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Richard Corey
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, California 95812

RE: Comments to Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Dear Mr. Corey:

Pacific Gas and Electric Company (PG&E) appreciates this opportunity to comment on the Air Resources Board's (ARB) Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR). We appreciate ARB's efforts to improve the greenhouse gas (GHG) regulations and provide clarity to reporters subject to mandatory reporting. Please find PG&E's primary comments in Section I and additional comments and recommendations to improve the regulation in Section II.

I. Primary Comments

The following comments address important issues that will allow entities subject to the regulation to continue reporting in a timely and accurate manner in support of the MRR and the Cap-and-Trade regulations:

1. Section 95102(a)(107) – Correctable Errors

PG&E commends ARB for proposing this amendment which supports accurate reporting for Cap-and-Trade -related data but allows for more flexibility for those data that are not subject to the Cap-and-Trade program.

2. Sections 95103(f) and 95103(h)(1) – Verification Requirement and Deadlines

PG&E appreciates the need to provide ARB staff sufficient time to complete all mandated tasks under the Cap-and-Trade Program. However 13 of the 15 MRR reports that PG&E generates from multiple business groups (including gas compression, storage and supply, electricity generation and electricity imports) are verified annually. These verifications can

include site visits to facilities located throughout the state. After eight years of experience, PG&E has found that verification activities for a complex and diverse system consistently take longer than anticipated, even after meticulous planning. Delays can occur because of:

- The additional time required by verifiers to perform quality assurance checks and analysis prior to issuing an opinion.
- The verifiers' need to consult with ARB staff to obtain regulatory clarity on specific MRR language.
- The time required by PG&E to iteratively respond to requests from the verifier.
- Competing commitments of verifiers with other reporters.

The rigor of the verification process will make it a significant challenge for PG&E to meet the proposed August 1 verification deadline annually, and will increase PG&E's risk of untimely reporting, consequential enforcement actions, and loss of Cap-and-Trade allowance allocation. PG&E recommends that the current deadline be maintained; however, if the deadline must be advanced, PG&E recommends it be advanced to August 15, which would allow ARB staff over two additional weeks to perform their required tasks than under the current regulation. While PG&E respects the time necessary for ARB staff to perform its tasks, leaving enough time for reporting entities to submit accurate, verified data for ARB's review is critical.

3. Section 95105(c)(3) – Recordkeeping Requirements, GHG Monitoring Plan for Facilities and Suppliers

ARB should limit the requirement for diagrams to only combustion fuel flow-related elements as it will be very difficult and of limited value to develop diagrams for minor equipment such as valves and pneumatic devices.

4. Section 95111(a)(2) – General Requirements and Content for GHG Emissions Data Reports for Electricity Importers and Exporters; Delivered Electricity

The proposed amendment would require reporters to include the 'generation source' when known, rather than the first point of receipt (POR). This information, documented on E-tags, is often unclear since the acronyms or partial names used do not provide clarity regarding whether the source is a generating facility or a trading hub. Since this information is used to report unspecified electricity, we propose that ARB require only reporting of the POR since the 'generation source' does not impact a reporter's resulting GHG obligation.

5. Section 95111(h) – Reporting requirements for the California Independent System Operator (CAISO) Energy Imbalance Market (EIM)

The proposed amendment specifies the reporting methodology required for the CAISO to calculate unspecified electricity imports into California in response to the Energy Imbalance Market (EIM). We support ARB's goal to minimize emissions leakage and propose that ARB refine this section to ensure that it aligns with the regulatory language being developed in the Cap-and-Trade regulation.

6. **Sections 95131(c)(5), (f) and (g) – Response times for requests from the ARB Executive Officer**

The proposed amendments would require reporters to provide a written response, including supporting documents and calculations, within five calendar days of a request from the Executive Officer. This reduction in response time by over 75 percent is unreasonable, particularly since the amendment does not consider non-workdays (weekends and holidays). This will not allow sufficient time to compile, review, and validate a reporter's response. PG&E proposes that ARB allow at least 10 business days for a reporter to respond to a request, and allow the Executive Officer to grant an extension. This provision will provide sufficient time for a response and align with Cap-and-Trade regulatory language, and will allow the reporter additional time for a response upon ARB approval if an extraordinary situation arises.

II. Additional Comments

The following additional comments are provided for your consideration to improve the quality of the MRR:

1. **Section 95105(b) – ARB Requests for Records**

PG&E recognize ARB staff's goal for timely responses to requests. Although we agree that a 10 day response period is reasonable, we believe that this should be ten **working** days, not calendar days, and include a provision for the Executive Officer or designee to grant an extension, if reasonable. MRR reporters represent the largest GHG emission sources in the state, and a majority of them are subject to the Cap-and-Trade regulation. It is therefore in the reporter's best interest to be responsive to ARB requests as the potential impacts under MRR are outweighed by the potential impacts from non-compliance with the Cap-and-Trade regulation.

2. **Section 95130(a)(2) – Requirements for Verification of Emissions Data Reports**

The number of independent, third-party verifiers available since the MRR was initially adopted has reduced significantly and only a limited number of verifiers have demonstrated sufficient expertise to understand PG&E's multiple and complex business operations. This has introduced a risk of non-compliance with the MRR because a verifier requires adequate time to understand the variations that exist within PG&E's operations and then complete the verification services in a timely manner. To mitigate these risks, PG&E suggests that ARB consider extending from six years to twelve consecutive years the period of time that a third-party verifier can work with the same entity. Since ARB has a robust program that ensures the quality of verifications, the integrity and success of the Cap-and-Trade Program will not be impacted by this change.

Additionally, since the California Climate Action Registry no longer exists, and has been succeeded by The Climate Registry, we suggest that this reference be deleted.

III. Conclusion

PG&E supports ARB's efforts to improve the MRR and Cap-and-Trade regulations in support of AB32 and trusts that these comments will improve the quality of the reports and minimize unnecessary risks of non-compliance for reporters. We would be happy to discuss this important topic with you further.

Sincerely,

/s/

Mark Krausse
Senior Director
State Agency Relations
Pacific Gas and Electric Company