

August 2, 2013

Richard Bode  
Chief – Greenhouse Gas Emission Inventory Branch  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

**Re: Pacific Gas and Electric Company’s Comments on the Air Resources Board Workshop to Discuss Amendments to the Mandatory Reporting Regulation**

Dear Mr. Bode:

Pacific Gas and Electric Company (PG&E) welcomes the opportunity to submit these comments on the Air Resources Board’s (ARB) draft amendments to the Mandatory Reporting Regulation (MRR).

**I. INTRODUCTION**

PG&E’s comments on the staff proposals are detailed in Section II below. The following summarizes the key issues:

- Section 95122. Natural Gas Supplier Reporting Threshold Should Not Be Lowered
- Section 95131. Emissions Data Report Modifications
- Section 95103. Reporting Entities Should Include Primary Account Identification Number
- Section 95153. ARB Should Develop A Reasonable Engineering Estimation For Calculating Vented Emissions For Natural Gas Distribution Systems
- Section 95103. Financial Transaction Meters Which Meet Accuracy Requirements Of The California Public Utilities Commission, The Securities and Exchange Commission, Or The U.S. Department of Transportation Should Be Authorized Under the MRR
- Section 95103. ARB Should Modify its Measurement Accuracy Requirements
- Section 95101. PG&E Requests ARB Remove The Reference to Subpart DD
- Section 95102. Prevent Double-counting in Instances of “Reverse Wheeling”
- Section 95153. Population Count and Emission Factors Do Not Apply to Emissions Sources in Section 95152(i)(5)

## II. DISCUSSION

### A. Section 95122. Natural Gas Supplier Reporting Threshold Should Not Be Lowered

As stated in PG&E's July 10 comments on the June 26 MRR workshop, PG&E does not support lowering the natural gas fuel supplier reporting threshold for end-user volumes to 188,500 MMBtu (~10,000 MT CO<sub>2</sub>e ) as proposed in Section 95122(d)(2)(E). The California Information Practices Act, Calif. Civil Code Section 1798.14, provides that "Each agency shall maintain in its records only personal information which is relevant and necessary to accomplish a purpose of the agency required or authorized by the California Constitution or statute or mandated by the federal government." Lowering the reporting threshold would violate the aforementioned California Information Practices Act provision for the following reasons: this requirement would duplicate current reporting by end-users under the existing ARB reporting and compliance rules; and would violate the privacy rights of PG&E customers as this information may be confidential or competitively sensitive. PG&E has no objection to reporting this information if it is sufficiently aggregated or if personally identifiable customer-specific information is sufficiently excluded to ensure the identity of the customer cannot be derived. Furthermore, maintaining the current threshold would ensure consistency with the U.S. Environmental Protection Agency's (USEPA) reporting requirements.

PG&E understands staff intends to modify the current reporting system to allow for spreadsheet upload rather than complicated manual input. We fully support this effort and request that it be implemented as soon as possible. However, if this initiative is not completed in time for reporting under the new regulation, collecting and disclosing this information to comply with the lowered threshold will further burden PG&E. Manual entry consumes already-strained resources and introduces opportunities for human error that will only be compounded by this new requirement.

### B. Section 95131. Emissions Data Report Modifications

PG&E appreciates staff's amendments to Section 95131(b)(9). However, we remain concerned that the verifiers are still allowed too much discretion in the regard. PG&E recommends the following changes:

Section 95131(b)(9) Emissions Data Report Modifications. ~~As a result of data checks by the verification team and prior to completion of a verification statement(s)~~ **Provided the reporting entity receives notice from the verification team at least 10 days prior to the verification deadline**, the reporting entity must fix all correctable errors that affect **result in a greater than one percent change in reported** ~~make any possible improvements or corrections to~~ emissions or covered product data in the submitted emissions data report, and submit a revised emissions data report to ARB. Failure to do so will result in an adverse verification statement. Failure to fix correctable errors that do not affect emissions or covered

product data represents a non-conformance with this article but does not, absent other errors, result in an adverse verification statement. Failure to fix correctable errors that do not affect emissions or covered product data does not, absent other errors, result in an adverse verification statement...

Although PG&E supports ARB's goal to have all reports be free of errors, we are concerned that the proposed language will require action by ARB for **any error** in a report, regardless of materiality or whether the report over-reports or under-reports emissions. We propose that ARB delete the last sentence of Section 95131(e) as follows: In instances where an error to an emissions data report is identified that does not affect the emissions or covered product data, the change may be made without a set aside of the positive or qualified positive verification statement.

In instances where a facility is owned or operated by the electricity provider and/or natural gas provider, the proposed requirements included in Section 95131(b)(8)(F)(3) may prove difficult to meet due to the non-standard bills that are created. Therefore PG&E recommends the following change to the proposed language:

Section 95131(b)(8)(F)(3) Ensuring the completeness and accuracy of electricity provider and natural gas provider information, including provider name and account identification number, where available, pursuant to sections 95104(d)(1) and 95115(k).

### **C. Section 95103. Reporting Entities Should Include Primary Account Identification Number**

During the June 26 workshop, staff proposed an amendment that would require reporting entities eligible for Cap-and-Trade auction revenue from the CPUC to report a primary electricity account identifier into which revenue should be deposited. The proposed amendment is consistent with PG&E's proposals for returning revenue to emission-intensive-trade-exposed (EITE) entities. Requiring reporting entities to provide a service account identification number (SA\_ID), in the case of PG&E customers, would significantly ease revenue return.

However, PG&E noted that changes to this effect were not included in the discussion draft release on July 17. PG&E encourages staff to move forward with this change and broaden the scope to include all reporting entities regardless of CPUC revenue allocation. This change would facilitate verification of the Cost of Implementation Fee (COI) invoice and any eventual revenue and cost allocation to natural gas customers for which PG&E has a natural gas compliance obligation beginning in 2015. PG&E suggests the following modification to Section 95103(a):

- (1) Facility name, assigned ARB identification number, physical street address including the city, state and zip code, air basin, air district, county, geographic location, natural gas

supplier name, natural gas supplier customer identification number, natural gas supplier service account identification number<sup>1</sup>, and annual billed MMBtu (10 therms = 1 MMBtu).

**D. Section 95153. ARB Should Develop A Reasonable Engineering Estimation For Calculating Vented Emissions For Natural Gas Distribution Systems**

Section 95152(i)(5) requires reporting entities to measure and report emissions from equipment and pipeline blowdowns in natural gas distribution systems. The current methodology provided in Section 95153(g) will require a significant commitment of time and resources without commensurate benefits in terms of reporting accuracy. This will be particularly true in the case of calculating the unique piping volume.

PG&E has over 42,000 miles of distribution mains and over 2,800 regulator stations in its gas distribution system. When testing or replacing these facilities, PG&E minimizes the length of pipe to be evacuated (typically a city block or less) to reduce the impacts to customers. Consequently, the amount of gas released during a distribution blowdown is small. Calculating the unique piping volumes for these assets is impractical and unduly burdensome given the many miles of distribution main and the large number of regulator stations PG&E operates and the relatively minor volume of gas evacuated during pipeline replacements and maintenance work.

Moreover, reporting of this particular subset of natural gas emissions is redundant because distribution blowdown emissions are embedded in each natural gas supplier's compliance obligation under Section 95122, which is based on Subpart NN of 40 CFR Part 98 and involves mass-balance calculations for the amount of gas entering and leaving the gas distribution system. In addition, the U.S. EPA does not require facilities to report emissions from blowdowns on the gas distribution segment. To the extent ARB still deems it advisable to require independent reporting of vented emissions from natural gas distribution systems, PG&E urges ARB to work with natural gas suppliers to develop a reasonable methodology that involves conservative assumptions and annual summary data of the replacement and maintenance activities performed to estimate vented emissions associated with such work.

**E. Section 95103. Financial Transaction Meters Which Meet Accuracy Requirements Of The California Public Utilities Commission, The Securities and Exchange Commission, Or The U.S. Department of Transportation Should Be Authorized Under the MRR**

In compliance with California Public Utilities Commission (CPUC) General Order 58A (G.O. 58A), PG&E utilizes Utility Standard S4300 to assure measurement accuracy for its large-volume meters. Standard S4300 also meets and exceeds the  $\pm 5\%$  accuracy requirements of the MRR (95103 (k)). Although S4300 measurement accuracy standards are applied on all PG&E

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<sup>1</sup> We understand not all utilities refer to this customer identification number as "SA\_ID." A uniform alternative such as "primary account identifier" could be applied.

large-volume meters, a small subset of these meters do not meet the strict regulatory definition of a “financial transaction meter” (95103 (k)(7)(A)) because the gas is delivered to PG&E-owned facilities or facilities where PG&E has a financial interest in the volume of gas delivered. Nonetheless, these facilities are required to have meters that yield financial-quality data and are maintained in a manner comparable to financial transaction meters.

PG&E applies measurement accuracy standards to all its large-volume meters. However, PG&E is concerned about the impact of establishing a separate standard for a subset of transaction meters, particularly since the same small group of technicians maintains all the large-volume meters across the company’s service territory to S4300. Establishing unique requirements for a small subset of meters will increase operational burdens and MRR non-compliance risks, including:

- Non-conformance in the event that technicians do not meet specific requirements contained in the MRR; for example, not photographing an orifice plate during calibration or not meeting the specific calibration frequency in 17 CCR §95103(k)(4);
- Non-conformance due to technicians misinterpreting non-financial transaction meter requirements or failure to communicate revised contractual (tolling) agreements to the maintenance technicians;
- Operational risk of disruptive down-time if measurement hardware is calibrated at a frequency other than in PG&E’s standards; and
- Increased burden and cost to create and manage MRR-specific training for a small subset of meters.

All meters maintained to a common standard, which meet or exceed the  $\pm 5\%$  accuracy requirements of the MRR (95103 (k)) should be subject to the same measurement accuracy standard. PG&E does not believe that the measurement accuracy requirement of the MRR was intended to create a double-standard where some meters are exempt from 17 CCR §95103(k) solely on the basis of being financial transaction meters.

PG&E requests staff introduce a new provision in Section 95103(k)(7) that clarifies large-volume meters described above are equivalent to financial transaction meters as defined in the MRR. PG&E recommends the following addition to Section 95103(k)(7):

(C) Meters used in the natural gas supply industry meeting the measurement accuracy requirements of the California Public Utilities Commission General Order 58A, U.S. Securities and Exchange Commission or U.S. Department of Transportation.

#### **H. Section 95103. ARB Should Modify its Measurement Accuracy Requirements**

Section 95103(k)(6)(A)(1)(b) requires that the primary element (e.g. orifice plate) “be photographed on both sides prior to any treatment or cleanup of the element to clearly show the

condition of the element as it existed in the pipe.” This requirement is not part of PG&E’s meter maintenance standard S4300, whose inspection frequency requirements are comparable to and whose accuracy requirements are more stringent than the  $\pm 5\%$  specified in the MRR (95103 (k)). Requiring a photograph of the orifice plate, given the robustness of PG&E’s standard S4300, is superfluous and an example of the "separate standard for a subset of transaction meters" PG&E argues against in the section above.

Pipeline quality natural gas, which is subject to strict standards for entrained liquids and other materials, is unlikely to foul an orifice plate to the extent it would push meter accuracy outside the  $\pm 5\%$  window. Routine meter inspection, maintenance, and calibration as specified in PG&E’s standard S4300 will ensure timely corrective action for any rare instance of fouling that may occur. Therefore, PG&E strongly recommends that flow meters measuring natural gas be exempted from the requirement to have their orifice plates photographed.

#### **F. Section 95101. PG&E Requests ARB Remove The Reference to Subpart DD**

PG&E requests ARB remove the reference to subpart DD in Section 95101(a)(1)(G) as these entities are already subject to ARB’s separate Regulation for Reducing Sulfur Hexafluoride Emissions from Gas Insulated Switchgear:

(G) Any California reporting entity subject to subparts E, F, G, I, K, L, O, R, T, X, Z, BB, CC, DD, EE, FF, GG, II, LL, OO, QQ, SS, or TT of 40 CFR Part 98 that emits over 10,000 metric tons of CO<sub>2</sub>e. If a reporting entity utilizes the above industrial processes, they must notify the Executive Officer within 90 days of the effective date of this regulation or within 90 days of commencing the industrial process. This also applies to facility operators subject to section 95103(a).

#### **G. Section 95102. Prevent Double-counting in Instances of “Reverse Wheeling”**

PG&E understands staff did not include changes to Section 95102 in the discussion draft. However, PG&E would like to take the opportunity to reiterate the need for the following change. PG&E believes ARB does not intend energy sourced inside of California, wheeled out and then back into the state to be included in import calculations as this would qualify as “double counting.” This generation should already be reported by the in-state generating facility. However, the current MRR language does not mention the e-Tag’s origin which may lead entities to report these trades as imports with an associated GHG obligation. To remedy this issue, PG&E recommends the following modification:

For electricity that is scheduled with a NERC e-Tag that has a first point of receipt outside the state of California to a final point of delivery inside the state of California...

## **H. Section 95153. Population Count and Emission Factors Do Not Apply to Emissions Sources in Section 95152(i)(5)**

It appears as though Section 95153(p) incorrectly references 95152(i)(5). PG&E requests this reference be removed. Section 95153(p) should read as follows:

This paragraph applies to emissions sources listed in sections 95152(c)(16), (f)(5), (g)(3), (h)(3), (i)(2), (i)(3), (i)(4), ~~(i)(5)~~, and (i)(6) on streams with gas content greater than 10 percent...

## **III. CONCLUSION**

Thank you for the opportunity to submit these comments. PG&E recommends ARB carefully review these suggestions and incorporate the recommended changes into the forthcoming regulatory amendments. We look forward to continuing our work with ARB to ensure the successful implementation of the MRR.

Very truly yours,

/s/

Mark C. Krausse

cc: David Edwards, via email  
Joelle Howe, via email  
Syd Partridge, via email