BPA Power, BPA Slice, or as path out power. Transactions tagged as BPA path out power, where BPA is the seller, but the source is not the BPA ACS system, are not eligible to be claimed as specified source power, and therefore may not use the ACS emission factor for BPA.

A specified source contract is also required to claim ACS power, including from BPA. In contrast, path out power tags received as part of a BPA purchase must be claimed as unspecified for calendar year 2013 and beyond. Entities that transact directly with BPA must claim specified ACS power when tagged with the source as either "BPA Power" or "BPA Slice." For questions on how to report BPA ACS power, please contact CARB.

Powerex has withdrawn their 2020 ACS application and will no longer transact power as an ACS effective January 2021.

### **1.4.6 What power purchases made by an ACS will be included in its system emission factor calculation, and will thus be considered part of its ACS system footprint?**

The ACS system emission factor calculation includes components for purchased electricity from specified and unspecified sources. Power purchases that sink to serve load or to maintain reliability of the ACSs system are included in the system emission factor calculation. Purchases intended to serve load or maintain system reliability that were sold as path outs will not be included in the system emission factor calculation.

### **1.4.7 When buying BPA Slice power, what documentation should be made available to a verifier to meet the seller warranty requirements?**

For short-term and long-term transactions, EPEs must comply with the specified source requirements in MRR. In general, the importer must establish evidence of seller warranty for the transaction, meaning that the seller has specified source rights to the BPA Slice power. For instance, for a transaction between an entity that has specified source rights to BPA Slice power and an entity that imports the power to California, evidence of seller warranty can be established through the following:

1. A confirmation between the BPA Slice holder and the importer. For long-term transactions, the reporter could provide a written confirmation between the BPA

Slice holder and counterparty for each trade, denoting a sale of specified source power sourced as BPA slice. For short-term transactions, reporters should refer to Section 1.3.3 of document.

2. A contract between the BPA Slice holder and BPA, exchanged initially between counterparties.

#### **1.4.8 Would a transaction using the WSPP contract (Schedule C) qualify as having a contract for specific source or ACS imports?**

Yes. A transaction using the WSPP contract (Schedule C) qualifies as having a contract for specified source or ACS imports. Acceptable forms of a specified contract may include, but are not limited to, modified versions of either the WSPP Agreement Schedule B (Unit Commitment Service) or Schedule C (Firm Capacity/Energy Sale or Exchange Service) that specify the power is from the ACS system. Other contract forms that specify the source (e.g., a particular facility, unit, or ACS system) at the time of entry into the contract are also acceptable. A contract for a source of electricity that is not a specified source at the time of entry into the transaction to procure the electricity is unacceptable for the purposes of reporting a specified import.

More information can be found on the ACS webpage found here:

<https://ww2.arb.ca.gov/mrr-acs>.

## **2 Meter Data Requirements and Lesser of Analysis**

This section describes the meter data requirement in section 95111(b)(2)(E) of MRR. This section also describes the applicability and implementation of the lesser of analysis.

### **2.1 Overview of the Meter Data Requirement**

The following FAQs address questions related to the meter data requirement in section 95111(b)(2)(E) of MRR, including what data must be retained and the types of specified source imports for which EPEs must retain meter data.

#### **2.1.1 What is meter generation data referred to in section 95111(b)(2)(E) of MRR?**

Meter generation data, referred to in section 95111(b)(2)(E), is the measured volume of electrical energy in megawatt-hours (MWh) produced by the specified source that is made available for movement on the transmission grid. An electric meter is a device that measures the amount of electrical energy as meter data produced by a commercial power plant. Some power plants have two meters per generation unit, one on the low-side at the busbar and one on the high-side, while others may only have one. The low-

and high-side refer to the voltage level of the electric power as it passes from the generator to the transmission grid.

**2.1.2 Does CARB require reporting entities to submit actual meter data to comply with section 95111(b)(2)(E) of MRR?**

Power plant owners or operators may not be able to provide actual generation meter data to reporting entities in the form of a direct data connection to an actual power plant meter or data fields and information produced by an actual power plant meter for a given time interval. If plant operators or owners are not able to provide actual meter data to the reporting entity, the reporting entity may use a spreadsheet representation of the meter data to comply with meter data requirements, along with evidence that the meter data was provided by the power plant owner or operator. Verifiers must have reasonable assurance that the meter data provided are an objective representation of the actual measured electricity production.

**2.1.3 Do reporting entities have to retain meter generation data for all specified source imports?**

Reporting entities do not have to retain meter generation data for all specified source imports. Reporting entities must only retain meter generation data for those imports for which a lesser of analysis is required, as described in Section 2.2 of this document.

**2.1.4 How do reporting entities obtain meter information from a third party for a specified source?**

The process of obtaining meter data is an industry practice not addressed by MRR. However, CARB recommends that a reporting entity contracting for renewable power from an eligible renewable energy resource for import to California make a request for meter data as a provision of the power contract to ensure delivery of the contracted product.

**2.1.5 Is the meter data requirement in section 95111(b)(2)(E) of MRR applicable to specified source market purchases of imported electricity by power marketers?**

Yes. Market purchases of specified source imported electricity (i.e., hourly, daily, or quarterly) by power marketers, including purchases from out-of-State hydro resources, are subject to the requirements of section 95111(b)(2)(E) of MRR. Therefore, the lesser of analysis is also applicable to these types of transactions.

### **2.1.6 Is the meter data requirement in section 95111(b)(2)(E) applicable to Energy Imbalance Market (EIM) imports?**

Yes. Effective January 1, 2019 EIM imports are subject to the Meter Data Requirement and the Lesser of Analysis.

## **2.2 Lesser of Analysis**

The following FAQs address questions related to the lesser of analysis, including a description of the lesser of analysis and why it is required, the types of specified source imports for which an EPE must conduct the lesser of analysis, and how an EPE conducts the lesser of analysis for required imports.

### **2.2.1 What is a lesser of analysis and how do reporting entities use meter generation data to conduct the analysis?**

Reporting entities must conduct a lesser of analysis to determine the amount of generated and scheduled power that can be reported as specified source power. Using this analysis, reporting entities will determine the amount of power that can be reported as specified if there is a difference between the amount of electricity generated within an hour and the amount of electricity scheduled or metered into a California balancing authority within that same hour. When the imported power is documented via e-Tag, the reporting entity must compare imported power as documented on the e-Tag to the actual meter generation data on an hourly basis. Reporting entities must only report the lesser of the two amounts as directly delivered specified source power. Additionally, when imported power documented on the e-Tag is greater than the amount of power generated by the plant in that hour, the reporting entity must report the difference as an unspecified import(s).

Both Specified and Unspecified Import line items subject to the Lesser of Analysis should continue to be reported as "Tagged" if transacted with e-Tag, or "EIM" if deemed through EIM, in the "E-Tagged, Metered, or EIM?" field in ONE. Only imports whose delivery is directly metered and not transacted with e-Tag or via EIM should be reported as "Metered".

### **2.2.2 Why is a "lesser of" analysis required?**

For GHG reporting purposes, MRR requires reporting entities to distinguish between specified and unspecified power imports under section 95111(a)(2). When power is delivered via e-Tag from an out-of-State generation resource to a sink point in California, direct delivery occurs in hourly increments.<sup>3</sup> When hourly meter generation

---

<sup>3</sup> In Section 95102(a) MRR defines four types of "directly delivered" power, including continuous physical transmission from the generation source to the sink in California.

output (MWh) from a generation resource falls below scheduled hourly transmission levels, it is standard industry practice for ancillary services or other power sources to make up the difference. In this instance, ancillary services or other power sources are substitute power under MRR. In order to comply with the provisions of section 95111(a)(2), a lesser of analysis must be used when required to determine that portion of electricity attributable to the specified source and that portion attributable to unspecified power. This accurate accounting of all power used in California is important to support a rigorous Cap-and-Trade Program.

### **2.2.3 When are reporting entities required to conduct the lesser of analysis?**

Reporting entities must conduct a lesser of analysis for imports under EIM for specified sources for which CARB has calculated an emission factor of zero, and for imports from certain California RPS eligible renewable energy resources. These include directly delivered imports from eligible, non-grandfathered renewable energy resources under the RPS program as administered by the California Energy Commission (CEC) or the California Public Utilities Commission (CPUC).

Pursuant to section 95111(b)(2)(E) of MRR, reporting entities are not required to conduct a lesser of analysis for imports with: (1) contract or ownership agreements, known as grandfathered contracts that meet California RPS program requirements in Public Utilities Code Section 399.16(d) or California Code of Regulations, Title 20 Section, Division 2, Chapter 13, Section 3202(a)(2)(A), (2) dynamically tagged power deliveries, (3) nuclear power, (4) ACS power, and (5) imports from hydroelectric facilities for which an entity's share of metered output on an hourly basis is not established by power contract.

Please contact CARB staff if you have a question about whether a lesser of analysis is required for a specific resource.

### **2.2.4 Are reporting entities required to conduct the lesser of analysis for Portfolio Content Category 2 (Firmed and Shaped) REC transactions as defined by CEC?**

Portfolio Content Category (PCC) 2 firmed and shaped transactions contain two main components: (1) renewable out-of-State power that may be sold into the local balancing authority area or resold by the GPE, and (2) an equal amount of out-of-State electricity that is imported to California. Reporting entities must report the unspecified imported power associated with PCC 2 transactions as an unspecified import, which does not require a lesser of analysis.

However, imported power associated with firmed and shaped contracts may need to be reported as specified, if the power is tagged from the specified source and specified source contract requirements are met, especially if the importer is the GPE. For these

specified source imports, a lesser-of analysis is required. REC reporting requirements are discussed in section 4, below.

**2.2.5 Are importers of electricity from the Mid-Columbia Hydro Projects (Mid-C hydro) subject to the meter data requirement in section 95111(b)(2)(E)? If yes, are importers required to conduct a lesser or analysis?**

Yes. Importers of electricity from Mid-C hydro are subject to the meter data requirements in section 95111(b)(2)(E) of MRR, and they are required to conduct a lesser or analysis. Instead of meter generation data, entities that either own or have a contractual allocation of Mid-C hydro generation at one or more of five non-federal hydro projects receive allocated meter data reports that show what was received from each hydro project, based upon ownership or contract share. The allocated meter data represents actual output in the same way that meter generation data represents actual output of an individual facility.

**2.2.6 What documentation is required to support a specified source claim for Mid-C hydro imports under MRR?**

For imports from Mid-C hydro, importers are required to maintain the following documentation in support of reported specified source claims for verification purposes under MRR: (1) the power sales agreements with each of the relevant Mid-C public utility districts showing ownership of the output of the Mid-C resource and RECs, (2) e-Tags, and (3) the meter data in the form of an allocated meter data report from the relevant Mid-C public utility district. Upon review, a verifier may ask for additional information. In addition, EPEs are required to separately report substitute electricity for each specified source claim, per section 95111(a)(2) of MRR.

**2.2.7 Can you provide an example of how to conduct a lesser-of analysis for purposes of complying with MRR?**

Table 3 provides sample meter data that would be used in a lesser of analysis. Examples 1 and 2 provide meter data that represents under- and over-generation scenarios, respectively, from Source A.

**Table 3: Meter Data Requirement During Under- and Over-Generation**  
*Illustration for One Hour of Generation Scheduled and Delivered*

| <b>Description</b>                                 | <b>Example 1<br/>Under-Generation<br/>(MW or MWh)</b> | <b>Example 2<br/>Over-Generation<br/>(MW or MWh)</b> |
|--|---|--|
| <b><i>Metered Generation at Source A</i></b>       | 85  | 115  |
| <b><i>Scheduled on e-Tag</i></b>                   | 100   | 100  |
| <b><i>Lesser of Meter or Scheduled</i></b>         | 85  | 100  |
| <b><i>Zero Emission Specified Source Claim</i></b> | 85  | 100  |
| <b><i>Substitute Power</i></b>                     | 15  | 0  |

**Example 1: Scheduled Power on e-Tag Exceeds Generation in the Hour.**

Source A generates 85 megawatts (MW) in a given hour, but 100 MW is scheduled for that hour on a single NERC e-Tag. Because only 85 MW is generated and 100 MW is scheduled, an additional 15 MW must be obtained by the EPE to meet the scheduling requirement of the e-Tag. The additional 15 MW is provided by the Transmission Provider (TP) and consists of unspecified power from the host BAA. While 100 MW is directly delivered to California during that hour, the reporting entity can only claim 85 MW as zero emission power, and the entity must report the remaining 15 MW as unspecified power.

**Example 2: Generated Power in the Hour Exceeds Scheduled Power on e-Tag.**

Source A generates 115 MW in a given hour, but only 100 MW is scheduled for that hour on a single NERC e-Tag. The reporting entity must only report 100 MW as specified imported power to California. The remaining 15 MW cannot be claimed as an import because it did not appear on the NERC e-Tag and was not delivered to California.

**2.2.8 What happens if you fail to conduct a lesser of analysis as required under MRR?**

Pursuant to section 95111(b)(2)(E) of MRR, an EPE must conduct a lesser of analysis when applicable and must accurately report the associated specified and unspecified electricity in the GHG emissions data report. If a reporting entity does not report specified power as specified or does not conduct a lesser of analysis for required sources under MRR, the verification body would identify a nonconformance, resulting in a correctable error. If the error identified by the verification body is not corrected, it would result in an adverse verification statement pursuant to section 95131(b)(9) of MRR.

**2.2.9 If, after conducting the lesser of analysis, I have substitute power how do I report that in Cal e-GGRT?**

As discussed in Section 2.2.2 of this document, if the amount of scheduled power exceeds the actual power generated for the resource in a given hour, that excess would be considered substitute power and reporting entities would report it as unspecified power. In ONE, which is uploaded to Cal e-GGRT, reporting entities must report substitute electricity separately for each specified source.

**2.2.10 When multiple buyers receive output from a renewable facility, how do I determine whether I have to report substitute electricity and not another counterparty? For instance, if two EPEs each import 50 MW from a renewable facility in hour ending 16 (HE16), but the HE16 meter data shows that the facility only produced 80 MW in that hour, how much substitute electricity must each EPE report?**

The practice of allocating the commercial energy output from a renewable generation resource is an industry practice not addressed by MRR. Table 4 below provides an example to show how much substitute electricity must be reported by each EPE in this scenario. For this example, we assume that each EPE receives a contractually based percentage of output from the facility, which is an eligible renewable energy resource in California. Each EPE would report substitute power calculated in Column F based on their respective shares of the meter data output. EPE 1 would report 18 MW as unspecified and EPE 2 would report 2 MW as unspecified.

**Table 4: Meter Data Shared Output Example**

*Illustration for One Hour of Generation Scheduled and Delivered*

| <b>Description</b> | <b>Tagged in HE16 (MW)</b> | <b>Metered Output in HE16 (MW)</b> | <b>Share of Metered Output (%)</b> | <b>Share of Metered Output (MW)</b> | <b>Reportable Substitute Power (MW)</b> |
|--------------------|----------------------------|------------------------------------|------------------------------------|-------------------------------------|---|
| <b>(A)</b>         | <b>(B)</b>                 | <b>(C)</b>                         | <b>(D)</b>                         | <b>(E)=(C*D)</b>                    | <b>(F)=(B-E)</b>                        |
| <b>EPE 1</b>       | 50                         | 80                                 | 40%                                | 32                                  | 18                                      |
| <b>EPE 2</b>       | 50                         | 80                                 | 60%                                | 48                                  | 2                                       |

**3 Qualified Export Adjustment (Obsolete)**

The 2016 MRR and Cap-and-Trade Regulation removed the QE adjustment effective for the third compliance period, which began in 2018.

## **4 Renewable Electricity and Renewable Energy Credits**

This section describes the requirements for renewable energy and renewable energy credits (REC) under MRR and the Cap-and-Trade Regulation.

### **4.1 Renewable Energy Credits**

The following FAQs address questions related to RECs, including how the term “renewable energy credit” is defined in MRR and the Cap-and-Trade Regulation and how RECs are created.

#### **4.1.1 How has CARB defined the term “renewable energy credit” in MRR?**

In MRR section 95102(a), the term “Renewable Energy Credit” or “REC” is defined as having the same meaning as defined in the CEC “Renewables Portfolio Standard Eligibility,” 7th edition, Commission Guidebook, April 2013; CEC-300-2013-005-ED7-CMF. The CEC guidebook is posted online at <https://ww2.energy.ca.gov/publications/displayOneReport cms.php?pubNum=CEC-300-2013-005-ED7-CMF>

#### **4.1.2 Is there a substantive difference between how MRR and the Cap-and-Trade Regulation define “renewable energy credit?”**

No. The same definition of “renewable energy credit” or “REC” is used in both regulations. RECs may be created for electricity generating facilities located inside or outside of California.

#### **4.1.3 How are California RPS RECs created?**

California RPS RECs (California RECs) are created by the Western Renewable Energy Generation Information System (WREGIS) when electricity is generated by a California “eligible renewable energy resource” which is defined in both the Cap-and-Trade Regulation and MRR as having “the same meaning as defined in Section 399.12 of the Public Utilities Code.” Public Utilities Code 399.12(e) sets forth detailed requirements for these resources.

#### **4.1.4 How do I know if a specific resource is considered to be a California RPS eligible renewable energy resource under MRR?**

CEC maintains a list of eligible renewable energy resources that are compliant with the requirements of Public Utilities Code 399.12, and the CEC has certified these as California RPS eligible facilities at: <https://rps.energy.ca.gov>. To view the public list, click on the “Facility Search” button in the lower right corner of the webpage. Then, on the next Search Options webpage, click on the “Excel” or “CSV” button in the lower right

corner. The Excel and CSV files contain more data fields than are displayed on the search options webpage.

A specific resource (facility) is listed as a California RPS eligible renewable energy resource in ONE, if the following criteria are met using the Excel or CSV file:

- Certification Type: Any type other than "Pre-Certification;"
- Eligibility Date: A date on or before the power generation date of the energy being reported;
- Certification Status: Must be "Approved." Note that the certification status alone does not determine the eligibility of a facility.

Note the advisory column in ONE for RPS eligible facilities does not prevent the reporter from listing in their report that a given facility is RPS eligible. However, where the advisory column and the user-selected eligibility status differ, reporters should be prepared to provide additional evidence to their verifier to support the user-selected eligibility status.

#### **4.1.5 Am I required to report serial numbers for RECs that are created for an electricity generating facility that is not a California Eligible Renewable Energy Resource?**

No. If an electricity generating facility is not a California eligible renewable energy resource, i.e., the resource is not listed by CEC in the link above, no RECs recognized for RPS compliance in California are created, so RECs are not required to be reported. RPS adjustments for ineligible facilities are not allowed and claiming RPS adjustments for ineligible facilities is considered a correctable error in the emissions data report. If not corrected, the verifier would be required to issue an adverse verification statement pursuant to section 95131(b)(9) of MRR.

#### **4.2 REC Requirements for Specified Source Imports**

The following FAQs address questions related to the reporting requirements of RECs for specified source imports.

##### **4.2.1 Do I need to retire RECs from specified source imports of renewable electricity that meet the direct delivery requirements?**

RECs do not need to be retired for specified source imports; however, REC serial numbers associated with the imported power must be reported, if applicable, pursuant to section 95111(g)(1)(M) of MRR.

#### **4.2.2 Can REC serial numbers be under/over reported relative to MWh imported from eligible renewable resources?**

No. MRR requires that importers of electricity to California report “RECs associated with electricity generated, directly delivered, and reported as specified imported electricity ...” per section 95111(g)(1)(M)(3) of MRR. Under reporting of REC serial numbers, which also includes the omission of REC serial numbers, as well as over reporting of REC serial numbers relative to the amount of imported power does not meet the requirement to report RECs “associated with electricity generated, directly delivered, and reported as specified imported electricity.” Accordingly, reporting REC serial numbers that are not associated with the imported electricity, or that do not match the imported electric power for which the RECs are claimed, does not meet the REC reporting requirement, and would result in a nonconformance. This nonconformance would not affect emissions and would therefore lead to a qualified positive verification statement, absent other issues. The EPE would still be required to use the specified source emission factor to report the specified import.

#### **4.2.3 For specified electricity imported on behalf of a retail provider, is the first deliverer required to report REC serial numbers?**

Yes, the first deliverer is required to report REC serial numbers associated with the imported power. The reporting and compliance obligation applies to the first deliverer of electricity imported to California.

#### **4.2.4 Are there any requirements related to RECs for imported ACS power?**

No. EPEs are not required to report REC serial numbers for specified imported electricity from an ACS's system. ACS power is not on the list of CEC's eligible renewable energy resources and thus, by definition, does not produce California RPS-eligible RECs.

### **5 Reporting Sales into CAISO Markets**

The following FAQs address questions related to reporting sales into CAISO markets, including to which entities the requirements apply.

#### **5.1 Who must report sales into CAISO markets?**

Each publicly owned utility (POU) or electrical cooperative (co-op) that receives electrical distribution utility allocated allowances must report all sales into CAISO markets for which it has a compliance obligation if it deposited allocated allowances into its compliance account or the compliance account of a generator or electric power entity pursuant to section 95892(b)(2) of the Cap-and-Trade Regulation. Reporting of these data is done in the “CAISO Sales” worksheet in ONE.

To help EPEs determine whether they must report CAISO sales, staff have developed a series of questions for EPEs to answer. The answers to the following questions determine whether an EPE is required to report sales into CAISO markets under section 95111(a)(12) of MRR. All EPEs must answer question 1. EPEs who respond affirmatively to question 1 must also answer questions 2 through 5. Affirmative answers to **all five** of the following questions would require an EPE to report CAISO sales:

1. Are you an electrical distribution utility other than an investor-owned utility (IOU) (i.e., a POU or Co-op, or WAPA SNR)? If answering "No," you are not required to report CAISO sales and no additional information is required on this sheet.
2. Did you have any allocated allowances deposited in your compliance account, or in another electric power entity's (EPE) compliance account? Verifiers must contact Cap-and-Trade Program staff at [edu-allocation@arb.ca.gov](mailto:edu-allocation@arb.ca.gov) to confirm each EPE's response to this question.
3. Did you sell any power into any CAISO markets during the last calendar year?
4. Do you, or an EPE to whom you allocated allowances, have a compliance obligation under the Cap-and-Trade Regulation for emissions from electricity sold into CAISO?
5. Was any electricity from any resource in your portfolio sold into CAISO markets that ultimately served any non-native load?

### **5.2 Why must POU and co-ops report CAISO sales?**

Section 95892(d)(7)(A) of the Cap-and-Trade Regulation prohibits the use of allocated allowance value for sales into CAISO markets. CARB staff will consider the amount of sales into CAISO markets reported and the number of allowances needed to account for those sales to determine if a POU or co-op has purchased enough allowances, separate from those allocated, to cover the CAISO sales.

### **5.3 Does an EPE still have to report, even if it didn't sell any power into CAISO markets?**

All EPEs must respond to the questions. The answers to these questions will determine whether an EPE must report sales of electricity into CAISO markets.

### **5.4 What constitutes a sale into CAISO markets under section 95111(a)(12)?**

CAISO sales means electricity that is sold into CAISO markets, including but not limited to, the day-ahead market, real time market, and energy imbalance market. Transactions excluded, pursuant to section 11.29(a)(iii) of the CAISO Fifth Replacement Tariff dated May 1, 2014 do not constitute CAISO Sales. For purposes of compliance with MRR, electricity procured by a POU or co-op from any source that does not ultimately

serve native load is electricity that is considered "CAISO Sales" under section 95111(a)(12), for those POU or co-ops that have a compliance obligation. More specifically:

1. Excess electricity that does not serve the utility's native load is reportable as CAISO sales, even if the generation resource causing the excess electricity is funded by municipal tax-exempt debt.
2. The determination of excess electricity must be made on an hourly (or interval) basis using hourly (interval) resource specific generation data and hourly (interval) gross load, as applicable.
3. Netting of electricity across or within hours (or intervals) is not allowed in the calculation of reportable CAISO sales. I.e., excess electricity sold into the CAISO markets in one hour (or interval) cannot be netted against the electricity bought from any CAISO market in another hour (or interval).

### **5.5 What is an Electrical Distribution Utility (EDU) compliance obligation under section 95111(a)(12)?**

The compliance obligation under section 95111(a)(12) is a Cap-and-Trade Regulation compliance obligation. For the purposes of reporting CAISO sales, the EDU is considered to have a compliance obligation in the following scenarios:

- Electricity imported into California by the EDU; reported pursuant to section 95111;
- Electricity from an in-State generation facility operated or owned by the EDU;
- Electricity from a generating facility into whose compliance account the EDU directed CARB to deposit allocated allowances; or
- Electricity from a power pool which consists, in whole or in part, of electricity for which the EDU has a compliance obligation, as described in this FAQ.

### **5.6 How does a POU or co-op report sales into CAISO markets?**

A POU or co-op that is not a "retail sales only" reporter must report sales into CAISO markets on the "CAISO Sales" tab of ONE. POU and co-ops must report MWh sold into CAISO by source of generation (facility or unit), if known, using the emission factor for each source (if known), and should include in the report the CARB ID number for the facility or source. Any sales into CAISO not reported by source must be reported as sales from an unknown source. Retail providers that report only retail sales and have no reportable CAISO sales under section 95111(a)(12), or imports or exports, may report using the EPE overview webpage directly in Cal e-GGRT.

### **5.7 Which emission factors should an EDU use to report CAISO sales under section 95111(a)(12)?**

Out-of-State Specified Sources: When power is imported under section 95111 from a specified source and sold into CAISO markets, the generation source must be registered with CARB pursuant to 95111(g) and reported using a specified source emission factor calculated by CARB as posted in ONE. If the generation source is registered with CARB it will appear in the drop-down menu in Column A of the "CAISO Sales" tab of ONE. The relevant facility information and emission factor calculated by CARB will automatically populate in subsequent columns.

In-State Specified Sources: For resources for which the EDU is the GPE or has access to the emissions and electricity production, the EDU must calculate an emission factor associated with those sales. This calculation is subject to verifier review for conformance. Verifiers are expected to understand the calculation methodologies and data sources used to calculate the emission factor and determine that the calculation was reasonable. If the verifier determines the calculation of the emission factor is incorrect or unreasonable, the EPE must make changes to address the verifier's finding, or may choose "Unknown – CAISO Sales" from the facility drop-down list in Column A of the "CAISO Sales" tab of ONE for sales from that source. Similarly, in cases where the EPE does not have access to sufficient data to calculate an emission factor for an in-State specified source, the EPE must choose the "Unknown – CAISO Sales" option.

Unknown or Unspecified Sources (e.g., market purchases): When imported electricity meets the requirements for unspecified electricity under MRR and is sold into CAISO markets, the EDU must choose "Unspecified – CAISO Sales" from the facility drop-down list in Column A of the "CAISO Sales" tab of ONE. This will result in an emission factor of 0.428 MT CO<sub>2</sub>e/MWh for unspecified electricity, pursuant to section 95111(b)(1).

Likewise, if the generation source is unknown the EDU must report using the default emission factor of 0.428 MT CO<sub>2</sub>e/MWh for unspecified electricity, pursuant to section 95111(b)(1). The EDU must choose "Unknown – CAISO Sales" from the facility drop-down list in Column A of the "CAISO Sales" tab of ONE.

### **5.8 When should an EDU use a system emission factor, that is not listed in ONE, to report CAISO sales under section 95111(a)(12)?**

If an EDU has sales into CAISO markets that cannot be attributed to a specific source, but are from the EDU's system, an EDU may calculate and use a system emission factor. The system emission factor is the total emissions divided by total net generation for all facilities and purchases in the EDU's system or portfolio. This calculation is subject to verifier review for conformance. Verifiers are expected to understand the calculation methodologies and data sources used to calculate the emission factor and determine that the calculation was reasonable. If the verifier determines the calculation

of the emission factor is incorrect or unreasonable, the EPE must make changes to address the verifier's finding, or may choose "Unknown – CAISO Sales" from the facility drop-down list in Column A of the "CAISO Sales" tab of ONE for sales from that source or system.

## **6 CAISO Energy Imbalance Market (EIM)**

The following FAQs address questions related to reporting imports from the CAISO Energy Imbalance Market (EIM).

### **6.1 Are EPEs required to report EIM imports and exports under MRR?**

Yes, the definition of imported electricity in section 95102(a) includes dispatches designated by the CAISO EIM optimization model and reported by CAISO to EIM Participating Resource Scheduling Coordinators as electricity imported to serve retail customer load located within the State of California. Similarly, the definition of electricity exporter includes exports from California associated with EIM, in the event that future model enhancements identify resource specific exports.

### **6.2 What CAISO settlement data should be used when reporting EIM imports?**

CAISO may periodically update settlement data for up to 36 months after the trade date. When reporting EIM specified imports, EPEs should use the most current CAISO settlement data available. In order to meet the June 1 deadline, EPEs should report using updated settlement data available as of April 30 or later. During verification, that data should be updated to reflect settlement data as of July 1. This means the reported data will include some T+18 month, some T+9 month and some T+55 day settlement data.

### **6.3 Are EIM imports subject to the Lesser of Analysis (LOA)?**

Yes, EIM Imports are now subject to the Lesser of Analysis (LOA). The LOA applies to imports with an emission factor of zero and to imports from California Renewable Portfolio Standard (RPS) eligible resources. EIM was previously excluded from LOA under 2014 MRR but is now included under 2016 MRR. See also FAQ 2.2.3 above for more information.

**6.4 For CY2019 Only [Obsolete]**

**6.5 For CY2019 Only [Obsolete]**

**6.6 How are EIM imports identified as an EIM Import in ONE in either the Specified Imports or Unspecified Imports tab?**

In ONE in the Specified and Unspecified Imports tabs, the “E-Tagged, Metered, or EIM?” field is used to flag imports as either tagged, metered, or EIM. When reporting EIM imports, select “EIM” in this field, then identify whether they took place in Q1 or in Q2 through Q4 for specified imports.

**6.7 Should EIM imports reported as result of the Lesser of Analysis be reported as “EIM” or “Metered” in the “E-Tagged, Metered, or EIM?” field in ONE?**

EIM imports reported as a result of the Lesser of Analysis must be reported as “EIM” in the “E-Tagged, Metered, or EIM” field in the Specified Imports tab of ONE. EIM imports are subject to the lesser of analysis as described in FAQ 6.3. Even though the EIM imports reported in the Specified Imports tab of ONE are based on the metered output of the generation source, the mechanism by which those MWh were imported to California was via EIM, not via metered transmission line quantities.

**7 Reporting Retail Sales of Electricity**

The following FAQs address questions related to reporting retail sales of electricity that serve California load.

**7.1 Do EPEs have to report retail sales that serve California load?**

Yes, EPEs that are retail providers under MRR are required to report retail sales for each calendar year, even if they have zero retail sales to report, per section 95101(h)(2)(D), although there are exceptions for Electric Service Providers (ESP) as described below. Additional requirements for retail providers are set forth in sections 95111(c) and 95111(h)(2)(B). Retail sales are reported in MWh.

**7.2 What constitutes “retail sales of electricity” under MRR?**

“Retail sales” is defined as “electricity sold to retail end users,” under section 95102(a). For investor-owned utilities, this should include both bundled and unbundled retail sales. All EPEs that are EIM Purchasers are required to verify annual retail sales pursuant to sections 95111(c) and 95111(h)(2)(B).

For purposes of reporting retail sales under MRR, the requirement is to report a single annual retail sales figure in MWh. In order to verify the accuracy of the reported figure, the entity must provide substantiating documentation to the verifier demonstrating the accuracy of the reported totals. CARB will contact EIM Purchasers that are "retail sales only" reporters with directions about how to provide substantiating documentation.

In addition, pursuant to section 95111(h)(2)(B)(2), investor-owned utilities (IOUs) who are EIM Purchasers, shall calculate, report and cause to be verified, the name(s) and total California retail sales of each load-serving entity (community choice aggregator and electric service provider) in its electrical distribution service territory. IOUs should not include the retail sales totals of any publicly owned electric utilities they serve. IOUs should make documentation demonstrating how those values were calculated, available to verifiers to support the accuracy of the reported totals during the verification process.

To allow IOUs to report Unbundled Sales in Cal e-GGRT, CARB staff will upload an Unbundled Sales Reporting Template in Excel to each applicable IOU's Cal e-GGRT account. Each template will contain the known list of each CCA and ESP in the respective IOU service territories. For ease of reporting in the template, retail sales will be reported in both kWh and MWh. After each template is completed, each applicable IOU will upload the file as an additional attachment on the Electric Power Entity Overview page in Cal e-GGRT.

### **7.3 How should CPUC-registered electric service providers (ESP) report?**

Electric Service Providers (ESP) are retail providers under MRR. Although registered with the CPUC, some ESPs currently serve (or have served) California load via retail sales, whereas some ESPs have never served California load. Pursuant to section 95101(h)(2)(D), ESPs that have never provided retail electricity to California customers are not required to report under MRR until they meet the definition of retail provider, unless other MRR provisions are applicable (e.g., reportable imports). Thus, an ESP that has served California retail load must report the quantity of retail sales (MWh) served via Cal e-GGRT, whereas ESPs that have never provided retail sales in California are no longer required to report zero retail sales.

### **7.4 Can an EPE report retail sales for an affiliated ESP or community choice aggregator (CCA)?**

Pursuant to section 95101(h)(2)(D), each EPE must report its own retail sales (and other applicable information) via Cal e-GGRT. Separately, under 95111(h)(2)(B)(2), IOUs who are EIM Purchasers, must report the total California retail sales of each load-serving entity in its electrical distribution service territory.

## 8 Cessation of Reporting and Verification

The following FAQs address questions related to reporting, verification, and reporting.

### 8.1 Imports and/or Exports: When an EPE stops importing and exporting power, how much longer does the EPE have to report and verify?

Pursuant to section 95101(h)(1)(B) of 2018 MRR, EPEs with a compliance obligation under the Cap-and-Trade regulation (i.e., having any imported MWh regardless of emission factor for any year of the compliance period 2018-2020), EPEs are required to continue to submit an emissions data report until the entity has no reportable imports for an entire subsequent compliance period (e.g., through the end of the 2021-2023 compliance period, even if imports cease during the 2018-2020 compliance period). Regarding verification, this subpart states that, *“Electric power entities that no longer import or export electricity must verify their emissions data report in the first year in which they report zero imports or exports. Any reporting year thereafter with zero imports or exports is not subject to verification.”*

If the EPE previously did not have a compliance obligation under the Cap-and-Trade regulation (e.g., only reported exports), then it must continue to report zero imports and exports for three consecutive years pursuant to section 95101(h)(2)(C). Verification for reporting when such consecutive zero exports are reported is not required, pursuant to section 95101(h)(2)(C). See Table 5 for a summary of Cessation requirements for reporting and verification below.

**Table 5: Cessation of Reporting & Verification in MRR 2018**

|              |   |
|--------------|---|
| Imports      | EPE with any MWh imports, regardless of emission factor, must continue to submit an emissions data report until the entity has no reportable imports for an entire subsequent compliance period, even if imports cease during the 2018-2020 compliance period.        |
| Exports Only | EPE must continue to report zero exports (and no imports) for three consecutive years pursuant to section 95101(h)(2)(C).   |
| Wheels Only  | An EPE with wheels only is not required to report or verify, because EPEs are defined as only importers and exporters.  |
| Verification | Electric power entities that no longer import or export electricity must verify their emissions data report in the first year in which they report zero imports or exports. Any reporting year thereafter with zero imports or exports is not subject to verification |

Note that the EPE must notify CARB in writing of the reason(s) for cessation of reporting pursuant to sections 95101(h)(1)(C) and 95101(h)(2)(E). EPEs that meet the definition of retail provider must always report retail sales pursuant to section 95101(h)(2)(D).

## **8.2 The EPE I represent had ceased importing and exporting electricity in the California market in 2020. When am I eligible to cease reporting and verification?**

If you ceased importing or exporting during calendar year 2018, 2019, or 2020, you would follow the cessation requirements in [2018 MRR](#) section 95101(h)(1). Pursuant to section 95101(h)(1)(B) of the 2018 MRR, if you ceased importing and exporting during 2020, you must report and verify calendar year (CY) 2020 emissions. Also, you must report and verify for the first year in which you have zero imports or exports. For example, if you imported 10,000 MWh from January through June 2020 and then ceased operations in California in July 2020, you must report and verify for CY2020, and also report and verify zero imports and exports for CY2021, thereby confirming through verification that you have ceased operations. While any reporting year thereafter with zero imports or exports is not subject to verification, you must report zero imports or exports until your entity is no longer subject to a compliance obligation under the Cap-and-Trade Regulation for an entire subsequent compliance period, which is through data year 2022, assuming you had no imports or exports during that time.

## **8.3 Wheels: When an EPE only has “wheeled electricity through California” to report, does the EPE have to report and verify?**

If the EPE has reportable transactions of wheeled electricity, but does not have any reportable imports or exports, then reporting and verification is not required. Section 95111(a)(8) states that, “only an electric power entity as defined in section 95102(a) must report wheeled electricity through California.” In section 95101(d), electric power entities are identified as electricity importers and exporters as defined in section 95102(a). Thus, an EPE with only wheels is not required to report or verify.

## **9 Additional Information**

The GHG Mandatory Reporting Regulation, with full requirements:

<https://ww2.arb.ca.gov/mrr-regulation>.

For more information regarding Electric Power Entities in the GHG Mandatory Reporting Regulation: <https://ww2.arb.ca.gov/mrr-epe>.

Contact the MRR helpdesk: [ghgreport@arb.ca.gov](mailto:ghgreport@arb.ca.gov).

For help with reporting or verification, please contact the appropriate staff member: <https://ww2.arb.ca.gov/mrr-contacts>.