

## Mandatory Greenhouse Gas Reporting

### 2016 Emissions Year Frequently Asked Questions

This document provides questions and answers related to the 2016 greenhouse gas (GHG) emissions reported by facilities and entities subject to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR). MRR collects data from the largest GHG emitters to support the Cap-and-Trade Program, the AB 32 Cost of Implementation Fee Regulation, and the statewide GHG Emissions Inventory. Thus, MRR data includes a subset of the statewide GHG emissions sources. The statewide GHG Emissions Inventory establishes historical emission trends and is the primary method for tracking California's progress in reducing GHGs. The GHG Emissions Inventory is a separate program from MRR.<sup>1</sup> All data sources used to develop the GHG Emissions Inventory are listed in inventory supporting documentation at: [www.arb.ca.gov/cc/inventory/data/data.htm](http://www.arb.ca.gov/cc/inventory/data/data.htm).

Question: What GHG emissions are reported under MRR?

Answer: The MRR program captures approximately 80 percent of the GHG emissions included in the State's GHG inventory. The MRR program requires annual reporting of GHGs from sources that emit greater than 10,000 metric tons of CO<sub>2</sub>e, transportation and natural gas fuel suppliers, and imported electricity.

Questions: What GHG emissions are not included under the MRR program, but will be reflected in the official statewide GHG inventory for 2016?

Answer: Agricultural emissions, high global warming potential gases and select fugitive emissions are not captured under the MRR program.

Question: How do total reported GHG emissions for 2016 compare to 2015 emissions?

Answer: Total 2016 GHG emissions reported under MRR decreased by approximately 20.7 million metric tons of CO<sub>2</sub>e, or 4.8 percent, in comparison to 2015. Emissions that are covered by the Cap-and-Trade program decreased by approximately 16.4 million metric tons of CO<sub>2</sub>e, or 4.8 percent. The data show our climate programs are delivering real GHG reductions.

The difference between total reported emissions and emissions covered by Cap-and-Trade is attributed to: emissions from biogenic fuels that are exempt from a compliance obligation under Cap-and-Trade, and certain fugitive emissions.

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<sup>1</sup> GHG Inventory Program page - <http://www.arb.ca.gov/cc/inventory/inventory.htm>

The reduction in reported GHG emissions is attributed mostly to a decrease in emissions in the electricity sector. The reasons for these decreases are discussed below. Some sectors showed slight emissions increases, such as cement plants (1.6%), refining and hydrogen (3.7%), and transportation fuels (1.8%). For cement plants, this was due to increased production.

**Question:** Which sectors saw the biggest emissions changes in 2016, as compared to 2015?

**Answer:** The biggest change in reported emissions in 2016 was in the electricity sector. Emissions from in-State electricity generation decreased by 19.3%, and emissions from imported electricity decreased by 22.7%. Reported emissions decreased for in-State electricity generation due to an increase in in-state hydroelectric power production, with a corresponding decrease in natural gas electricity production. In addition, there was a 32% increase in grid-scale solar electricity generation; an 11% increase in wind; and additional increases in other renewable energy production, including smaller-scale solar.<sup>2</sup>

Reported emissions from imported electricity decreased due to an overall decrease in the total volume of imported electricity, an increase in imports of renewable power, and from a decrease in imports from two large coal-fired power plants: Navajo Generation Station and Intermountain Power Project.

Reported emissions from oil and gas production decreased by approximately 11%. However, this has a fairly small impact (approximately 2.1 million tons) on the overall statewide emissions reductions because oil and gas emissions are about four times lower than the combined electricity sector emissions. This decrease is associated with decreased oil production.

Reported emissions changes in other sectors are minimal for 2016 in comparison to 2015.

**Question:** What changes at the Navajo Generating Station and Intermountain Power Project in 2016 affected reported emissions?

**Answer:** There was less electricity produced in 2016 at both Navajo Generating Station and Intermountain Power Project, resulting in fewer emissions. This is due to a combination of low prices from competing generation sources, including natural gas and renewables, less demand for imported higher carbon electricity in California as a result of Renewable Portfolio

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<sup>2</sup> See: [http://www.energy.ca.gov/almanac/electricity\\_data/total\\_system\\_power.html](http://www.energy.ca.gov/almanac/electricity_data/total_system_power.html) and [http://www.energy.ca.gov/almanac/electricity\\_data/system\\_power/2015\\_total\\_system\\_power.html](http://www.energy.ca.gov/almanac/electricity_data/system_power/2015_total_system_power.html)

Standard requirements, and effects of carbon pricing on dispatch due to the Cap-and-Trade Program. Imports to California from Navajo were significantly reduced in 2016 due to Los Angeles Department of Water and Power's divestiture of its share in the plant in mid-2016.

Question: When will the GHG Emissions Inventory be updated to reflect calendar year 2016 emissions?

Answer: Consistent with timing in previous years, the GHG Emissions Inventory to reflect the 2016 emissions data will be made available in Q2 of 2018.

Question: The 2015 GHG Emissions Inventory showed 440.4 million metric tons of emissions. With approximately 20.7 million metric tons of CO<sub>2e</sub> reductions in the MRR data, does that mean the State has achieved the 2020 target of 431 million metric tons of CO<sub>2e</sub>?

Answer: The primary tool for assessing progress towards the 2020 target is the GHG Emissions Inventory. Achievement of the 2020 target will be assessed using the 2020 emissions data as reflected in the GHG Emissions Inventory. The MRR data shows positive progress toward achieving the 2020 target.