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**January 20, 2017**

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

**Re: Pacific Gas and Electric Company's Comments on the Air Resources Board's Proposed Amendments to the Mandatory Reporting Regulation 15-Day Text**

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) 15-day text (revisions). We appreciate ARB's efforts to improve the greenhouse gas (GHG) regulations and provide clarity to reporters subject to mandatory reporting.

Overall, these revisions improve the clarity of the regulation, streamline low-value but time-consuming reporting requirements, and provide more reasonable timelines for certain types of reporting. The main outstanding issue is ARB's proposal to move up to verification deadline, which remains of critical concern to PG&E and many other stakeholders. Section I below addresses ongoing concerns related to verification, and Section II highlights some of the improvements made in these revisions.

**I. The MRR Must Facilitate Accurate Verifications**

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

As noted previously, ARB's proposal to move up the annual verification deadline to August 1, which is maintained in the current MRR revisions, is of critical concern to PG&E. Of the 15 MRR reports that PG&E generates, 13 are verified annually in a complex process that include site visits to facilities located throughout the state. The proposal to move up the verification deadline for such a rigorous process increases PG&E's risk of untimely reporting, consequential enforcement actions, and loss of Cap-and-Trade allowance allocation.

PG&E appreciates that these concerns have been heard by staff to the extent that another workshop to address this issue is anticipated in early 2017. PG&E will certainly participate, with the goal of establishing a verification deadline that allows ARB staff to perform its tasks while also leaving enough time for reporting entities to submit accurate, verified data.

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

The MRR revisions do not address the reality that the number of independent, third-party verifiers available has significantly diminished since the MRR was initially adopted. The pool of qualified verifiers is even more limited when accounting for verifiers with sufficient expertise to understand the multiple and complex business operations of a large enterprise like PG&E. The limited size of the verifier pool has introduced risk of non-compliance for PG&E because of the time it takes for a new verifier to both come up to speed on PG&E's complex operations and also complete the necessary verification services in a timely manner.

PG&E strongly reiterates the suggestion to extend from six to twelve consecutive years the period of time that a third-party verifier can work with the same entity. This change would address a real and practical issue with little risk, as ARB's robust program to ensure the quality of verifications would safeguard the continued integrity and success of the Cap-and-Trade Program.

## **II. Laudable Improvements to the MRR**

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

PG&E appreciates the increase from 10 to fourteen business days to respond to records requests. While we maintain the suggestion that the regulation specifically indicate business days, the provision that additional time may be granted if an agreement is reached with ARB may provide the adequate flexibility in the case of larger records requests.

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

PG&E appreciates ARB's modification of this section to clarify that the necessary diagrams refer specifically to combustion emissions. As PG&E noted previously, requiring diagrams for minor equipment such as valves and pneumatic devices would be difficult and of limited value.

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

PG&E appreciates ARB's modification to not require reporting of generation source. As noted by ARB, requiring imported power to be disaggregated by generation source would have been unnecessarily complicated and of limited usefulness.

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

As noted in PG&E’s comments on the Cap-and-Trade amendment 15-day text, PG&E generally supports ARB’s interim approach to account for and recognize secondary emissions in the EIM. PG&E views the removal of revisions to this section as consistent with implementing the solution as described in the Cap-and-Trade amendments.

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

PG&E appreciates the change in reporting requirement from five to 14 days.

**III. CONCLUSION**

In conclusion, PG&E supports many of the changes made in the MRR revisions, and looks forward to the forthcoming discussion to identify an appropriate verification deadline in furtherance of timely and accurate GHG reporting.

Sincerely,

/s/

Nathan Bengtsson  
Senior Representative  
Pacific Gas and Electric Company