

Reporting Guidance for Determining Rule Applicability for California's Mandatory GHG Reporting Program

Introduction

This document provides guidance for determining rule applicability of the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (title 17, California Code of Regulations, section 95100-95158) (reporting regulation or MRR), for 2013 data reported in 2014 and for data reported in future years. The California Air Resources Board (CARB) first approved the mandatory reporting regulation in 2007, with revisions in 2010, 2012, 2013, 2014, and 2017.¹ The 2016 MRR revisions became effective on January 1, 2018. The current version of this document contains revisions in sections 1 and 2, as well as Figure 1 and Table 1, to clarify changes resulting from MRR amendments that are applicable for 2018 data.

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.

The examples provided in this document 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.

1 Source Categories

The reporting regulation classifies three types of reporting entities: facility, supplier (of natural gas, CO₂, and transportation fuels), and electric power entity. Rule applicability is determined based on the total GHG emissions summed across all applicable source categories for each type of reporting entity. However, reporting entities within the petroleum and natural gas systems sectors may be subject to different “facility” definitions. For additional guidance on these sectors, please see the Facts about Facility Definition Summary for Petroleum and Natural Gas Systems document available on the CARB GHG reporting website.² As an example, the operator of a facility would determine the applicable source category for each emission source within the facility

¹ The regulation is available at <https://ww2.arb.ca.gov/mrr-regulation>.

² Guidance for GHG reporting is available at <https://ww2.arb.ca.gov/mrr-guidance>.

boundary and then sum the emissions from all emission sources to determine whether the facility is under or over the reporting thresholds in section 95101.

Beginning with 2018 data, revisions to section 95101(b)(3) of MRR require supplier entities that report under certain source categories to also sum facility emissions with supplier emissions for the purpose of determining threshold applicability. These revisions affect suppliers reporting under the following source categories: imported Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG); natural gas delivered via intrastate pipeline; natural gas liquid (NGL) fractionation; and LNG products or CNG products produced from natural gas received from interstate pipelines. The same is true for facility operators. Reporting entities that report facility emissions must also sum applicable supplier emissions for the purpose of determining threshold applicability for reporting, verification, and the Cap-and-Trade Program (title 17, California Code of Regulations, section 95800 et seq.). If the reporting threshold is exceeded, both facility and supplier emissions must be reported.

For example, a small gas plant that annually emits 9,000 metric tons carbon dioxide equivalent (MTCO₂e) of facility combustion emissions and 20,000 MTCO₂e of supplier LPG emissions would have considered combustion and supplier emissions separately to determine threshold applicability for data years prior to 2018. Beginning with 2018 data, the entity's total emissions for determining threshold applicability for reporting, verification, and the Cap-and-Trade Program is the combined facility and supplier emissions, i.e., 29,000 MTCO₂e. Because total emissions exceed the 10,000 MTCO₂e threshold for reporting, the entity is required to report both the 9,000 MTCO₂e of facility emissions, and 20,000 MTCO₂e of supplier emissions. In this case, the reporting entity's total emissions are also over 25,000 MT CO₂e and the entity is therefore subject to verification requirements and compliance with the Cap-and-Trade regulation.

2 Reporting Thresholds

The thresholds for GHG facility reporting are detailed in section 95101. Figure 1 provides a flow diagram that can aid a facility operator in determining rule applicability with the different reporting thresholds. Similar to the U.S. Environmental Protection Agency's Final Rule on Mandatory Reporting of Greenhouse Gases (Title 40, Code of Federal Regulations (CFR), Part 98) (U.S. EPA rule), Electricity generation units that report CO₂ mass emissions year round through 40 CFR Part 75, Cement production, Lime manufacturing, Nitric acid production, Petroleum refineries, Geologic sequestration of carbon dioxide, and Injection of carbon dioxide are subject to reporting regardless of their emissions level. For other source categories for which the U.S. EPA rule has established an emission threshold of 25,000 MTCO₂e, excluding biogenic CO₂, the California reporting regulation specifies that facilities with greater than 25,000 MTCO₂e of emissions, *inclusive of all fossil and biogenic*

emissions, are subject to the full reporting requirements. Table 1 provides a summary of the source categories and applicability thresholds in the reporting regulation

For facilities with emissions between 10,000 and 25,000 MTCO₂e, operators have the option to file an abbreviated report (section 95103(a)) using simpler emission calculation methods, and they are not subject to third-party verification, missing data substitution, and calibration and accuracy requirements. In threshold comparison and data reporting, these reporters must include all fossil and biomass-derived fuel combustion emissions. Abbreviated reporters must include both emissions from stationary fuel combustion and process emission sources in their GHG reports and in comparison with the 10,000 MTCO₂e threshold for determining rule applicability. If the sum of emissions from stationary fuel combustion and process sources exceeds 25,000 MTCO₂e, the facility is not eligible for abbreviated reporting.

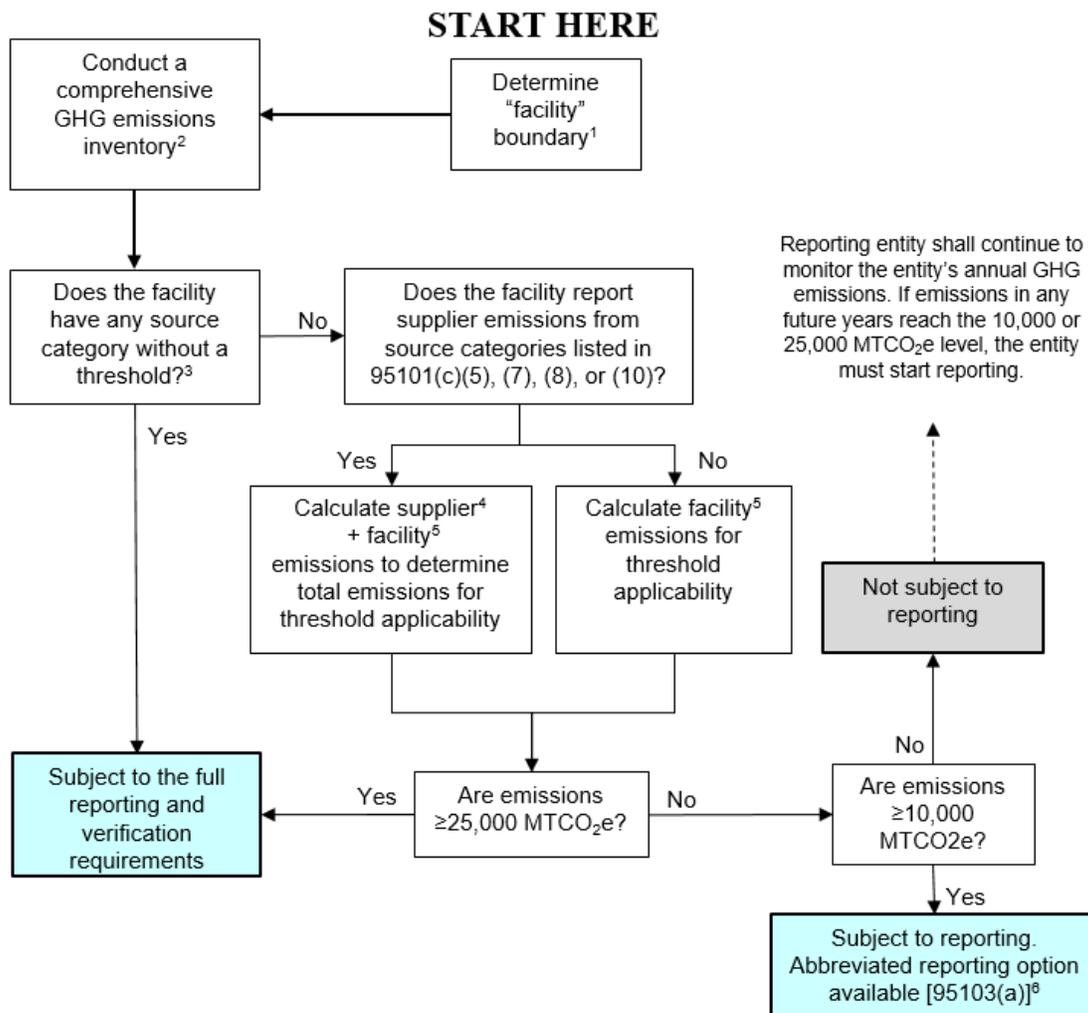
The abbreviated reporting option is provided to help reduce the cost of compliance for smaller facilities. It is the responsibility of facility operators to conduct a comprehensive emission inventory of all emission sources at their facility and determine applicability using the correct sum of emissions to compare to the 10,000 or 25,000 MTCO₂e threshold.

Beginning with 2018 data, facilities in the Petroleum and Natural Gas Systems sector are required to include flaring emissions when calculating total facility emissions relative to both the 10,000 MTCO₂e threshold for reporting and the 25,000 MTCO₂e threshold for verification. Vented and fugitive emissions must also be included for calculating emissions relative to the 25,000 MTCO₂e threshold.

The reporting regulation also brings in certain suppliers of transportation fuels that are not covered by the U.S. EPA rule requirements. The reporting threshold for these suppliers is 10,000 MTCO₂e (Table 1), and includes emissions that would result from the complete combustion or oxidation of the annual quantity of liquefied petroleum gas sold or delivered, except for fuel for which a final destination outside California can be demonstrated. Section 95121 requires transportation fuels 'delivered across the terminal rack' to be reported by the position holder. Fuel volumes must be aggregated annually by fuel type, and primarily include RBOB (CARBOB), ethanol, Diesel #2, and biodiesel.

All electric power entities, as defined in section 95102(a), must report all imported and exported electricity in order to verify generation sources, applicable emission factors, and exemption claims of emissions without a compliance obligation under California's Cap-and-Trade program (title 17, California Code of Regulations, section 95800 et seq.). There is no reporting or verification threshold for electric power entities. See the Cessation guidance for more information. Geothermal power plants are subject to the 10,000 MTCO₂e and 25,000 MTCO₂e thresholds similar to other source categories.

Figure 1. Determining Rule Applicability for a Facility



1 When determining the “facility” boundary, use the applicable definition of “facility” in section 95102(a), except for “onshore petroleum and natural gas production facility”, “natural gas distribution facility”, and “onshore natural gas processing facility”, which are separately defined in section 95102(a).

2 The facility-wide GHG emissions inventory must include all applicable emission sources within the facility boundary that are covered by California’s reporting regulation.

3 These source categories are explicitly referenced in section 95101(a) of the reporting regulation.

4 Supplier emissions include emissions from source categories listed in 95101(c)(5),(7), (8), and (10) (i.e., imported LPG, CNG, LNG, natural gas delivered via intrastate pipelines, NGL fractionation, and LNG or CNG products produced using natural gas received from interstate pipelines).

5 Facility emissions include emissions from stationary combustion of fossil fuels and biomass-derived fuels and process emissions. Oil and gas facilities must also include emissions from flaring for determining threshold applicability; vented and fugitive emissions must be included for determining 25,000 MTCO₂e threshold applicability, but can be excluded for determining 10,000 MTCO₂e threshold applicability.

6 The operator shall continue to monitor applicable emissions annually. If the total facility emissions in any future years reach 25,000 MTCO₂e, full reporting requirements apply.

Table 1. Source Categories and Thresholds in the Reporting Regulation

Source Category	40 CFR 98 Subpart	California Regulation	Threshold Comparison
Facility¹ (must report all applicable source categories within facility boundary)			
Stationary Fuel Combustion Sources: General	C	95115	These source categories apply to most industry sectors. Unless the stationary combustion source is a part of an industrial operation with no threshold, the 10K or 25K MTCO ₂ e thresholds apply.
Stationary Fuel Combustion: Non-Part-75 Electricity Generating Unit (EGU)	C	95115, 95112	
Part 75 EGU	D	95112	No threshold
Geothermal Power Plant	--	95112	Emissions count toward threshold ²
Hydrogen Fuel Cell	--	95112	Emissions count toward threshold starting with 2014 data reported in 2015 ²
Cement Production	H	95110	No threshold ³
Glass Production	N	95116	Emissions count toward threshold ²
Hydrogen Production	P	95114	Emissions count toward threshold ²
Iron and Steel Production	Q	95120	Emissions count toward threshold ²
Lead Production	R	95124	Emissions count toward threshold ²
Lime Manufacturing	S	95117	No threshold ³
Nitric Acid Production	V	95118	No threshold ³
Oil and Gas Production	W	95150-95158	Emissions count toward threshold ²
Petroleum Refineries	Y	95113	No threshold ³
Pulp and Paper Manufacturing	AA	95119	Emissions count toward threshold ²
Supplier			
Suppliers of Transportation Fuels	MM	95121	10K MTCO ₂ e Threshold
Suppliers of Natural Gas, NGLs, LPG, CNG, and LNG	NN	95122	10K MTCO ₂ e Threshold; No Threshold for NG liquid fractionators
Suppliers of Carbon Dioxide	PP	95123	10K MTCO ₂ e Threshold
Power Entity			
Electric Power Entities	--	95111	No threshold ⁴

1 Facility operators must include supplier emissions from source categories listed in section 95101(c)(5),(7),(8), or (10) for determining threshold applicability.

2 Unless otherwise specified in the rule, the 10,000 or 25,000 MTCO₂e thresholds apply to all applicable emissions within the facility boundary. The facility boundary may include emission sources of multiple source categories, and the facility operator must report emissions from all applicable source categories.

3 Section 95101(a)(1)(A) requires reporting regardless of emissions level until cessation requirements are met.

4 Section 95103(f) requires verification of electricity importers and exporters. EPEs that only wheel electricity are required to report wheels, but are not subject to verification unless they have not met the cessation requirements in section 95101(i).

3 Covered Entities

Pursuant to section 95812 of the Cap-and-Trade regulation, all facilities and suppliers that have *covered* emissions greater than 25,000 MTCO₂e are subject to compliance with the Cap-and-Trade Program. Additionally, all Electric Power Entities importing power into California are also subject to the Cap-and-Trade Program. Reporting entities

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that are subject to the Cap-and-Trade regulation must submit an annual GHG emissions data report and obtain third-party verification services until they meet the cessation requirements of both the Cap-and-Trade regulation and the reporting regulation.

4 Additional Information

Detailed training materials for reporting using Cal e-GGRT:

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

The GHG Mandatory Reporting Regulation, with full requirements:

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

Additional reporting and applicability guidance documents to assist reporters in complying with the MRR: <https://ww2.arb.ca.gov/mrr-guidance>.

Contact the MRR helpdesk: ghgreport@arb.ca.gov.

For help with reporting or verification, please contact the appropriate staff member:

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