

Change of Ownership or Operational Control Notification and Reporter Responsibilities

Guidance for Reporting Entities Subject to the Mandatory Reporting, Cap-and-Trade, and Cost of Implementation Fee Programs

For greenhouse gas (GHG) reporting facilities that undergo a change in ownership or operational control, this document outlines the change of ownership process, responsibilities, and notifications for entities subject to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR), the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Cap-and-Trade Program), and the Cost of Implementation Fee Regulation (Fee) at the California Air Resources Board (ARB). The document provides guidance on how to report changes in the California Electronic Greenhouse Gas Reporting Tool (Cal e-GGRT), and the Compliance Instrument Tracking System Service (CITSS).

Mandatory Reporting Program

The change of ownership or operational control provisions for the Mandatory Reporting Regulation are specified in section 95103(n) of the [MRR](#). The provisions include requirements to notify ARB when there is a change of ownership, and to specify who is responsible for completing reporting and ensuring verification of GHG emissions reports. These requirements are described below.

- *ARB Notification.* It is the responsibility of both the previous and new owner/operator to notify ARB of a change of owner or operator.
 - Notifications are to be provided prior to the change of ownership.
 - The previous owner/operator of the facility or entity must notify ARB via email at ghgreport@arb.ca.gov of the ownership or operator change, the name of the new owner or operator, and the date of the ownership or operational control change.
 - The new owner/operator must notify ARB via email at ghgreport@arb.ca.gov of the ownership or operator change in order to facilitate creation or modification of the Cal e-GGRT reporting account.
 - The notification provided by the new owner/operator must include the following:
 - Previous owner or operator
 - New owner or operator
 - Date of ownership or operator change
 - Name of the new owner/operator Designated Representative (section 95104(b)) for the affected reporting entity's account in Cal e-GGRT

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- If needed, contact ARB at ghgreport@arb.ca.gov for additional guidance based on the specific nature of the organizational or ownership change.
- *Reporting Responsibilities.* The owner or operator of record at the time of a reporting or verification deadline in the MRR has the responsibility for complying with the MRR requirements, including submitting data, certifying that the emissions data report is accurate and complete, obtaining verification services, and completing verification.
 - This requirement is independent of when the change takes place. For example, if a new owner/operator takes possession on April 1st, then they are responsible for meeting the April 10th reporting deadline. Or, if a new owner/operator takes possession on July 15th, then they are responsible for assuring that the verification deadline is met by September 1st.
 - In both scenarios, the new owner/operator, through private contract provisions, may delegate the reporting responsibility to the previous owner or operator; however, the ultimate responsibility for compliance is on the current owner or operator.
 - Full verification of a submitted report is required if there is a change in operational control, as specified in section 95130(a)(1)(D) of the MRR, but full verification is not necessarily required for a change of ownership. Contact ARB staff to discuss specific scenarios.
- The owner/operator of record at the time of a reporting deadline is responsible for submitting one emissions data report covering the previous calendar year via Cal e-GGRT. ARB does not allow “split-reporting” in which some portion of the data are reported under one ID (for the previous owner/operator) and the other portion is reported under a second ID (for the new owner/operator).
- The new owner/operator is responsible for making arrangements with the previous owner/operator (as part of the acquisition process) to ensure that all necessary historical data and records necessary for reporting and verification are available, accurate, and complete.
- Previous owners or operators are required to provide reporting data and records to the new owner/operator that are necessary for preparing required annual emissions data reports.
- The new owner/operator is responsible for making arrangements regarding liability with the previous owner/operator, if historical data are incomplete or inaccurate.
- Creating or modifying a Cal e-GGRT account due to change of ownership or operator:
 - *Cal e-GGRT account:* Once ARB staff receives information about the change of ownership or operation, ARB will work with the new and

previous owners/operators to ensure the Cal e-GGRT account set up is consistent with facility boundaries and other regulatory requirements.

- *Facility or entity ID:* ARB will typically retain the existing facility or entity ID for the Cal e-GGRT account unless the ownership or operator change results in major facility boundary changes.
 - *Assigning New Designated Representative(s).* ARB staff will coordinate with the new and previous owners or operators to assign the new Designated Representative (DR) or Alternate Designated Representative (ADR), based on the information submitted to ARB in the notification of change of ownership. Ideally, the new DR and ADR assignments will occur the day of the identified change of ownership/operation. The new DR or ADR will have responsibility for assigning any agents or representatives to the Cal e-GGRT account.
- For specific questions regarding change of ownership or operational control relative to the MRR, contact ghgreport@arb.ca.gov.

Cap-and-Trade Program

“Previous owner” refers to the entity that owns the asset(s) at the onset of the change of ownership process. Depending on the circumstances, the previous owner may be characterized as the selling entity or the entity being acquired. The “New Owner” is the entity purchasing the assets that are transferred in the change of ownership.

The following general steps should be taken to ensure the change of ownership is completed correctly within the Compliance Instrument Tracking System Service (CITSS) for covered entities or opt-in covered entities in the Cap-and-Trade Program.

- *ARB Notification.* The previous owner that currently holds a CITSS account shall send an email to help@wci-citss.org, notifying the CITSS Helpdesk of the ownership change. Staff will provide additional guidance based on the specific nature of the organizational or ownership change.
- *Both Parties to the Transaction:*
 - The new owner must file a request for Change of Ownership with ARB. The Change of Ownership form requires information and signatures from both the previous and new owners.
 - If the change of ownership includes the conveyance of compliance instruments from a General Account, the parties shall complete the transfer of any compliance instruments from the General Account that are part of the change of ownership transaction prior to the effective date of the change of ownership.

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- If the change of ownership includes the conveyance of compliance instruments from an account other than the General Account (e.g., Compliance Account, Limited Use Holding Account), the parties will document those transfers on the Change of Ownership form.
- *New Owner:*

No later than 30 days prior to the effective date of the change of ownership:

 - The new owner must have an approved CITSS entity account(s) reflecting current information, corporate associations, Consolidated Entity Accounts, and an assigned Primary Account Representative and at least one assigned Alternate Account Representative;
 - The new owner must submit updated documentation of all changes that will result from the proposed change of ownership, such as changes to corporate associations or to a Consolidated Entity Account, allowing adequate time for ARB review and approval. ARB will implement the changes in the CITSS on the effective date of the change in ownership; and
 - If the change of ownership includes the conveyance of compliance instruments, the new owner shall ensure that transfer of allowances will not result in exceedance of holding limits.
- *ARB:*

On the effective date of the change of ownership, ARB will:

 - Transfer compliance instruments from the previous owner's CITSS accounts other than the General Account (e.g., Compliance Account or Limited Use Holding Account) to the new owner's accounts in CITSS as noted on the Change of Ownership form, if applicable;
 - Assign the current and future compliance obligation of the covered or opt-in facility to the new owner's account in the CITSS;
 - Assign the limited exemption for the covered entity or opt-in covered entity to the new owner's CITSS account;
- Any applicable future allocation of free allowances for the covered entity or opt-in covered entity will be deposited in the new owner's CITSS holding account.
- Any compliance instruments associated with the covered entity or opt-in covered entity transferred to the new owner's account(s) will be included in the determination of the holding limit for the new owner.

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- If the previous owner will no longer be an entity in the CITSS, ARB will close the previous owner's accounts upon completion of the change of ownership. For reference, the previous owner must keep their records for a period of 10 years, as specified in section 95105(a) of the MRR.
- *Deadlines.*
 - Existing CITSS account holders must update their registration information within 10 working days of changes to the information listed in section 95830(c) of the Cap-and-Trade Regulation.
 - A CITSS account may be revoked, suspended, or restricted if the CITSS account holder does not update its registration information within 10 working days of a change pursuant to section 95921(g)(3).
 - Section 95912(e)(2) of the Cap-and-Trade Regulation requires any entity approved for auction participation to inform the Auction Administrator at least 30 days prior to an auction when reporting a change to the information disclosed, otherwise the entity may not participate in that auction.
- *Schedule.*
 - The owner of record for the covered entity or opt-in covered entity on a date specified in the Cap-and-Trade Regulation has the responsibility for all requirements of the Cap-and-Trade Regulation for that CITSS account associated with the covered entity or opt-in covered entity on the specified date.
- For specific questions regarding change of ownership or operational control for the Cap-and-Trade Regulation, contact the CITSS Help Desk at help@wci-citss.org.

Cost of Implementation Fee Program

- The owner or operator of record is responsible for any cost of implementation fee regulation obligations at the date of invoicing
 - This is independent of when a change of ownership or operator takes place. For example, if a new owner takes possession on January 1st prior to invoicing for the previous calendar year, then they are responsible for any fee liability for the prior calendar year at the time of invoicing.
 - Similar to the reporting program, it is the responsibility of the parties involved to determine how the entire payment, which will be invoiced to the new owner, will be split between the new and previous owners.