TITLE 17. CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC HEARING TO CONSIDER AMENDMENTS TO THE REGULATION FOR THE MANDATORY REPORTING OF GREENHOUSE GAS EMISSIONS

The Air Resources Board (ARB or Board) will conduct a public hearing at the time and place noted below to consider adoption of amendments to California's existing Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (title 17, California Code of Regulations, section 95100 et seq.), which was developed pursuant to requirements of the California Global Warming Solutions Act of 2006.

DATE:	October 24, 2013
TIME:	9:00 a.m.
PLACE:	California Environmental Protection Agency Air Resources Board Byron Sher Auditorium 1001 I Street Sacramento, California 95814

RECEIVED FOR FILING PUBLICATION DATE
AUG 27 '13 SEP 06 '13
Office of Administrative Law

This item may be considered at a two-day meeting of the Board, which will commence at 9:00 a.m., October 24, 2013, and may continue at 8:30 a.m., October 25, 2013. This item may not be considered until October 25, 2013. Please consult the agenda for the meeting, which will be available at least 10 days before October 24, 2013, to determine the day on which this item will be considered.

INFORMATIVE DIGEST OF PROPOSED ACTION AND POLICY STATEMENT OVERVIEW

Sections Affected: Proposed amendments to sections 95101, 95102, 95103, 95104, 95105, 95110, 95111, 95112, 95113, 95114, 95115, 95116, 95117, 95118, 95119, 95120, 95121, 95122, 95123, 95129, 95130, 95131, 95132, 95133, 95150, 95151, 95152, 95153, 95154, 95155, 95156, 95157, title 17, California Code of Regulations. Proposed adoption of new section 95124 and Appendix B, title 17, California Code of Regulations.

Documents Incorporated by Reference:

1. Definition of Volatile Organic Compounds (VOC). 40 CFR Part 51.100(s). United States Environmental Protection Agency. March 31, 2009. http://www.epa.gov/ttn/naaqs/ozone/ozonetech/def_voc.htm (accessed August 2, 2013)
2. Definition of Toxic Air Contaminant. California Health and Safety Code, Section 39655(a). http://www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=39001-40000&file=39655 (accessed August 2, 2013)

3. ASTM D-70 – 09 "*Standard Test Method for Density of Semi-Solid Bituminous Materials (Pycnometer Method),"* 2010.

4. ASTM D-287 – 92 "*Standard Test Method for API Gravity of Crude Petroleum and Petroleum Products (Hydrometer Method),"* 2006.

5. ASTM D-1945 – 03 "*Standard Test Method for Analysis of Natural Gas by Gas Chromatography,"* 2003.

6. ASTM D-2597 – 94 "*Standard Test Method for Analysis of Demethanized Hydrocarbon Liquid Mixtures Containing Nitrogen and Carbon Dioxide by Gas Chromatography,"* 2004.

7. ASTM D-3710 – 95 "*Standard Test Method for Boiling Range Distribution of Gasoline and Gasoline Fractions by Gas Chromatography,"* 1999.

8. ASTM D-3588 – 98 "*Standard Practice for Calculating Heat Value, Compressibility Factor, and Relative Density of Gaseous Fuels,"* 2003.

9. ASTM D-4007 – 08 "*Standard Test Method for Water and Sediment in Crude Oil by the Centrifuge Method,"* 2008.

10. ASTM D-4052 – 09 "*Standard Test Method for Density, Relative Density, and API Gravity of Liquids by Digital Density Meter,"* 2009.

11. ASTM D-5002 – 99 *"Standard Test Method for Density and Relative Density of Crude Oils by Digital Density Analyzer,"* 2010.

12. ASTM D-5504 – 08 "*Standard Test Method for Determination of Sulfur Compounds in Natural Gas and Gaseous Fuels by Gas Chromatography and Chemiluminescence,"* 2008.

13. ASTM D-6228 – 10 "*Standard Test Method for Determination of Sulfur Compounds in Natural Gas and Gaseous Fuels by Gas Chromatography and Flame Photometric Detection,"* 2010.

14. California Health and Safety Code, Part 3 of Division 26, commencing with Section 40000. *Air Pollution Control Districts.* http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=hsc (accessed August 22, 2013).

15. "*Columbia River Treaty: Treaty between Canada and the United States of America relating to Cooperative Development of the Water Resources of The Columbia River Basin*," January 17, 1961.

16. EPA Method 15 "*Determination of Hydrogen Sulfide, Carbonyl Sulfide, and Carbon Disulfide Emissions from Stationary Sources,"* 1996.

17. EPA Method 16 "*Semicontinuous Determination of Sulfur Emissions from Stationary Sources,"* 1996.

18. EPA Method 8021B "*Aromatic and Halogenated Volatiles By Gas Chromatography Using Photoionization And/or Electrolytic Conductivity Detectors,"* 1996.

19. EPA Method 8260B "*Volatile Organic Compounds by Gas Chromatography/Mass Spectrometry (GC/MS),"* 1996.

20. EPA Method TO-14 "*Determination of Volatile Organic Compounds (VOCs) In Ambient Air Using Specially Prepared Canisters with Subsequent Analysis by Gas Chromatography,"* 1999.

21. EPA Method TO-15 "*Determination of Volatile Organic Compounds (VOCs) In Air Collected In Specially-Prepared Canisters and Analyzed By Gas Chromatography/Mass Spectrometry (GC/MS),"* 1999.

22. GPA 2174 – 93 "*Analysis Obtaining Liquid Hydrocarbon Samples For Analysis by Gas Chromatography,"* 1993.

23. GPA 2177 – 03 "*Analysis of Natural Gas Liquid Mixtures Containing Nitrogen and Carbon Dioxide by Gas Chromatography,"* 2003.

24. GPA 2261 – 00 "*Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography,"* 2000.

25. GPA 2286 – 95 "*Extended Gas Analysis Utilizing a Flame Ionization Detector,"* 1995.

26. ISO 12625-8:2010 "*Tissue paper and tissue products -- Part 8: Water-absorption time and water-absorption capacity, basket-immersion test method*," International Standards Organization, 2010.

27. ISO 50001 "*Energy Management Systems – Requirements with Guidance for Use*," International Standards Organization, 2011.

28. *"Official Methods of Analysis of the Association of Official Analytical Chemists*," 13th Ed., 1980, sections 32.025 to 32.030, under the heading "Method III (Potentiometric Method)."

29. "*Official Methods of Analysis of the Association of Official Analytical Chemists*," 13th Ed., 1980, sections 32.014 to 32.016 and 52.012.

30. *"Standards for Gas Service in the State of California, General Order No. 58A."* State of California, Public Utilities Commission, 1992.

Background and Effect of Proposed Rulemaking:

In 2006, the Legislature passed and Governor Schwarzenegger signed the California Global Warming Solutions Act of 2006 (Assembly Bill 32 (AB 32); Stats. 2006, chapter 488). In AB 32, the Legislature declared that global warming poses a serious threat to the economic well-being, public health, natural resources, and environment of California. AB 32 created a comprehensive, multi-year program to reduce greenhouse

gas (GHG) emissions in California, with the overall goal of restoring emissions to 1990 levels by the year 2020.

One of the requirements of AB 32 is that ARB must adopt a greenhouse gas reporting regulation. To comply with this requirement, the Board approved the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (reporting regulation) at its December 2007 Board meeting. The reporting regulation became effective on January 2, 2009.

Over the past five years, ARB staff has implemented the California greenhouse gas reporting program established by the reporting regulation. Under the program, over 700 facilities and entities annually submit to ARB their GHG emissions data reports, the majority of which are verified as accurate and complete by ARB-accredited third-party verifiers. Information about the program can be found at: http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep.htm.

At its December 2010 public hearing, the Board approved amendments to the reporting regulation to support the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (title 17, CCR, section 95800 et seq.) (Cap-and-Trade regulation) data requirements, harmonize to the extent feasible with the United States Environmental Protection Agency's (U.S. EPA) Final Rule on Mandatory Reporting of Greenhouse Gases (rule), and align with the Western Climate Initiative (WCI) reporting structure. Those amendments to the reporting regulation became effective on January 1, 2012.

In September 2012, the Board approved additional amendments to the reporting regulation, as well as updates to the definition sections of the AB 32 Cost of Implementation Fee Regulation and the Cap-and-Trade regulation. These updates were necessary to streamline and avoid duplicate GHG reporting, to further align with U.S. EPA's GHG rule, and to continue to provide the highest quality data needed to support California's Cap-and-Trade program. These amendments to the reporting regulation became effective on January 1, 2013. Links to the rulemaking documents are located here: http://www.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr-regulation.htm.

ARB staff is proposing amendments to the reporting regulation to be heard at the Board's October 24-25, 2013 hearing. The proposed updates are needed to continue to support benchmarking, allocation of allowances and the covered emissions calculation under the Cap-and-Trade regulation; and to ensure that reported GHG emissions data is accurate and complete in order to support California's other climate and GHG reduction programs, including the statewide GHG emission inventory. Staff is not proposing any changes to further align with the U.S. EPA's GHG reporting rule at this time. U.S. EPA is currently undergoing a regulatory amendment process to add in new emission factors, modify emission estimation and calculation methods, and revise global warming potentials but these amendments are not yet final. Once final, ARB will evaluate the revisions to determine whether a future rulemaking action to further amend

the California reporting regulation is necessary.

Objectives and Benefits of the Proposed Regulation:

The purpose of the proposed amendments to the reporting regulation is to carry out the goals of AB 32 and maintain a robust and accurate GHG reporting program. The mandatory reporting program tracks the emissions from reporting entities over time, demonstrating progress in reducing GHG emissions. The proposed amendments will support the Cap-and-Trade regulation with the highest quality of data by collecting additional information to ensure the accuracy of the data used for benchmarking, allocation of allowances, and the covered emissions calculation. Additionally, the amendments will help to make certain that reported GHG emissions data is accurate and complete in order to support emissions reduction programs throughout the state.

Anticipated benefits of the proposed revisions include improved clarity for each reporting entity's reporting and verification obligations, more accurate GHG emissions estimates from corrected or updated emissions calculation methods and emission factors, improved methods to support the accuracy of the statewide GHG inventory program and continued robust methods for reporting emissions and product data in order to support ARB's Cap-and-Trade regulation. These benefits may also result in indirect benefits to the health and welfare of California residents, worker safety, and the state's environment by ensuring that the state has an accurate inventory of GHG emissions to support programs which will reduce emissions and directly improve the health and welfare of California residents, worker safety, and the state's environment.

Below is a summary of proposed updates to the reporting regulation. A more detailed description of the proposed updates appears in the Summary and Rationale section of the Initial Statement of Reasons (ISOR).

Applicability: Proposed revisions in this section have been added to require GHG reporting by facilities in the lead production sector. This sector was specifically not included in prior updates to the reporting regulation, as there was no known lead production facility in the state which met applicability requirements for GHG reporting. With the identification of lead production facilities in the state that meet the applicability requirements, staff is now proposing to include emission and product data requirements in new section 95124. Additionally, staff is also proposing to add emissions and product data reporting requirements for other sectors listed in the U.S. EPA's GHG reporting rule that had previously been excluded from California's reporting regulation due to the lack of identified sources in the state. These sectors will now be required to report if they either meet the applicability requirements or begin industrial operations in the state.

Staff added language to clarify that vented and fugitive emissions must be included in the calculation for the applicability threshold, as well as emissions from hydrogen fuel cell units.

Cessation of Reporting and Verification: Staff has proposed revisions to clarify the cessation of reporting as well as the cessation of verification requirements. The cessation requirements for reporting and verification are now broken out into two separate sections for greater clarity. Additionally, the proposed revisions clarify the different cessation of reporting requirements between the mandatory reporting and Cap-and-Trade regulations.

The revisions specify that a reporting entity must fully comply with the Cap-and-Trade requirements. When a covered entity is no longer subject to the Cap-and-Trade program, the entity must continue to comply with the cessation of reporting and verification requirements.

Definition Clarifications and Additions: Existing definitions were clarified to minimize ambiguity. New definitions were added to support updated provisions described in this staff report, such as new product data categories, new language related to electric power entities, and clarifications of existing terms including emissions data reports, correctable errors, and common control.

Abbreviated Reporters: Additional, minor requirements were added for abbreviated reporters to ensure data compatibility with non-abbreviated emissions data reports. This new data includes attributing percentages of aggregated fuel consumption to the unit type categories specified in section 95115(h), separately reporting electricity generating units from other general stationary combustion units, and including emissions from hydrogen fuel cell units in their reports. Additionally, staff has clarified the requirement for abbreviated reporters to correct known errors in their emissions data reports, if discovered after the original submission of their report, ensuring the most accurate data reporting possible.

Reporting 2013 data in 2014: Because the proposed amendments to this reporting regulation will become effective after the data has been collected for 2013, staff specifically describes reporting of 2013 data in 2014 for new reporting requirements. The language in this section is applicable to new reporting requirements in the following areas: product data reporting requirements found in subarticles 3 and 5; reporting requirements for operators of hydrogen and lead production facilities, suppliers of natural gas, and electric power entities. Provisions are also added for indicating which requirements are applicable for 2014 data reported in 2015.

Metering Requirements: Staff added language to exempt certain non-financial transaction meters used by Public Utility Gas Corporations (PUGCs) from the metering accuracy requirements, if they are operated and maintained in conformance with a standard that meets the measurement accuracy requirements of the California Public Utilities Commission General Order 58A. This was added so that PUGCs do not have to meet two different metering standards for the same meters. Additionally, it ensures the continued accuracy of the non-financial transaction meters by requiring the PUGC to demonstrate accuracy requirements specified in the California Public Utilities

Commission General Order 58A, which is consistent with the existing reporting requirements.

Product Data Reporting: Staff added language to allow exclusions from reporting of covered product data under certain conditions. This new provision applies to all covered product data reporting except for the data reported by the cement sector in section 95110(d). This new provision also includes a requirement for each reporting entity to include which covered product data was excluded, for tracking purposes. These modifications allow increased flexibility for reporting covered product data.

Facility Ownership: To clarify the reporting and verification responsibilities during a change of ownership, staff has proposed amendments that specify the steps which must be taken by the parties, and who is responsible for reporting. This ensures the consistent and continuous reporting of a reporting entity.

Reporting Data to Support the Adaptive Management Plan for the Cap-and-Trade Regulation: Staff added a requirement for facilities to indicate if their non-GHG emissions (i.e., criteria and toxic pollutant emissions) may have increased since the last reporting period, and the reason for such potential increases. This information will be used to support the Adaptive Management Plan for the Cap-and-Trade regulation. Specifically, the data collected will be used to provide on-going evaluation and adjustments to the Cap-and-Trade regulation, as it relates to localized air quality impacts due to implementation.

Recordkeeping Requirements: All facilities with greater than 25,000 metric tons CO_2e of emissions must prepare and maintain a GHG Monitoring Plan. New language specifies that this applies also to biomass-derived CO_2 emissions, geothermal emissions, and fuel suppliers. Maintaining a GHG Monitoring Plan helps to ensure compliance and best practices, facilitate more efficient verification, and provide a consistent treatment among the facilities at the greater than 25,000 metric tons CO_2e emission level.

Electric Power Entities: The proposed amendments for electric power entity reporting address issues related to specified source and asset-controlling supplier power claims. The amendments would build on requirements developed in the 2012 rulemaking to more clearly distinguish between specified, unspecified, and asset-controlling supplier power products. The amendments proposed for system power language would require purchasers of system power that has a carbon content above the default emission factor to report imported power using a system power emission factor calculated by ARB, instead of the lower default emission factor for unspecified power, in order to accurately reflect the carbon content of the system power.

Multiple Electricity Generation and Cogeneration Units with Multiple Dedicated End Users: Under the proposed revisions, if a facility includes more than one cogeneration (cogen) system or electricity generating unit and provides or sells generated energy to more than one end user, and the generated energy from the multiple units is not mixed before being supplied to a particular end user, the entity must report the energy

disposition by unit or system. This requirement does not apply if the energy generated by multiple units is commingled and supplied to the same end users. It enables the assessment of carbon cost pass-through from the cogen facility operator to their thermal hosts, separately from other units that are not part of the cogen system.

Cooling Energy: New language proposed by staff requires facility operators to provide information about thermal energy which is used to produce cooling energy or distilled water for a customer outside of its facility boundary or for on-site industrial processes or operations that are neither in support of nor a part of the power generation system. This new requirement allows affected reporting entities to complete their system energy balance.

Refineries: Proposed updates in this section include clarifying text describing the verification of primary refinery products and the Solomon EII value. The proposed revisions outline which verification requirements need to be followed for present and future data submissions. A new reporting requirement added to annually determine the density of each carbon weighted tonne throughput will allow for an accurate assessment of this covered product data. Additionally, complexity weighted barrel requirements were added to support the allocation of allowances in the Cap-and-Trade program. The complexity weighted barrel requirements are similar to the carbon dioxide weighted tonne throughputs, but are reported in barrels as opposed to metric tons of throughput.

Updates have also been made so that refineries who also supply transportation fuels report the transportation fuels under a separate ARB ID from the refinery. This ensures that the covered refinery emissions are reported and verified separately from the fuel supplier emissions It also clarifies verification requirements by requiring verifiers to consider the refinery emissions separately from the supplier emissions, thereby facilitating an effective verification of the transportation fuel.

Hydrogen Fuel Cells: The past few years has seen a growth in installation of new hydrogen fuel cell units. To support the state-wide inventory of electricity generation emissions and to help ARB monitor the growth in hydrogen fuel cell installations, emission calculation methods for hydrogen fuel cell are added.

Hydrogen Production: Staff is also proposing several new requirements for hydrogen production facilities. The source category description has been edited to include facilities which do not sell hydrogen, but rather consume all the hydrogen they produce on-site (e.g., R&D facilities). To support both the GHG statewide inventory, new requirements have been added which require reporting of carbon and hydrogen content and CH_4 and N_2O combustion emissions. Reporters will also be required to report the amount of on-purpose and by-product hydrogen production at their facility. Reporters will need to include their flaring emissions, a requirement that was originally in the 2007 version of the reporting regulation, but was inadvertently omitted during the harmonization with the U.S. EPA rule. Finally, reporters will be required to adjust their facility emissions for both transferred CO_2 to guard against double-counting and provide data consistency for all report facilities. These updates support the development of an

accurate GHG inventory and support benchmarking and allocation analyses in the Cap-and-Trade program.

Stationary Combustion Sources: Staff revised this section to simplify emissions estimation for biomass-derived fuel, allowing use of the Tier 1 or Tier 2 methodologies when biomass fuels are mixed with fossil fuels. Staff also provided a correction for the aggregated data reporting requirement, so fuel use percentages are reported instead of heat input values, which is consistent with the reporting tool inputs. Staff also added new product data reporting requirements for several industrial sectors. This additional reporting is needed for Cap-and-Trade benchmarking and allocation of free allowances to the affected sectors.

Lime Production Emissions: For some industrial sectors that produce lime, the CO_2 produced is reintroduced into the manufacturing process and not released into the atmosphere. Staff has proposed updated emissions estimation method accounts for CO_2 reinjected and recovered in production, so emissions can be treated appropriately in the Cap-and-Trade program.

Fuel Suppliers: Several revisions have been added for suppliers of transportation fuels, natural gas, natural gas liquids, and liquefied natural gas (LNG). The first allows all fuel suppliers to use *de minimis* provisions in reporting. This ensures consistency with other reporting entities, which already are allowed to use *de minimis* provisions. For transportation fuel suppliers, staff added language to delineate which fuels are required to be reported. Specifically, the new language clarifies that fuel used for aviation or marine purposes is not reported as a transportation fuel, primarily because the fuel is largely combusted outside of California.

In addition, staff also revised the definition and reporting requirements for operators of intrastate pipelines to better clarify the applicability and reporting requirements for operators of intrastate pipelines delivering natural gas. This addition was made to ensure consistent and complete reporting of all natural gas delivered to end-users within California. New provisions affecting natural gas utilities were also added, which require utilities to report customer data regarding deliveries to smaller end-users and 're-deliveries' to other natural gas utilities. The new reporting requirements will enhance ARB staff's ability to accurately and promptly determine the covered emissions value for the natural gas utilities.

Lastly, additions were made to the applicability requirements and reporting requirements that require all liquefied natural gas production facilities to quantify and report emissions from delivered LNG product if the facility is receiving the natural gas feedstock for the liquefaction process from an interstate pipeline. This addition ensures that there are no gaps in reporting natural gas supplied in California.

Petroleum and Natural Gas Systems: The majority of the proposed changes to Subarticle 5 will correct clerical references, address past omissions, and provide additional clarity. The definition of an onshore petroleum and natural gas production

facility was clarified to support the allocation of allowances in the Cap-and-Trade program. Additional edits provide clarity to the reporting of stationary combustion emissions, particularly combustion emissions associated with non-pipeline quality natural gas. Staff has also proposed new language to require reporting of emissions from completions and workovers from oil wells in addition to gas wells. This will result in more complete emissions coverage as the majority of wells in California are for oil.

To address cost concerns, staff has proposed revisions to add flexibility in leaker emission reporting by allowing the use of both the population counts and the sampling method for estimating emissions.

Staff has also added new language to require that the amount of dry gas produced is also reported. While this was optional in prior data years, it is now required to support Cap-and-Trade allowance allocations. Other new language requires the reporting of the crude fraction and associated gas fraction of emulsion piped as an emulsion as defined in section 95102(a), also to support Cap-and-Trade allowance allocation. Finally, staff proposed that onshore natural gas processing facilities with an annual throughput of 25MMscf/day or more are required to report volumes of gas processed.

Flash Liberation Test: ARB staff has proposed to add in a new test procedure, which details an ARB methodology for the testing and determination of produced water, crude oil and condensate emissions via a flash liberation test. This procedure is a cost-effective method of determining gas-to-oil and gas-to-water ratios for oil wells. The test procedure is included in new Appendix B of this regulation.

Verification: Several provisions related to verification services and verification bodies have been updated. New language clarifies specific requirements for the conformance evaluation. Staff is also proposing updates to allow for multiple product data verification statements in cases where multiple product types are reported (e.g., primary refinery products and carbon weighted tonne). Staff has also added language to clarify the intent of the correctable error requirements in section 95131(b)(9).

Staff added language to clarify requirements of liability insurance for verification bodies, as well as simplifying the withdrawal requirements for verification bodies who no longer wish to participate in the mandatory reporting program. Clarifying language allows verification bodies to perform multiple third-party verification services for the same reporting entity under the auspices of different GHG reporting programs, and avoid a high conflict determination, provided that the verification body continues to observe the requirements of mandatory reporting conflict of interest determination.

General: Staff has proposed modifications in a number of other sections, in order to maintain consistency in the structure of the regulation. None of these minor modifications are intended to alter requirements – several of the updates or additions correct clerical oversights and references, while others renumber sections for uniformity with the remainder of the reporting regulation.

DETERMINATION OF INCONSISTENCY AND INCOMPATIBILITY WITH EXISTING STATE REGULATIONS

During the process of developing the proposed regulatory action, ARB has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

MANDATED BY FEDERAL LAW OR REGULATION

This regulation is not mandated by federal law or regulations.

COMPARABLE FEDERAL REGULATIONS

As mentioned previously, the U.S. EPA requires mandatory GHG reporting (*Mandatory Reporting of Greenhouse Gases; Final Rule*. 40 CFR Parts 86, 87, 89, 90, 94, and 98. United States Environmental Protection Agency. October 30, 2009). Staff does not believe the proposed regulation is inconsistent with existing federal law. In fact, this proposed amended regulation was developed to minimize, to the greatest extent possible, any redundant State and federal reporting, while also ensuring that ARB is collecting the necessary additional information required by California's various GHG programs, including the Cap-and-Trade regulation, fee regulation, and the statewide GHG inventory.

AVAILABILITY OF DOCUMENTS AND AGENCY CONTACT PERSONS

ARB staff has prepared a Staff Report: Initial Statement of Reasons (ISOR) for the proposed regulatory action, which includes a summary of the economic and environmental impacts of the proposal. The ISOR is entitled: "Staff Report: Initial Statement of Reasons for Rulemaking: Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions."

Copies of the ISOR and the full text of the proposed regulatory language may be accessed on ARB's website listed below, or may be obtained from the Public Information Office, Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814, (916) 322-2990 on September 4, 2013.

Final Statement of Reasons Availability

Upon its completion, a Final Statement of Reasons (FSOR) will be available and copies may be requested from the agency contact persons in this notice, or may be accessed on ARB's website listed below.

Agency Contact Persons

Inquiries concerning the substance of the proposed regulation may be directed to the designated agency contact persons, Dr. David Edwards, Manager of ARB Climate Change Reporting Section, Air Quality Planning and Science Division at (916) 323-4887, or Ms. Joelle Howe, Air Pollution Specialist, at (916) 322-6349.

Further, the agency representative and designated back-up contact persons to whom nonsubstantive inquiries concerning the proposed administrative action may be directed is Ms. Trini Balcazar, Regulations Coordinator, (916) 445-9564. The Board staff has compiled a record for this rulemaking action, which includes all the information upon which the proposal is based. This material is available for inspection upon request to the contact persons.

Internet Access
This notice, the ISOR and all subsequent regulatory documents, including the FSOR, when completed, are available on ARB's website for this rulemaking at: http://www.arb.ca.gov/regact/2013/ghg2013/ghg2013.htm.

DISCLOSURES REGARDING THE PROPOSED REGULATION
The determinations of the Board's Executive Officer concerning the costs or savings necessarily incurred by public agencies and private persons and businesses in reasonable compliance with the proposed regulations are presented below. Chapter VI of the ISOR for the proposed regulation includes additional data on the estimated costs to affected entities.

Fiscal Impact / Local Mandate
Pursuant to Government Code sections 11346.5(a)(5) and 11346.5(a)(6), the Executive Officer has determined that the proposed regulatory action would result in a marginal cost increase to 6 state agencies (universities and prison) and 21 local government entities (power plants, wastewater treatment plants, landfills, and airports operated by local government entities). ARB estimated that each affected state agency may see an incremental cost increase of approximately $1,000 in the first year and $230 in the on-going years. Each affected local government entity may see an incremental cost increase of approximately $1,200 in the first year and $250 in the on-going years.

Because the regulatory requirements apply equally to all reporting categories and unique requirements are not imposed on local agencies, the Executive Officer has determined that the proposed regulatory action imposes no costs on local agencies that are required to be reimbursed by the state pursuant to part 7 (commencing with section 17500), division 4, title 2 of the Government Code, and does not impose a mandate on local agencies that is required to be reimbursed pursuant to Section 6 of Article XIII B of the California Constitution. In addition, there are no other nondiscretionary costs or savings imposed upon local agencies.

Pursuant to Government Code sections 11346.5(a)(5) and 11346.5(a)(6), the Executive Officer has determined that the proposed regulatory action would not create costs or savings in federal funding to the state, or costs or mandate to any school district whether or not reimbursable by the state pursuant to Part 7 (commencing with section 17500), division 4, title 2 of the Government Code.

Adoption of the proposed revisions has no additional fiscal impact on ARB. No change in staffing level is needed to administer the program under the revised rule. ARB fiscal

expenses needed for integrating the proposed amendments into the existing reporting systems are already accounted for in the current operational budget that was proposed in the previous amendment to the rule.

Significant Statewide Adverse Economic Impact Directly Affecting Business, Including Ability to Compete

The Executive Officer has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Cost Impacts on Representative Private Persons or Businesses

In developing this regulatory proposal, ARB staff evaluated the potential economic impacts on representative businesses and determined that private businesses may see an incremental cost increase as the result of the proposed regulatory action. Approximately half of all the businesses currently subject to the existing reporting regulation may experience a cost increase due to the proposed action; while the other businesses are not expected to see a noticeable change in cost of compliance.

ARB staff estimates that the amended requirements will lead to a cost increase of $56 million for private business entities over 8 years. For an average private business entity not in the oil and gas sector, the amendments are expected to result in an average annual cost increase of approximately $3,480 in the initial year and $2,300 in the ongoing years per business entity (which may operate multiple facilities, each of which may be impacted by the regulation amendments differently). Although the cost impacts to individual businesses in the oil and gas sector are expected to vary widely depending on the scale of their operations, the average incremental cost per company is estimated to be approximately $479,000 in the initial year and ongoing years. Staff estimated that 98.5% of all the cost impacts occur in the oil and gas sector.

The Executive Officer has made an initial determination that the proposed regulatory action would not have a significant statewide economic impact directly affecting representative private persons.

Results of the Economic Impact Assessment Prepared Pursuant to Government Code Sec. 11346.3(b)

Effect on Jobs/Businesses:

The Executive Officer has determined that the proposed regulatory action would not affect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California. A detailed assessment of the economic impacts of the proposed regulatory action can be found in Chapter VI Economic Impacts of the ISOR.

Benefits of the Proposed Regulation:

Anticipated benefits of the proposed revisions include improved clarity for reporting entity's reporting and verification obligations, more accurate GHG emissions estimates from corrected or updated emissions calculation methods and emission factors, improved methods to support the accuracy of the statewide greenhouse inventory program and continued robust methods for reporting emissions and product data in order to support ARB's Cap-and-Trade regulation. These benefits may also result in indirect benefits to the health and welfare of California residents, worker safety, and the state's environment by ensuring that the state has an accurate inventory of GHG emissions to support programs which will reduce emissions and directly improve the health and welfare of California residents, worker safety, and the state's environment. A further discussion on the economic impacts of the proposed regulatory action can be found in the Economic Impact Analysis in the ISOR.

Effect on Small Business

The Executive Officer has also determined, pursuant to California Code of Regulations, title 1, section 4, that the proposed regulatory action would not affect small businesses because none of the affected companies qualify for the small business status based on the California Government Code section 11342.610 definition.

Housing Costs

The Executive Officer has also made the initial determination that the proposed regulatory action will not have a significant effect on housing costs.

Business Report

In accordance with Government Code sections 11346.3(c) and 11346.5(a)(11), the Executive Officer has found that the reporting requirements of the regulation which apply to businesses are necessary for the health, safety, and welfare of the people of the State of California.

Alternatives

Before taking final action on the proposed regulatory action, the Board must determine that no reasonable alternative considered by the Board or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. Since the proposed amendments are made to the existing reporting regulation, and given that these proposed amendments do not have a significant adverse fiscal or economic impact, no alternatives, other than one in which no regulatory amendments would be made and ones in which the specific amendments to various sector requirements are compared to harmonization with the applicable U.S. EPA rule requirements or data collected from other sources, were considered. These alternatives are fully described in Chapter II of the ISOR.

Environmental Analysis

In accordance with ARB's certified regulatory program, California Code of Regulations, title 17, sections 60006 through 60007, and the California Environmental Quality Act, Public Resources Code section 21080.5, ARB has conducted an analysis of the potential for significant adverse and beneficial environmental impacts associated with the proposed regulatory action. The environmental analysis of the proposed regulatory action can be found in Chapter IV of the ISOR.

WRITTEN COMMENT PERIOD AND SUBMITTAL OF COMMENTS

Interested members of the public may present comments relating to this matter orally or in writing at the meeting, and may provide comments by postal mail or electronic submittal before the meeting. The public comment period for this regulatory item will begin on September 9, 2013. To be considered by the Board, written submissions not physically submitted at the hearing must be submitted on or after September 9, 2013, and received **no later than 12:00 noon, October 23, 2012**, and must be addressed to the following:

Postal mail: Clerk of the Board, Air Resources Board

1001 I Street, Sacramento, California 95814

Electronic submittal: http://www.arb.ca.gov/lispub/comm/bclist.php

You can sign up online in advance to speak at the Board meeting when you submit an electronic board item comment. For more information go to: http://www.arb.ca.gov/board/online-signup.htm

Please note that under the California Public Records Act (Gov. Code, § 6250 et seq.), your written and verbal comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

ARB requests that written and email statements on this item be filed at least 10 days prior to the hearing so that ARB staff and Board members have additional time to consider each comment. The Board encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for modification of the proposed regulatory action.

Additionally, the Board requests but does not require that persons who submit written comments to the Board reference the title of the proposal in their comments to facilitate review.

AUTHORITY AND REFERENCES

This regulatory action is proposed under that authority granted in Health and Safety Code, sections 38510, 38530, 38560, 38562, 38564, 38570, 38571, 38580, 38597, 39600, 39601, 39607, 39607.4, and 41511. This action is proposed to implement, interpret and make specific sections 38501, 38505, 38510, 38530, 38560.5, 38564, 38565, 38570, 38580, 38597, 39600, 39601, 39607, 39607.4, and 41511 of the Health and Safety Code.

HEARING PROCEDURES

The public hearing will be conducted in accordance with the California Administrative Procedure Act, title 2, division 3, part 1, chapter 3.5 (commencing with section 11340) of the Government Code.

Following the public hearing, the Board may adopt the regulatory language as originally proposed or with nonsubstantial or grammatical modifications. The Board may also adopt the proposed regulatory language with other modifications if the text as modified is sufficiently related to the originally proposed text that the public was adequately placed on notice that the regulatory language as modified could result from the proposed regulatory action. In the event that such modifications are made, the full regulatory text, with the modifications clearly indicated, will be made available to the public for written comment at least 15 days before it is adopted.

The public may request a copy of the modified regulatory text from ARB's Public Information Office, Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814, (916) 322-2990.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 10 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envié un fax a (916) 322-3928 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

CALIFORNIA AIR RESOURCES BOARD

Richard W. Corey
Executive Officer

Date: August 27, 2013

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.arb.ca.gov.