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Mr. Richard Bode  
Chief – Emissions Inventory Branch  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812-2828

**Re: Pacific Gas and Electric Company’s Comments on the Draft Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (“MRR”)**

Dear Mr. Bode:

Pacific Gas and Electric Company (“PG&E”) welcomes the opportunity to submit these comments on the Air Resources Board’s (“ARB”) potential amendments to the regulation for the Mandatory Reporting of Greenhouse Gas Emissions as outlined in the discussion draft released on May 29<sup>th</sup>, 2012. PG&E supports the efforts to harmonize the regulation with updates to the United States’ Environmental Protection Agency (“U.S. EPA”) Final Rule on Mandatory Reporting of Greenhouse Gases. PG&E’s comments seek clarification on, and proposes, changes to a few items in the proposed modifications to the MRR.

**A. Section 95100. Update References to U.S. EPA’s Most Recent 40 CFR Part 98**

In the spirit of harmonizing the federal and state regulations, PG&E recommends that ARB incorporate the latest 40 CFR 98 changes referenced in the federal register when the regulation is finalized, as there have been changes since the last noted date of April 25, 2011.

**B. Subarticle 5: Completely Harmonize Regulation with U.S. EPA’s Subpart W Requirements**

ARB indicated at the public meeting on May 30<sup>th</sup> that Subarticle 5 will be updated to reflect the December 2011 U.S. EPA’s update to Subpart W requirements. PG&E appreciates the update, as it is important that the two rules remain consistent. However, PG&E recommends that the ARB continue to simply reference the most recent date of the effective U.S. EPA rule rather than

excerpting certain portions, which will reduce the possibility for errors that could occur since reporters will be subject to both state and federal level reporting. Differences between the regulations will mean that reporting entities will need to track and report vented and fugitive emissions in different ways, which adds to the reporting burden for all companies that need to report CO<sub>2</sub> emissions in California. Additionally, the methodology for reporting Subarticle 5/Subpart W emissions need not diverge between the EPA and ARB since the data is not being used to assess compliance obligations under California's cap-and-trade program. Consistency between regulations will also mean that the emission inventories collected by EPA and ARB will be consistent, which will reduce any confusion over analyzing data collected by the two agencies.

PG&E believes that industry and regulatory agencies will continue to assess the results of Subpart W emissions and amend the regulations over the next few years. Therefore, PG&E requests that ARB continue to look into options to create an expedited process that would allow for more frequent updates to ensure that the rules remain harmonized.

**C. Subarticle 5: Continue to Allow for the Use of Best Available Monitoring Methods (BAMM)**

Industry and regulators are learning that certain monitoring methods required under the regulation are not technically achievable or are cost-prohibitive to implement for the limited data that are being collected. PG&E requests that the ARB maintain harmonization with the federal regulation regarding BAMM and allow entities subject to reporting under Subarticle 5 to be able to use BAMM. This will allow facilities to plan and collect data consistently to meet both state and federal reporting requirements.

U.S. EPA has already approved PG&E's request for use of BAMM in 2012 and PG&E has planned its work based on this approval. Denying use of BAMM in California starting in 2012, as proposed at ARB's workshop on May 30, will require PG&E to perform significant work with minimal impact to the report result.

Additionally, there are situations where use of BAMM beyond 2012 will be necessary, especially since the vented and fugitive emissions subarticle (Subarticle 5) of the MRR will be undergoing modifications this year and possibly going forward. Due to uncertainties and ambiguities in interpreting Subpart W, future use of BAMM may also be justified if ARB or U.S. EPA makes corrections to the rules near the end of a reporting year. When rule changes are made during the year, it may be difficult to collect data for the entire year based on the new rules. As the regulations change, reporting entities will make good faith efforts to comply with those regulations as they evolve, and the use of BAMM will aid reporters to comply with the regulations.

Another example where BAMM would be needed is when an existing exempt facility exceeds the reporting threshold for the first time during a reporting year, triggered by unanticipated

stationary combustion increases or an unexpected blowdown event. In such a case, it will be impractical to meet the reporting requirements.

**D. Section 95103(k). Field Accuracy Testing Requirements for Emission Units Subject to 40CFR75**

PG&E seeks confirmation that units subject to the requirements under 40 CFR Part 75 that have continuous emission monitoring systems capability are not subject to any additional requirements in this subsection.

**E. Section 95102(399). The Reporting Tool Requirements Should be Consistent with the Definition of Unspecified Source of Electricity**

PG&E appreciates the change made in the 2011 MRR rulemaking to clarify that unspecified energy is electricity procured and delivered without limitation *at the time of transaction* to a specific facility's or unit's generation. PG&E believes that the modifications were necessary to clarify that an electricity purchase that was made without specification of a source at the time of transaction will be identified as an unspecified source and assigned a default emission factor regardless of what resource shows up on the resulting e-Tag or in settlements data. It is unclear why the mandatory reporting tool requires that entities report a source associated with unspecified purchases, as the source that is later scheduled for that unspecified transaction is irrelevant at the time of the transaction. Therefore, PG&E requests that the mandatory reporting tool be modified to be consistent with the definition of Unspecified Source, so as not to require reporting the source associated with an unspecified purchase after the transaction is conducted.

Thank you for the opportunity to submit these comments.

Very truly yours,

/s/

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jkm:kp

cc: Dave Edwards, via email  
Wade McCartney, via email