



**Taylor Miller**  
Senior Environmental Counsel

925 L Street, Suite #650  
Sacramento, CA 95814

Tel: 916-492-4248  
Fax: 916-448-1213  
tmiller@sempra.com

November 19, 2007

Ms. Pam Burmich  
Air Resources Board  
1001 I Street  
Sacramento, CA 95812

Re: Comments on Proposed Regulation for the Mandatory  
Reporting of Greenhouse Gas Emissions

Dear Pam:

Sempra Energy has the following comments concerning the proposed regulation issued October 19, 2007. We believe the regulation may benefit from further review and perhaps some adjustments as the Scoping Plan is developed next year and the detailed structure of the regulatory program and potential other regional and national programs take shape. Our comments on the proposed reporting regulation are set forth below. This letter will also be submitted to the Board Meeting Comment log.

1. The de minimis level is set to 3 percent or a total of 10,000 metric tonnes (MT) and is used for the purposes of applying specific calculation methods for numerous small sources that would otherwise need to be treated as separate units. (Section 95103(a)(6)). Sempra supports this type of provision. However, a limit of 10,000 MT seems unduly restrictive to any facility with larger emissions. We understand that emission units that fall under de minimis level are still required to be reported, albeit with the additional ability to estimate emissions with alternative methods. Sempra supports a de minimis level not to exceed a total of 25,000 MT rather than 10,000 MT. We note that general combustion sources emitting less than this amount are not required to report any emissions. This change would even the playing field and bring the de minimis level closer to 3 percent for power plant facilities with larger emissions output.
2. The rule requires SF<sub>6</sub> to be reported at the facility level using a mass balance approach. Due to the manner in which SF<sub>6</sub> is used in the field, reporting on a facility level may prove to be very difficult. Equipment requiring SF<sub>6</sub> is not generally maintained at a specific site. Since the rule will require a site visit for each facility as a part of the third party verification process, this could add

tremendous and unnecessary effort. SF6 is used primarily by utilities and the mass balance approach may be better served from a broader entity level review. Therefore, we request that an option be provided to report this information on an entity basis as we are now doing for the California Climate Action Registry.

3. The proposed regulation requires that California facilities report CO2 emissions to ARB following the methods and protocols outlined in 40 CFR Part 75. The Staff Report: Initial Statement of Reasons also states. "Whether an operator reports using CEMS or fuel-based emissions estimation methods, the proposed regulation stipulates that the operator shall continue to use the same methodology for all future years of reporting in order to maintain consistent comparison of emissions over time." (page 33). In addition, the rule requires all operators reporting with CEMS to maintain fuel records. With this in mind, ARB should consider the option of treating the first year of reporting, for 2008, as a true phase-in period where companies could use information gathered from that year to choose which method of reporting, fuel or CEMS based, is better suited for their operation going forward, where applicable.
4. Sempra indicated its concerns regarding the consistency between mandatory reporting protocols and the GHG inventory in its September 5, 2007 comments on the ARB mandatory reporting regulation. The problems remain. The proposed regulation for reporting of GHG emissions from electricity imported from out-of-state from unspecified sources creates a different level of GHG emissions than the methods currently being proposed by ARB for the GHG inventory. The GHG inventory going forward should be consistent with the reporting protocol, so that there is a single estimate of California's GHG emissions. Further, since California's goal for GHG reduction is in terms of returning to 1990 GHG emissions levels, the 1990 GHG inventory should be determined using similar assumptions as underlie the reporting protocol. Sempra has submitted additional comments on this consistency concern in our letter to ARB dated November 19, 2007 in support of comments made by Pacific Gas & Electric concerning the ARB inventory method.

Thank you for considering these comments and for your openness to comments and suggestions during the past year. Please contact me if you have any questions regarding these comments.

Sincerely yours,

/s/

Taylor O. Miller

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Cc: Doug Thompson  
Webster Tasat