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April 28, 2017

Submitted electronically

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: **Comments on Second 15-Day Changes to Mandatory Reporting Regulation**

Dear Ms. Nichols:

On April 13, 2017, the California Air Resources Board (CARB) released a second set of 15-day changes to the proposed amendments to the *Regulation for the Mandatory Reporting of Greenhouse Gas Emissions* (MRR). The M-S-R Public Power Agency (M-S-R)¹ provides these comments to the Board on the limited issue of proposed changes to the deadline for completion of third party verification of emissions data reports. M-S-R² and its member agencies continue to have grave concerns regarding the ability of reporting entities and verifiers to accurately complete the verification process by the proposed new deadline of August 10.

M-S-R urges the Board to reject the proposed amendments to the verification timeline, and retain the current deadline of September 1. In the proposed amendments to the MRR first released in August 2016, CARB sought to move the verification deadline in Section 95103 from September 1 to August 1 of each year. Opposition to the proposal was almost universal, with stakeholder representing a broad range of compliance entities, as well as verifiers, expressing concerns with the ability to accurately complete the verification process earlier than September 1. The Second 15-Day Changes, in response to stakeholder feedback and opposition to the August 1 deadline, alters the proposal by moving the deadline to August 10. While M-S-R appreciates CARB staff's recognition of the need for more time to complete the verification, shortening this already aggressive timeline by 20 days still has the potential to compromise the accuracy of the reports and verifications submitted, ultimately resulting in greater overall inefficiencies in the process. M-S-R understands that staff seeks this change due to the need to align with timelines set forth in the cap-and-trade program regulation. However, as M-S-R noted in comments to this Board submitted on September 19, 2016, which were echoed in both oral

¹ Created in 1980, the M-S-R Public Power Agency is a public agency formed by the Modesto Irrigation District, the City of Santa Clara, and the City of Redding. M-S-R is authorized to acquire, construct, maintain, and operate facilities for the generation and transmission of electric power and to enter into contractual agreements for the benefit of any of its members.

² M-S-R members are required to report greenhouse gas (GHG) emissions data pursuant to the MRR as facility operators and suppliers, and as electric power entities (EPEs).

and written comments submitted by a broad range of stakeholders, the accelerated schedule compromises the integrity of the verification process. There is nothing in the August 2, 2016 Staff Report that supports a determination that compliance entities will not be adversely impacted by the accelerated verification deadline or that is feasible to meet this new deadline, and the Board is asked to reject this proposal.

The verification process cannot begin until the emissions reports are final, and while entities can endeavor to complete their reports and submit them early, the collection and compilation of the data necessary to complete the EPE reports is a complex process. Even with diligence on the part of the reporting entity, the necessary data is not solely within the control of the reporting entity, and delays in receiving data from third parties, or the time required to review and correct such data must be part of the overall timeline. Any delays in obtaining and verifying data from third parties delays the EPE's process for reviewing the relevant data and ensuring that the final submission is accurate; M-S-R is rightfully concerned that any further constraints on this timeline would increase the risk of inadvertent errors and inaccuracies in the final submissions.

Furthermore, even with on-time or early completion of the EPE reports, the verification process itself is necessarily time consuming. Interactions with the verifier to clarify potential questions, and the iterative processes to review and assess the reports are time-consuming exercises. Staff had acknowledged the significant concerns raised by stakeholders and previously noted that further workshops or meetings would be held to address this issue. However, there were no further deliberations to address the very real concerns with the accelerated timeline, including the added burden that it would place on compliance entities and verifiers, or whether this shortened timeline is even practical or feasible.

M-S-R is very concerned that accelerating the verification timeline will lead to greater errors, or issuance of "qualified verifications" as verifiers attempt to hasten completion without sufficient time. Not only would such an eventuality result in a less efficient verification process, but it could compromise the timely allocation of allowances to electrical distribution utilities such as M-S-R's members. While staff's acknowledgment that the August 1 deadline was too aggressive and resulting proposal to move the new deadline to August 10 is much appreciated, the result is unfortunately the same. M-S-R respectfully urges the Board to reject the proposed amendments to Section 95103(f) and (h) and retain the September 1 deadline for verification of emissions reports.

M-S-R appreciates the opportunity to provide these comments and your consideration of these important issues.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. R. Hopper', with a stylized flourish at the end.

Martin R. Hopper
General Manager
M-S-R Public Power Agency