



## Summary of ARB Draft Regulations

1. The geographic scope for each report will be at the facility level (additional reporting requirements for retail electricity providers)
  - a) Each facility report will need to be verified by an ARB approved verification firm
2. The entity with operational control of the facility is the reporting entity (there is no option for equity share reporting).
3. Exempt from reporting under the draft regulations:
  - a) Hospitals identified as SIC 8069
  - b) Schools identified as SIC 8299
  - c) Electricity generating facilities that are solely nuclear, hydro, wind or solar
4. Indirect energy (heat and electricity) consumption is included in all reports
5. The operator or retail provider needs to report the sale, disbursement, purchase or acquisition of 50 lbs. or more of SF6, HFC or PFC. This applies to all reporters.
6. Emissions calculation methodologies are included in the draft regulations, most of which are the same as in Registry protocols, with some additional methodologies (refineries and biomass in particular).
7. ARB developed sector specific regulatory language for:
  - a) General Stationary Combustion Facilities:
    - General Stationary Combustion facilities are any facility (likely manufacturing or processing of some type) that emit > 25,000 metric tons CO<sub>2</sub> per year from combustion units.
    - ARB estimates that at least 140 general combustion facilities meet the 25,000 mt/yr threshold.
    - All CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub> emissions from stationary combustion sources at the facility must be reported.
    - Emissions reported separately by process unit, fuel type and specific GHG.
    - No process or fugitive emissions are to be reported under this category.
  - b) Electricity Generating Facilities and Retail Electricity Providers:
    - All facilities with a generating unit >1MW capacity
    - Process emissions: CO<sub>2</sub> from acid gas scrubbers
    - Fugitive emissions: CO<sub>2</sub> (geothermal), CH<sub>4</sub> (coal storage), HFC (generator cooling units), SF<sub>6</sub> (T&D systems)
    - Load based reporting included in current draft regulations, but may change to First Seller before finalized. Contingent on PUC decision.
    - Wholesale Power Purchases for sale to retail customers (MWh)
      - (1) Purchases from specified sources (in & out of state) including power reported by counter party, counter party facility ID, and region of origin.
      - (2) Purchases from unspecified sources
    - Wholesale Power Sales (MWh)

- (1) Sales by counterparty, if known.
  - (2) In state and out of state designation required, if known.
  - Emission Factor for Retail Providers (Similar to Registry Efficiency Metric, but renewable power purchases handled differently)
  - Regional emission factors for unspecified power differ from PUP
  - Indirect emissions: Energy purchased and consumed at buildings and facilities, not including generation facilities.
  - Transmission and Distribution Losses (details for estimating T&D losses not included in this draft of the regulations):
    - (1) Only for power purchases from specified sources.
    - (2) Emission factor for Unspecified purchases should include T&D losses.
    - (3) No separate T&D losses from wheeled power (should be built into final ARB T&D loss factors)
- c) Cogeneration Facilities with electricity generating capacity > 1 MW:
- Required to report distributed emissions for electricity generation and thermal energy production separately.
  - Same Process & fugitive emissions as electricity generation units.
- d) Cement Plants:
- Process emissions: CO<sub>2</sub> from cement manufacturing
  - Fugitive emissions: CH<sub>4</sub> (coal storage)
  - If cogeneration unit at facility then all process and fugitive emissions for electricity generation unit apply
  - Efficiency metric: CO<sub>2</sub>/metric ton of cementitious product
- e) Petroleum Refineries:
- Numerous emissions calculation methodologies specific to petroleum refining processes.
  - Process emissions: CO<sub>2</sub> (catalytic cracking), CO<sub>2</sub> (hydrogen production), CO<sub>2</sub>, CH<sub>4</sub> & N<sub>2</sub>O (process vents), CH<sub>4</sub> (asphalt blowing), CO<sub>2</sub> (sulfur recovery)
  - Fugitive emissions: CH<sub>4</sub> & N<sub>2</sub>O (wastewater treatment), CH<sub>4</sub> (oil water separators), CH<sub>4</sub> (storage tanks), CH<sub>4</sub> (equipment fugitive emissions).
  - If cogeneration unit at facility then all process and fugitive emissions for electricity generation unit apply
  - Fuel Specific emission factor to be calculated for refinery fuel gas
- f) Hydrogen Plants (closely linked to petroleum refining industry)
- Process emissions: CO<sub>2</sub> (hydrogen production)
  - If cogeneration unit at facility then all process and fugitive emissions for electricity generation unit apply
8. Not to be reported, per the draft regulations:
- a) Mobile emissions (Not reported under any sector)
  - b) Process emissions (some specific process emissions are included under sector specific regs, but not under the General Stationary Combustion category)
  - c) Fugitive emissions (some specific fugitive emissions sources are included under sector specific regs, but not under the General Stationary Combustion category)
9. Reporting Schedule:
- a) Independent power producers are required to report by April 30 and complete verification by August 31.
  - b) All other reporters are required to report by August 31 and complete verification by December 31.
10. Verification Requirements:
- a) Registry members can use the same verification firm for both ARB and Registry emissions reports (as long as verifier is accredited by both ARB and Registry). When required to rotate firms with the Registry must also rotate firms for ARB reporting program.

- b) Annual verification required for: petroleum refineries, hydrogen plants, electric retail providers, general stationary combustion facilities engaged in operating oil and gas field properties (SIC 1311), and electric power generation facilities and cogeneration facilities that combust fossil fuels and are under the operational control of retail providers.
  - c) Triennial verification required for: General stationary combustion facilities (except facilities engaged in operating oil and gas field properties (SIC 1311)), Cement manufacturing plants, and electric power generation or cogeneration facilities not operated by a retail provider with nameplate generating capacities <10MW or combusting only biomass-derived fuels.
11. Verifier Requirements:
- a) Verification firm must have at least 2 lead verifiers on staff
  - b) Verification firm shall have a minimum of 5 staff
  - c) Lead verifier must:
    - Be accredited by the ARB through ARB training and exam process
    - Be a registered lead verifier prior to Dec. 1, 2007 under CCAR and have performed at least 3 verifications by Dec. 31, 2007; **or**
    - Other specific qualification requirements are listed in the regulations.
  - d) Firms can hire independent accredited lead verifiers as sub-contractors for individual verification projects.
  - e) Verifiers must undergo a comprehensive COI review process before each verification project commences.

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