



Western States Petroleum Association  
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**Catherine Reheis-Boyd**  
President

January 20, 2017

Ms. Rajinder Sahota  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

via e-mail at: rsahota@arb.ca.gov

Re: WSPA comments ARB's 15-day AB 32 MRR Regulation Amendments Modification

Dear Ms. Sahota:

The Western States Petroleum Association (WSPA) is a non-profit trade association representing companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California and four other western states. WSPA appreciates this opportunity to provide comments on the proposed Air Resources Board (ARB) 15-day Modifications to the Proposed AB 32 Mandatory Reporting Regulations (MRR) Amendments, dated December 21, 2016.

WSPA has previously expressed our concern that the initially-proposed MRR Regulation Amendments increased the overall burden on reporters. This 15-day MRR Regulation Amendments Modification package has elements that appear to further increase that reporting burden with no regard to the potential consequences for accuracy and cost. In addition, the 15-day package does not appear to address in any meaningful way key concerns regarding unnecessary reporting requirements, critical methodology requirements, significant tightening of verification and reporting deadlines, or verification contract limits from the original MRR package. While this WSPA comment letter primarily addresses items related to the ARB's 15-day Modifications package, we would like to emphasize our disappointment that many of our previously-stated concerns have gone unaddressed. As a result, the WSPA comments provided in our September 19, 2016 letter (enclosed and incorporated herein by reference) remain valid.

**Section 95103(f) - Change in MRR Report Verification Deadline**

Despite overwhelming opposition by reporting entities, the proposed 15-day Modification package fails to address the moving up of the verification deadline to August 1<sup>st</sup>. In fact, the 15-day Modification package adds more time-consuming reporting requirements. As stated in the WSPA September 19, 2016 comment letter, moving the verification deadline from September 1<sup>st</sup> to August 1<sup>st</sup> in Section 95103(f) will create a significant burden for both reporting entities and verification bodies alike. By failing to address this issue in the 15-day Modification package, ARB staff is ignoring the long hours invested by reporting entities with staff on key issues such as the substantial current time pressures and limited number of qualified/willing verification firms as well as disregarding viable alternatives that were presented by WSPA in our September 19, 2016 comment letter.

**WSPA continues to strongly oppose the shortening of the MRR verification deadline from September 1<sup>st</sup> to August 1<sup>st</sup> and requests that the MRR verification deadline remain a September 1<sup>st</sup> deadline.**

### **Section 95103(l) - Reporting and Verifying Product Data**

It remains unclear as to why the MRR Regulation Amendment removed the capability to exclude accurate covered product data. Covered entities should have the option to do this if it is the right thing to do. Exclusion of covered product data reduces the entities potential allowance allocation and does not impact emissions data. An example of this situation would be where an entity identifies a covered product volume (e.g., CWB for a specific unit in Table 2-2) which is minimal and then chooses to not claim the volume as covered product. **WSPA requests ARB continue to allow entities to have the option to exclude covered product data.**

### **95105(c)(3) - Recordkeeping Requirements**

This modified section still requires every meter, pressure gauge, or temperature gauge that is used in emissions and CWB calculations to be identified on a diagram. As WSPA noted in our September 19, 2016 comment letter, this requirement is untenable. A drawing that shows product flow, and the relative positions of the meters is adequate to enable verifiers to locate that equipment in the field. In addition, it is not clear what the addition of the term 'combustion' means in this latest version of the regulation. It is WSPA's understanding that ARB desires to know where the metering/monitoring equipment is that is used for CWB or emission monitoring. It is not clear why the 'combustion emissions' have to be included or what this even means (i.e., emission rates, pollutant types). WSPA requests the following alternative language (in red):

*~~“Identification of measurement device location, and the location of any additional devices or sampling ports Reference to one or more diagrams (simplified block flow or piping and instrumentation diagrams) that provide a clear visual representation of the relative the~~  
~~locations and relative positions of all measurement devices and sampling locations, as~~  
~~applicable, required for calculating covered emissions and covered product data (e.g.~~  
~~temperature, total pressure, HHV, fuel consumption). The diagram(s) must include and label~~  
~~fuel sources, combustion emissions sources, and production processes, as applicable.”~~*

### **Section at 95131(b)(14)(B) - Requirements for Verification Services**

ARB has proposed to modify Section 95113(l)(3)(A) language to state:

*“Beginning with data year 2013, CWB throughputs are ~~is~~ considered covered product data and subject to the accuracy requirements of section 95103(k)~~material misstatement.~~”*

ARB has proposed to modify the Section 95131(b)(14)(B) language to state:

*“Verifiers must confirm that all covered product data specified in sections 95110-95124 and 95156 of this article conforms to the reporting requirements of MRR, including, but not limited to, meeting the applicable product data definitions, and meter accuracy and calibrations requirements. Covered product data subject to this confirmation include underlying product data that are measured and reported to support the calculation of other covered product data (e.g., CWB throughputs reported by refineries pursuant section 95113(l)(5) that are used to calculate the total facility CWB). Verifiers shall describe in their sampling plan how they determined that reported covered product data conforms to the requirements of MRR.”*

The first sentence in this section “Verifiers must confirm that **all** (emphasis added) covered product data specified in sections 95110-95124 and 95156 of this article conforms to the reporting requirements of MRR” can be easily misinterpreted by verifiers. As written, the new language implies a significant expansion of verification requirements that could result in a substantial impact on the refinery verification process as it changes the verification process from a risk-based focus on key large streams to cover every stream. For clarification of intent of this section, **WSPA requests that the first sentence in 95131(b)(14)(B) be revised to state “Verifiers must confirm via a representative sampling and review of covered product data...”**

#### **Section 95131(b)(12)(D) and (E) - Material Misstatement Assessment for CWB**

The new language in this section states that there will be a separate determination of material misstatement for every type of CWB product that has a different type of reporting unit (barrels, standard cubic feet, hp, etc.). **WSPA strongly believes that all of the products within a common unit (specifically barrels) at a refinery and production facilities should be evaluated as a single total to determine a material misstatement and that the regulatory language should be revised to reflect that approach.** The common unit of reporting CWB is bbls. Because some process unit throughputs are measured in different units, the new language in this section might be misinterpreted to require separate determinations of material misstatement. **To avoid the possibility of this misinterpretation, WSPA recommends that (D) and (E) be deleted.** The MRR Amendments introduce the term “reporting unit” which is not consistent with the terms used in the product based benchmarks. **For clarity, we propose that the term “benchmark units” be used.** This is consistent with Table 9-1 in the regulation.

#### **Section 95131(b)(12)(D) - Material Misstatement Assessment for Thermal and Non-Thermal Fields**

ARB proposes to require thermal and non-thermal fields to each have separate material misstatement assessments. This is an unduly burdensome requirement for split fields where a small portion (i.e., as little as 3% of the field) would require Material Misstatement assessment. Because a field itself, the associated oil production, and the related emissions are all very small, the 5% Material Misstatement reporting becomes an extremely small number, perhaps as small as a rounding error. It is not reasonable to require material misstatement for fields that are smaller than ARB’s own de minimus definition.

ARB is also treating these fields differently than every other sector. Both Thermal and Non-Thermal are reported in BBLs. There is no other sector forced to separate unless there are different units involved. Although ARB staff has stated its intent to regulate all industries based on a common unit of measure, a more stringent standard is proposed here for oil and gas production, putting owners of split fields at an arbitrary disadvantage compared to others. Fields having only thermal, or only non-thermal, production are not impacted.

**WSPA continues to oppose the proposed change which disadvantages some operators and our industry sector over others.** ARB should apply the same requirement to oil and gas production as all other sectors - material misstatement based on units of measure, in this case barrels.

#### **Section 95102 - Gas-to-Oil Ratio Definition**

In the MRR Regulation Amendments, the following language was added to the definition of “Gas-to-oil ratio”:

“Where used in this article, the terms “Total gas-to-oil ratio” and “Total GOR” refer to the ratio of the total volume of produced associated gas to the total volume of produced crude oil

from one or more wells, including any associated gas that is separated and either recovered or emitted to the atmosphere prior to the collection of samples for a Flash Analysis.”

As a result, the Total GOR is proposed to include calculations for “well testing venting and flaring” and “associated gas venting and flaring”. It is unclear to WSPA as to why this change is being made as it was not discussed in the ISOR. **WSPA requests that ARB provide clarity on this issue (i.e., identification of the issue that is being addressed with this change).**

WSPA appreciates ARB’s consideration of our comments and we look forward to your responses. If you have any questions, please contact me at this office, or Tiffany Roberts of my staff at (916) 325-3088 or email [troberts@wspa.org](mailto:troberts@wspa.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathy A. Boyd". The signature is written in a cursive style and is positioned above a thin horizontal line.

cc: Richard Corey - ARB  
Edie Chang - ARB  
Jim Aguila - ARB  
Tiffany Roberts - WSPA