



Jerilyn López Mendoza
Program Manager
Environmental Affairs

555 W. Fifth Street, GT17E5
Los Angeles, CA 90013

Tel: 213.244.5235
Fax: 213.244.8257

Email: jmendoza5@semprautilities.com

March 11, 2016

Jim Aguila
Branch Chief, Program Planning and Management Branch
California Air Resources Board
Industrial Strategies Division
1001 I Street – P.O. Box 2815
Sacramento, CA 95812
Submitted electronically via comment submittal form to **MRR-CPP-CT-AMEND-WS**

Re: Comments on Proposed Changes to Greenhouse Gas Mandatory Reporting Program as presented at the February 24, 2016, Workshop
--

Dear Mr. Aguila:

On behalf of the Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E), the following comments are respectfully submitted in response to the California Air Resources Board (ARB) Public Workshop on February 24, 2016. Our comments on the proposed changes to the Mandatory Reporting Regulation (MRR) program focus on the proposed change to the verification deadline.

I. PROPOSED CHANGE OF VERIFICATION DEADLINE FROM SEPTEMBER 1 TO AUGUST 1

SoCalGas and SDG&E are very concerned with ARB's proposal to move the current verification due date from September 1 of each year to August 1 of each year. We agree there may be time earlier in the year that could be utilized for activities related to verification, although some activities are outside of the control of reporters, such as: verifier's submittal of conflict of interest notices, notifications of verification services, and ARB written approval where required.

A. Limited number of Qualified Verifiers

SoCalGas agrees with commenters at the February 24, 2016, workshop regarding the limited number of ARB-Accredited Verification Bodies (verifiers) with specific knowledge and expertise for many of the complex facilities subject to verification. We understand that the ARB makes the effort to accredit both verification bodies as well as individual verifiers. However, it is SoCalGas and SDG&E's experience that there is a significant learning curve for every new verifier. This occurs even with an accredited transaction specialist. It is our experience that there are few accredited verifiers with significant knowledge of California utilities. Our operations staff often must spend extra time with verifiers for them become familiar not only with specific equipment types, but also with the particulars to electric and natural gas utilities. Every bit of extra time spent in assisting verifiers come up to speed with our operations affects the verification process timeline and the date of the final verification submittal.

For this reason, we suggest the ARB hold meetings with reporting stakeholders of specific industry sectors to learn more of the challenges reporters have faced during past verification cycles. Additionally, SoCalGas and SDG&E would appreciate if the ARB would consider development of specific utility verifier training in conjunction with utility experts. Considering that §95130(a)(2) allows a reporter to use the same verifier for six consecutive years, the limitation in §95130(a)(3) of having to wait for three years before one may use a previous verifier regardless of the number of years one has used them, is onerous. A reporter may change verifiers for many reasons including a previous verifier not being available the following year. To make reporters wait three years precludes the ability to hire a verifier that may have appropriate utility sector expertise. We request that §95130(a)(3) be clarified to indicate that a reporter must wait three years only if one has used the same verifier for six consecutive years.

B. Allowance for Unforeseen Circumstances

If the ARB does move the current verification deadline forward a full month, SoCalGas and SDG&E request that some allowance be made for unforeseen circumstances that are outside of a reporting entities control. Examples include: a verifier backing out of a contract to provide verification services right before field visits commence; the lead verifier becoming sick; or the lead verifier changing employment and all other accredited verifiers being unavailable. In cases such as these, the reporting entity should at minimum be given an extension or an exception for late verification submittal without penalty and/or a notice of violation. The reporting entity would have to advise the ARB of such issues in a timely manner in order to be eligible for extension/exception.

C. Areas for ARB Streamlining

It appears that every year the ARB puts more pressure on verifiers to reach the highest possible level of reporting accuracy, despite allowances for "differing but reasonable methods of truncation or rounding or averaging" in the definition of correctable error [§95102(a)(107)] and "that there is reasonable assurance that the emissions data report conforms to the requirements of this article" [§95131(b)(8)(F)]. It would be very helpful for the ARB to give a better explanation to both verifiers and reporters of what exactly are "reasonable methods" and "reasonable

assurance.” Unfortunately, the definition for reasonable assurance being “a high degree of confidence” is open to interpretation. Specification of a plus or minus percentage such as is used for meter accuracy [§95103(k)(6)] or use of a percentage and a “not to exceed” emission level as with calculation of de minimis emissions [§95103(i)] would be very useful. It is our experience that the most time consuming portion of the verification process is the iterative process during the verifiers’ investigation of discrepancies as required by §95130(b)(3)(G). Without additional guidance from the ARB, verifiers are able to hold a positive verification determination until they are satisfied with the resolution over the smallest and insignificant data difference. Another area for clarification is exactly what does “high risk” mean in terms of a “source determined to be in the sampling plan high risk” [§95131(b)(3)(C)].

D. Deadline Options

SoCal Gas and SDG&E think that a number of viable options for alternative verification due-dates to the proposed August 1 deadline were suggested by commenters at the February 24, 2016, workshop. For example, we would support either a “split the difference” date of August 15 or a bifurcated deadline requirement where companies with two or fewer facilities requiring verification have a due date two to four weeks earlier than those with three or more facilities to be verified. A later verification deadline for those years in which site visits are required also makes sense.

SoCalGas and SDG&E would also like the ARB to consider that changing the verification due date can impact other Greenhouse Gas reporting and verification activities including but not limited to The Climate Registry, EPA Gas Star and Carbon Disclosure Project.

Again, SoCalGas and SDG&E thank you for this opportunity to comment on the proposed changes to the MRR program, and we look forward to additional dialogue as the regulation amendment process for both the MRR program and Cap and Trade regulation moves forward. Please contact me if you have any questions or concerns about these comments.

Sincerely,



Jerilyn López Mendoza

Environmental Affairs Program Manager – Air Resources Board

SoCalGas

And on behalf of SDG&E