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David Edwards, PhD  
Manager, Climate Change Reporting Section  
California Air Resources Board (ARB)  
1001 I Street  
Sacramento, California 95814

**RE: Comments on May 30, 2012 Workshop: Potential Revisions to the California Mandatory Greenhouse Gas (GHG) Reporting Regulation**

Dear David:

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) submit these comments in response to staff's request to consider proposed changes to California's Mandatory GHG Reporting Regulation (MRR). We appreciate the opportunity to comment. Given the very short period of time allowed to complete these regulatory changes, we encourage ARB to continue an open dialogue with stakeholders.

**Section 95111. Data Requirements and Calculation Methods for Electric Power Entities.**

**Section 95111 (b) (5).** *Comment on Renewable Portfolio Standard Adjustment*

The California Public Utilities Code requires the California Public Utilities Commission to permit retail sellers to bank excess renewables procurement during one Renewable Portfolio Standard (RPS) compliance period for use in any subsequent compliance period. For calculation of the RPS Adjustment for the Cap and Trade program per section 95852 (b) (4) of the MRR, entities must take the Renewable Energy Credits (RECs) in the same year in which they comply with the RPS. For example, a REC physically generated in 2012, but used for RPS compliance in 2013, may only be used for the AB 32 Cap & Trade RPS adjustment in year 2013. This opens up the possibility of an RPS adjustment coming from RECs generated in a previous year or even a previous compliance period.

The following language in section 95111 (b) (5) of the MRR, however, can be confusing, because it requests both this information and the physical RPS generation related to RECs for the year.

“The reporting of RPS Adjustments shall include information for Cap and Trade accounting purposes, as well as information for GHG inventory reporting. The status of RECs shall be reported as retired or not retired. RECs not retired are assumed to have been banked for future use.”

ARB’s desire to track when RECs are generated, as well as when they are retired, is an innocuous added requirement as long as it does not become a source of confusion. The ARB should revise this language to make it clear that the RPS adjustment only relies on RECs that are retired in the compliance year.

**Section 95111 (a) (2) and (c) (4).** *Comment on North American Energy Reliability Corporation (NERC) Tags*

At the May 30<sup>th</sup> workshop, Arizona Public Service mentioned discussions with the California Independent System Operator (CAISO) concerning the North American Energy Standards Board’s rules. While CAISO previously indicated to stakeholders that it will no longer accept NERC tags where CAISO is listed as the public serving entity on the tag, the change may not be easy to implement. SDG&E urges ARB to work to resolve the importer/exporter identification issue with CAISO and electricity stakeholders so that there is no ambiguity as to who is the responsible party for reporting emissions and acquiring allowances for electricity crossing the California border.

**Section 95103 (k). Measurement Accuracy Requirement.**

**Section 95103 (k) (6) (A) and (B).** *Comment on Mass and/or Volume Measurement Devices*

In the first sentence of both sections 95103 (k) (6) (A) and (B), we believe ARB’s intent is for the calibration of each mass or volume measurement device not for “mass and volume measurement device,” which implies that the measurement device measures both mass and volume, not one or the other.

Suggestion: Replace the word “and” with “or.”

**Section 95103 (k) (7) (B).** *Comment on Financial Transaction Meters*

This section contains the following new language, “Financial transaction meters are exempted from *the calibration requirements of section 95103 (k)...*” Yet ARB’s guidance document, dated 3-1-2012, regarding metering accuracy titled, “Emissions Data Metering for GHG Reporting Clarification of Requirements for Facilities Subject to Mandatory Greenhouse Gas Emissions Data Reporting,” states the following: “Financial transaction meters, as described in section 95103 (k) (7), are exempt from *the requirements of 95103 (k)* provided...” Considering that public-utility financial meters already meet more stringent accuracy requirements than that in the MRR, it is appropriate for financial meters to be exempt from all requirements of 95103 (k) as stated in the recent guidance document not just exempt from the calibration requirements.

Suggestion: Please delete the word “calibration” in front of the word “requirements” in section (k)(7)(B).

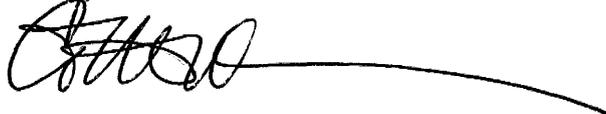
**May 30, 2012 Workshop – Mandatory Reporting Workshop: Potential Revisions to the California Mandatory Greenhouse Gas Reporting Regulation Presentation.**

**Slide 16. *Comment on Best Available Monitoring Methods (BAMM)***

During the May 30<sup>th</sup> workshop, ARB stated plans to eliminate the use of BAMM for 2012 reporting. SoCalGas and SDG&E are currently using BAMM for GHG reporting to USEPA; immediate compliance issues will result if we are not able to also use BAMM for ARB’s greenhouse gas reporting for calendar year 2012. USEPA has granted facilities the use of BAMM until the end of June 2012, and is currently evaluating facilities’ requests to extend BAMM until the end of calendar year 2012. Considering it is already mid-June, ARB should allow the use of BAMM through the end of 2012 to give all affected facilities adequate time to modify procedures and fully comply with MRR requirements.

SDG&E and SoCalGas very much appreciate your and ARB staff’s support of stakeholder participation and discussion regarding potential modifications to the MRR, and the opportunity to furnish these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Colby Morrow', with a long horizontal line extending to the right.

Colby Morrow  
Environmental Affairs Program Manager