

PREPARING FOR THE FULL COMPLIANCE PERIOD COMPLIANCE OBLIGATION FOR THE FOURTH COMPLIANCE PERIOD

Note: This document is provided to describe regulatory requirements in a user-friendly format. It does not have the force of law, does not establish new requirements, and in no way supplants, replaces, or amends any of the legal requirements of the Cap-and-Trade Regulation (Regulation). Any omission or truncation of regulatory requirements in this guidance does not relieve entities of their legal obligation to fully comply with all requirements of the Regulation.

The fourth California Cap-and-Trade Program Compliance Period (CP4) began on January 1, 2021, and ended on December 31, 2023. This Compliance Period includes two annual compliance obligation deadlines, November 1, 2022 (for 2021 emissions) and November 1, 2023 (for 2022 emissions), and one Full Compliance Period Compliance Obligation deadline on November 1, 2024 (remaining balance of 2021 and 2022 emissions plus full 2023 emissions).

- The 2021-2023 Full Compliance Period Compliance Obligation is due by no later than: [November 1, 2024, 5:00 PM Pacific Time](#).
- Pursuant to section 95856(d) of the Cap-and-Trade Regulation (Regulation), any deferred 2020 covered emissions are included with the 2021-2023 Full Compliance Period Compliance Obligation.

This document outlines the key actions that the Primary Account Representative (PAR) and/or an Alternate Account Representative (AAR) should undertake to ensure their entity has sufficient compliance instruments (eligible allowances and offset credits) in its compliance account to fulfill the 2021-2023 Full Compliance Period Compliance Obligation. This document provides the following guidance:

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CARB staff are available by phone and email to assist with any compliance-related questions.

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1.1 SUMMARY OF THE 2021-2023 FULL COMPLIANCE PERIOD COMPLIANCE OBLIGATION

1.1.1 Key Points

- The 2021-2023 Full Compliance Period Compliance Obligation is due by no later than: **November 1, 2024, 5:00 PM Pacific Time.**
- The 2021-2023 Full Compliance Period Compliance Obligation is the sum of verified covered emissions in 2021, 2022, and 2023, plus any verified 2020 covered emissions that were deferred, less the compliance instruments surrendered at the two annual compliance events in 2022 and 2023 for 2021 and 2022 covered emissions, respectively. Compliance Instrument Tracking System Service (CITSS) account representatives must transfer eligible instruments to an entity's compliance account (surrender instruments) before the 2021-2023 Full Compliance Period Compliance Obligation deadline on **November 1, 2024, at 5:00 PM Pacific Time.**
- Eligible Instruments for the 2021-2023 Full Compliance Period Compliance Obligation are:
 - Allowances with vintage 2023 or earlier
 - Allowances with no vintage (always eligible)
 - Offset credits of any vintage (up to the Quantitative Usage Limit, which is 4% of an entity's compliance obligation for the fourth compliance period pursuant to section 95854(b) of the Regulation)
 - Offset credits without the special category designation Direct Environmental Benefits in the State (DEBS) cannot account for more than one-half of the Quantitative Usage Limit (e.g., 2% of an entity's compliance obligation for the fourth compliance period)
 - Entities assigned a true-up quantity in CITSS can use vintage 2024 and/or 2025 allowances up to the amount specified by "Remaining True-up Quantity"
- Failure to fulfill a compliance obligation by the deadline results in an Untimely Surrender Obligation. The Untimely Surrender Obligation is any unfulfilled portion of an entity's Annual or Full Compliance Period Compliance Obligation and is calculated as four times the entity's outstanding emissions.

1.1.2 Discussion

The fourth Compliance Period (CP4) ended on December 31, 2023. Entities were required to report verified 2023 covered emissions to CARB no later than August 10,

2024. Account representatives must transfer a number of eligible compliance instruments sufficient to meet the 2021-2023 Full Compliance Period Compliance Obligation into their entity's compliance account in CITSS by the November 1, 2024, deadline.

An entity may use offset credits to satisfy a portion of the 2021-2023 Full Compliance Period Compliance Obligation. The maximum number of offset credits allowed (known as the Quantitative Usage Limit) is 4% for the fourth Compliance Period pursuant to section 95854(b) of the Regulation. Offset credits without the DEBS special category designation cannot account for more than one-half of the Quantitative Usage Limit. Offset credits of any vintage are eligible.

The CITSS Compliance Obligation Detail Report shows past and current compliance obligations. For current compliance obligations, CITSS shows a pending compliance status to assist account representatives in determining if sufficient eligible compliance instruments are in the compliance account to satisfy the compliance obligation.

The CITSS Compliance Obligation Detail Report does not show current compliance obligations until CARB uploads verified covered emissions and approves the compliance obligation in CITSS. CARB expects the Full Compliance Period Compliance Obligation will be available in CITSS by early October 2024. Covered entities will receive an email from CITSS once the Full Compliance Period Compliance Obligation has been approved.

1.2 HOW TO REVIEW FACILITY INFORMATION

1.2.1 Key Points

The verified facility covered emissions are the basis for compliance obligations. CITSS sums the verified facility covered emissions to determine the basis of an entity's compliance obligation.

- An account representative should confirm that:
 - The correct facilities are associated with the entity's CITSS account
 - Each facility has the correct GHG Emissions Reporting ID
 - Each facility has a correct status of active or retired
 - The CITSS GHG Emissions Reporting ID assigned to each facility is the same as the Cal-eGGRT ARB GHG Reporting ID for that facility

1.2.2 Discussion

An entity account can have multiple associated facilities and covered emission sources. CITSS associates each facility or emission source with an entity account by a unique CITSS Facility ID and the GHG Emissions Reporting ID. The CITSS GHG Emissions Reporting ID is the same as the ARB GHG Reporting ID in the California electronic Greenhouse Gas Reporting Tool (Cal-eGGRT).

Figure 1 is a screenshot of the CITSS Facilities Tab. CITSS lists all facilities ever associated with an entity with its GHG Emissions Reporting ID and Facility Status. Facilities with “Active” status are currently associated with the entity and contribute to a compliance obligation. Account representatives should confirm that the correct facilities are associated with the entity, that each facility is identified as active or retired as appropriate, and that the CITSS GHG Emissions Reporting ID for each facility is the same as the ARB GHG Reporting ID in Cal-eGGRT.

Figure 1: Screenshot of CITSS Facilities Tab

Home > My Account > Facilities Tab

E&N Industries

This page shows information for your account or set of accounts. You may propose changes to the information listed under the General and Contact Information pages by selecting Edit Information at the bottom of the pages. You can remove or propose changes to Representatives, and Account Viewing Agents under their respective tabs. You can indicate your interest in participating in the next scheduled auction under the Auction Tab.

General Account Compliance Account (g) Annual Allocation Holding Account

General Contact Information Representatives Account Viewing Agents Holding Limits Auction **Facilities**

The Facilities tab shows the facilities managed by the entity identified at the top of the screen. The entity is responsible for managing compliance instruments and compliance obligations for these facilities. Information about each facility is available by selecting the link in the Facility Name column.

An account representative adds a new covered facility by selecting the "Add facility" button. **Warning!** A facility previously operated by another entity is already in CITSS. Adding the facility a second time creates a duplicate. If the facility is already in CITSS, the Registrar will re-assign the existing facility to the new owner or operator.

Any facility changes must be accompanied with signed forms authorizing the changes. CITSS forms can be downloaded from the ARB CITSS website, <http://www.arb.ca.gov/citss>. For guidance on how to change facility information, additional CITSS support is available at: <https://wci-inc.org/citss-support>

Facility Name	Facility Operating Name	GHG Emissions Reporting ID	Status	Effective Date	Retirement Date	Actions
Manufacturing	Manufacturing	000002	Active	2024-07-30		No Action
Power Plant	Power Plant	000001	Active	2024-07-30		No Action

[CSV](#) [Excel](#) 2 records

Add Facility

1.3 HOW TO REVIEW FACILITY VERIFIED COVERED EMISSIONS

1.3.1 Key Points

- CITSS calculates the Full Compliance Period Compliance Obligation based on verified facility covered emissions for the applicable years.
- CITSS shows verified covered emissions by facility by year.
- An account representative should confirm that:
 - Verified covered emissions are correct
 - Verified covered emissions are associated to the correct facility

1.3.2 Discussion

CITSS calculates compliance obligations based on the verified facility covered emissions for the applicable years. Entities report verified covered emissions to CARB by August 10 of the year following the calendar year in which the covered emissions occurred (e.g., entities reported and verified 2023 emissions to CARB by August 10, 2024).

Figure 2 shows a screenshot of a CITSS Emissions Report displaying all verified covered emissions by budget year and facility.

Figure 2: Screenshot of a CITSS Emissions Report

Home > Representative Reports > Compliance – Emissions Report

Emissions

This page allows a user to produce an Emissions Report. The search function allows searching by Budget Year, CITSS Entity ID, Entity Legal Name, Facility Name, and GHG Emissions Reporting ID. Selecting the "Search" button generates the Emissions Report for the selected criteria. The search results are presented in tabular form in the bottom half of the screen and may be more than one page in length. The table is sortable (ascending or descending) by clicking on the column titles. Additional pages are accessed using the page numbers below the table on the left. This table can be exported in its entirety to CSV or Excel format by selecting the appropriate link below the table on the right. Selecting the "Clear" button clears the search fields.

Budget Year: 2013, 2014, 2015

CITSS Entity ID:

Entity Legal Name: E&N Industries

Facility Name:

GHG Emissions Reporting ID:

Results per page: 10

Budget Year	CITSS Entity ID	Entity Legal Name	Facility Name	GHG Emissions Reporting ID	Emissions (metric tons CO ₂ e)	Updated Date/Time
2023	CA4382	E&N Industries	Manufacturing	000002	50,000	2024-07-31 13:05:57 EDT
2023	CA4382	E&N Industries	Power Plant	000001	50,000	2024-07-31 13:05:57 EDT
2022	CA4382	E&N Industries	Manufacturing	000002	52,000	2024-07-31 12:31:55 EDT
2022	CA4382	E&N Industries	Power Plant	000001	48,000	2024-07-31 12:31:55 EDT
2021	CA4382	E&N Industries	Manufacturing	000002	48,000	2024-07-31 10:45:36 EDT
2021	CA4382	E&N Industries	Power Plant	000001	52,000	2024-07-31 10:45:36 EDT

[CSV](#) [Excel](#) 6 records

1.4 HOW TO ESTIMATE THE 2021-2023 FULL COMPLIANCE PERIOD COMPLIANCE OBLIGATION

1.4.1 Key Points

- The 2021-2023 Full Compliance Period Compliance Obligation is the sum of emissions in 2021, 2022, and 2023, less the compliance instruments surrendered at the two annual compliance events in 2022 and 2023 for 2021 and 2022 covered emissions, respectively.

- Pursuant to section 95856(d) of the Regulation, any deferred 2020 covered emissions are also included with the 2021-2023 Full Compliance Period Compliance Obligation.
- Representatives can preview their Full Compliance Period Compliance Obligation on the CITSS Compliance Obligation Detail Report by early October. Covered entities will receive an email from CITSS once the Full Compliance Period Compliance Obligation has been approved.

1.4.2 Discussion

Using preliminary reported emissions, entities can estimate their Full Compliance Period Compliance Obligation before CITSS shows the current compliance obligation.

Cal-eGGRT stores emissions values in decimal format. CITSS stores emissions values as whole numbers. CARB uses conventional rounding (less than 0.5 round down, 0.5 and greater round up) when uploading Cal-eGGRT emissions into CITSS.

The example in Table 1 demonstrates the calculation of the 2021-2023 Full Compliance Period Compliance Obligation due for an entity that had verified covered emissions of 100,000 metric tons of carbon dioxide equivalent (MTCO_{2e}) for the 2021, 2022, and 2023 data years.

In this example, the total verified covered emissions for the data years 2021-2023 is 300,000. The total number of compliance instruments due for the entity to fulfill its 2021-2023 Full Compliance Period Compliance Obligation is 240,000, which is calculated by subtracting the compliance instruments the entity surrendered for 2021 and 2022 annual obligations from the entity’s total verified covered emissions for the data years 2021-2023.

Table 1: Example Calculation of a Full Compliance Period Compliance Obligation for 2021-2023 Covered Emissions

<i>Sum the verified covered emissions uploaded in CITSS for the years 2021-2023.</i>	100% of 2021 Emissions	100,000
	100% of 2022 Emissions	100,000
	100% of 2023 Emissions	100,000
	<hr/>	
	Total Emissions	300,000
<i>Subtract instruments the entity surrendered for 2021 and 2022 annual obligations.</i>	30% of 2021 Emissions	30,000
	30% of 2022 Emissions	30,000
	<hr/>	
	Instruments surrendered	60,000
	Instruments needed to fulfill the Full Compliance Period Compliance Obligation	240,000

1.5 QUANTITATIVE USAGE LIMIT

1.5.1 Key Points

- An entity may use offset credits to satisfy a portion of the 2021-2023 Full Compliance Period Compliance Obligation.
- The Quantitative Usage Limit sets the maximum number of offset credits an entity can use.
- The Quantitative Usage Limit for the fourth compliance period is 4% of total verified covered emissions.
- Offset credits without the DEBS special category designation cannot account for more than one-half of the Quantitative Usage Limit.

1.5.2 Discussion

In CITSS, verified covered emissions are uploaded as a whole number. Multiplication of verified covered emissions as a whole number by 0.04 (4%) – the Quantitative Usage Limit for offset credits – usually results in a decimal value. To avoid exceeding the Quantitative Usage Limit, CARB rounds the calculated maximum number of offset credits down to the nearest whole number.

Table 2 shows an example calculation of the maximum number of offset credits an entity with a Full Compliance Period Compliance Obligation of 300,000 MTCO_{2e} may use to satisfy its 2021-2023 Full Compliance Period Compliance Obligation.

In this example, the total verified covered emissions for the years 2021-2023 is 300,000. The entity may use offset credits up to 4% of the total verified covered emissions to fulfill the 2021-2023 Full Compliance Period Compliance Obligation, which is equal to 12,000. Since the entity surrendered a total of 5,000 offset credits for their 2021 and 2022 annual compliance obligations, then the remaining number of offset credits that can be surrendered by the entity to meet their 2021-2023 Full Compliance Period Compliance Obligation is 7,000.

Table 2: Example Calculation of Maximum Offset Credits for 2021-2023 Full Compliance Period Compliance Obligation

<i>Calculate 4% of total covered emissions</i>	$300,000 \times 0.04$	12,000
<i>Subtract offsets surrendered for annual obligations</i>	Number of offset credits surrendered for 2021 annual obligation	-4,000
	Number of offset credits surrendered for 2022 annual obligation	-1,000
	Remaining number of offset credits that can be used for the Full Compliance Period Compliance Obligation	7,000

1.6 UNDERSTANDING ELIGIBLE COMPLIANCE INSTRUMENTS

1.6.1 Key Points

- An entity must use eligible instruments to fulfill a compliance obligation.
- Eligible Instruments for the 2021-2023 Full Compliance Period Compliance Obligation are:
 - Allowances with vintage 2023 or earlier
 - Allowances with no vintage (always eligible)
 - Offset credits of any vintage (up to the 4% Quantitative Usage Limit for the fourth compliance period)
 - Offset credits without the DEBS special category designation cannot account for more than one-half of the Quantitative Usage Limit
 - Entities assigned a true-up quantity can use a limited number of vintage 2024 and/or 2025 allowances as specified by the "Assigned Vintage" associated with the entity's Remaining True-up Quantity. Section 1.8 of this document provides further explanation of "Assigned Vintage"

1.6.2 Discussion

Eligible allowances for the 2021-2023 Full Compliance Period Compliance Obligation include allowances with a vintage 2023 or earlier. Offset credits of any vintage are eligible. The number of offset credits is subject to the Quantitative Usage Limit of 4% of total verified covered emissions. Offset credits without the DEBS special category designation cannot account for more than one-half of the Quantitative Usage Limit. Price Containment Reserve Allowances (PCRAs) and other allowances without a vintage are always eligible. An entity with Remaining True-up Quantity may also use up to the specified number of vintage 2024 and/or 2025 allowances.

CITSS will only retire the number of instruments from the compliance account necessary to fulfill the compliance obligation. CITSS leaves any excess instruments in the compliance account.

Figure 3 shows the CITSS Eligible Instruments for Retirement screen, which lists eligible instruments and the order that instruments are retired during compliance. The eligible instruments retirement order for the 2021-2023 Full Compliance Period Compliance Obligation is:

- 1) Offset credits
 - a) Oldest vintages retired first
 - b) Limited to Quantitative Usage Limit of 4% of total covered emissions with a compliance obligation
 - c) Offset credits without the DEBS special category designation cannot account for more than one-half of the Quantitative Usage Limit
- 2) Price Containment Reserve Allowances
- 3) Other nonvintage allowances

- 4) Allowances of vintage equal to the compliance obligation budget year or earlier
 - a) Oldest vintages retired first
- 5) Allowances allocated for the purpose of true-up and transferred to the compliance account
 - a) Oldest vintages retired first

Figure 3: Screenshot of CITSS Eligible Instruments for Retirement Report

[Home](#) > [Representative Reports](#) > [Compliance – Eligible Instruments for Retirement](#)

Eligible Instruments for Retirement

This page allows users to view a list of eligible instruments with the retirement order for an obligation period. Enter the Jurisdiction, Budget Year(s) and Obligation Type, then select the "Submit" button to generate the list. If a California jurisdiction entity that you represent has been assigned a True-Up Quantity, entering the entity ID will show the remaining True-up Quantity that can be used to satisfy a compliance obligation for the selected Budget Year(s) and Obligation Type.

Jurisdiction *

Budget Year(s) *

Obligation Type *

CITSS Entity ID

The following information is provided as guidance. Users should consult the Regulation for specific retirement order requirements. The CITSS instrument retirement order for this obligation is:

1. Offset credits.
 - a. Oldest retired first.
 - b. Limited to the quantitative usage limit of the emissions with a compliance obligation – refer to table below.
 - c. The number of offsets that are non-DEBS cannot be more than one-half of the offset limit.
2. Price Containment Reserve Allowances.
3. Other non-vintage Allowances.
4. Allowances of vintage equal to the obligation budget year or earlier.
 - a. Oldest retired first.
5. Allowances allocated for the purpose of True-up and transferred to the compliance account.
 - a. Oldest retired first.
6. Price Ceiling Units.

Offset Limit %	
Obligation Period	Offset Limit %
2021-2023 Triennial	4.00

1.7 HOW TO REVIEW COMPLIANCE OBLIGATION DETAIL IN CITSS

1.7.1 Key Points

- The Compliance Obligation Detail Report shows all relevant information for a selected compliance obligation.
- The Compliance Obligation Detail Report cannot show current compliance obligations until CARB uploads verified covered emissions, allowing display of the entity’s compliance obligation, by early October.
- CITSS evaluates instruments in the compliance account and calculates if there are enough eligible instruments to fulfill the compliance obligation. This evaluation informs the Compliance Status.

1.7.2 Discussion

The CITSS Compliance Obligations Detail Report presents detailed information about an individual compliance obligation. To access the Compliance Obligations Detail Report, choose the desired obligation from the CITSS Compliance Obligation Report. Figure 4 is a screenshot of the CITSS Compliance Obligations Report. The screenshot shows the search fields for 2021-2023 budget year, and the resulting 2021-2023 Full Compliance Period Compliance Obligation identified for the fictional E&N Industries.

On the Compliance Obligations Report shown in Figure 4, the Current Tab is the default page with filters to view current or future compliance obligations. The Past Tab must be selected to review the information for past compliance obligations. This screen provides general information about the compliance obligation, including the Obligation Period, Compliance Deadline, Obligation Period Status, CITSS Entity ID, Entity Legal Name, and the amount of the Compliance Obligation. To view the details of an individual compliance obligation, select the [CITSS Entity ID \(hyperlink\)](#) to open the Compliance Obligation Detail Report for the selected obligation.

Figure 4: Screenshot of the CITSS Compliance Obligations Report

[Home](#) > [Representative Reports](#) > [Compliance Obligations – Current Tab](#)

Compliance Obligations

This page allows users to view information regarding current or past Compliance Obligations by selecting the appropriate tab at the top of the page. The Obligation Period column identifies the Budget Year(s) and the type of Compliance Obligation. Selecting the hyperlink in the CITSS Entity ID column switches to the Compliance Obligation Detail page which presents additional information about the selected Compliance Obligation. If the Compliance Obligation status is In Progress or Not Processed, the hyperlink is unavailable.

The search function allows searching by Budget Year(s), Obligation Type, CITSS Entity ID, and Entity Legal Name. The search results are presented in tabular form in the bottom half of the screen and may be more than one page in length. The table is sortable (ascending or descending) by clicking on the column titles. Additional pages are accessed using the page numbers below the table on the left. This table can be exported in its entirety to CSV or Excel format by selecting the appropriate link below the table on the right. Selecting the "Clear" button clears the search fields.

Current **Past**

Budget Year(s): 2019-2022, 2021, 2022, 2021-2023

Obligation Type: Annual, Triennial, Quadrennial

CITSS Entity ID: [Text Box]

Entity Legal Name: E&N Industries

Results per page: 10

[Search] [Clear]

Obligation Period	Compliance Deadline	Obligation Period Status	CITSS Entity ID	Entity Legal Name	Compliance Obligation	Updated Date/Time
2021-2023 Triennial	2024-11-01 20:00:00 EDT	Open	CA4382	E&N Industries	300,000	2024-07-31 13:11:27 EDT

[CSV](#) [Excel](#) 1 record

Figure 5 is a screenshot of the CITSS Compliance Obligation Detail Report of E&N Industries. Not all components will be available to every entity or obligation.

Figure 5: Screenshot of CITSS Compliance Obligation Detail Report

[Home](#) > [Representative Reports](#) > [Compliance Obligations – Current Tab](#) > [CITSS Entity ID \(hyperlink\)](#)

Figure 5 (Continued): Screenshot of CITSS Compliance Obligation Detail Report

Compliance Obligation Information	
Obligation Period	2021-2023 Triennial
CITSS Entity ID	CA4382
Entity Legal Name	E&N Industries
Entity Operating Name	E&N Industries
Compliance Account Number	CA4382-5575
Compliance Status	Pending Fulfilled ?
Compliance Deadline	2024-11-01 20:00:00 EDT ?
Updated Date/Time	2024-07-31 13:11:27 EDT ?
Compliance Obligation	300,000
Instruments Retired	60,000
Balance to Fulfill Obligation	240,000 ?
Offset Limit	4,000 ?
Non-Direct Environmental Benefit (Non-DEB) Offset Limit	2,000 ?
Instruments in Compliance	240,000 ?
Account to be Retired	
Additional Instruments Needed in Compliance Account	0 ?

Instruments in Compliance Account to be Retired ?							
Vintage	Jurisdiction	Type	Sub-Type	Offset Type	Offset Project ID	Quantity	Receiving Account
2020	California	Offset		US Forestry Projects	CAFR6391-A	2,000	Retirement
2023	California	Offset		Livestock Projects	CA 2023 Offset DEBS California	2,000	Retirement
2021		Allowance				53,030	Retirement
2023		Allowance				181,464	Retirement
2024		Allowance				600	Retirement
2025		Allowance				906	Retirement

Remaining True-up Quantity ?	
Eligible True-up Vintages	Remaining Quantity
2024	600
2025	906

Facility Emissions ?				
Budget Year	Facility Name	Facility Operating Name	GHG Emissions Reporting ID	Emissions (metric tons CO ₂ e)
2021	Manufacturing	Manufacturing	000002	48,000
2021	Power Plant	Power Plant	000001	52,000
2022	Manufacturing	Manufacturing	000002	52,000
2022	Power Plant	Power Plant	000001	48,000
2023	Manufacturing	Manufacturing	000002	50,000
2023	Power Plant	Power Plant	000001	50,000

[CSV](#) [Excel](#) 6 records

Assigned True-up Quantity ?				
Budget Year	Facility Operating Name	GHG Emissions Reporting ID	Assigned Vintage	Assigned Quantity
2022	Manufacturing	000002	2024	500
2022	Power Plant	000001	2024	100
2023	Manufacturing	000002	2025	592
2023	Power Plant	000001	2025	314

[CSV](#) [Excel](#) 4 records

1.7.3 Description of the CITSS Compliance Obligation Detail Report

The Compliance Obligation Detail Report presents all the information needed to review an entity's compliance obligation information. Each section of the Compliance Obligation Detail Report contains a purple question mark "?." Hover the mouse over the purple question mark to view an explanation of the individual topic.

Compliance Obligation Information.

The "Compliance Obligation Information" section of the Compliance Obligation Detail Report is the most important part of the report. The format is like a math equation.

- "Compliance Obligation" minus "Instruments Retired" equals "Balance to Fulfill Obligation."
- "Balance to Fulfill Obligation" minus "Instruments in Compliance Account to be Retired" equals "Additional Instruments Needed in Compliance Account" to fulfill the obligation.

To assist account representatives, CITSS evaluates the compliance obligation information and determines a Compliance Status. "**Pending Unfulfilled**" indicates there are not sufficient instruments in the compliance account to satisfy the obligation. "**Pending Fulfilled**" indicates there are sufficient instruments in the compliance account to satisfy the obligation.

Instruments in Compliance Account to be Retired

The "Instruments in Compliance Account to be Retired" section lists the type and number of instruments that CITSS will retire at the compliance deadline.

Remaining True-up Quantity

"Remaining True-up Quantity" is the balance of unused true-up quantity. "Remaining True-up Quantity" is the maximum number of allowances of the Assigned Vintage that an entity can use as eligible allowances toward fulfillment of the current obligation. "Remaining True-up Quantity" remains useable until the Assigned Vintage becomes current vintage, and the true-up value is no longer required for the allowances to be eligible for use. True-up value is described in more detail in Section 1.8.

Facility Emissions

The "Facility Emissions" section identifies the facilities and verified facility covered emissions that contribute to the compliance obligation.

Assigned True-up Quantity

"Assigned True-up Quantity" is the true-up value assigned to adjust for a change in production or required allocation.

1.8 UNDERSTANDING TRUE-UP

1.8.1 Key Points

- CARB allocates allowances to adjust for verified covered product data and changes in required allocation not reflected in prior allocations for a given year.
- “True-up Quantity” is a value, not a type of allowance.
- Remaining True-up Quantity is the number of allowances with a future vintage (i.e., later than the compliance obligation budget year) that an entity can use to fulfill the current compliance obligation (e.g., an entity assigned a true-up quantity may use up to a specified True-up Quantity of 2024 and/or 2025 vintage allowances for the 2021-2023 Full Compliance Period Compliance Obligation).

1.8.2 Discussion

Understanding true-up requires understanding related terminology and timing of activities. The budget year is the year the emissions occurred. Before October 24 each year, CARB provides initial allowance allocation with a vintage that is the same year as the budget year emissions (see timeline example below). Entities report verified covered emissions and verified covered product data to CARB following each budget year. If verified covered emissions and verified covered product data require a greater number of allocated allowances than the initial allowance allocation, then after the budget year CARB provides additional allowances of a later vintage to adjust the initial allowance allocation to the appropriate final value for the budget year. CARB refers to this process as “true-up.”

When CARB receives verified covered emissions for a budget year, allowances with the vintage equal to the budget year are no longer available to allocate. As a result, allowances allocated for true-up are of the vintage two years later than the budget year. Allowances allocated for true-up are included in the annual allocation each October. A summary of the true-up cycle is as follows:

- 2022 Oct Annual allocations of vintage 2023 allowances are transferred to Annual Allocation Holding Accounts (AAHA). Consistent with standard annual allocation practice, the annual allocation includes an initial allocation, which is an estimate for the upcoming budget year (2023), and a true-up allocation to adjust the previous annual initial allocation, which is an adjustment to the estimated initial vintage 2021 allocation based on recently reported data for 2021. The true-up allocation can be positive or negative.
- 2023 Jan-Dec 2023 budget year emissions occur.
- 2023 Aug Verified covered emissions and production for the previous year (2022) are reported. The Assigned True-up Quantity for 2022 emissions is calculated.

- 2023 OctAnnual allocations of vintage 2024 allowances are transferred to Annual Allocation Holding Accounts (AAHA). The annual allocation includes an initial allocation, which is an estimate for the upcoming budget year (2024), and a true-up allocation, which is an adjustment to the estimated initial vintage 2022 allocation based on recently reported data for 2022. The true-up allocation can be positive or negative. If the true-up allocation is positive, the Assigned True-up Quantity for 2022 emissions is designated in CITSS with an Assigned Vintage of 2024 allowances.
- 2024 AugVerified covered emissions and production for the previous year (2023) are reported. The Assigned True-up Quantity for 2023 emissions is calculated.
- 2024 OctAnnual allocations of vintage 2025 allowances are transferred to Annual Allocation Holding Accounts (AAHA). The annual allocation includes an initial allocation, which is an estimate for the upcoming budget year (2025), and a true-up allocation, which is an adjustment to the estimated initial vintage 2023 allocation based on recently reported data for 2023. The true-up allocation can be positive or negative. If the true-up allocation is positive, the Assigned True-up Quantity for 2023 emissions is designated in CITSS with an Assigned Vintage of 2025 allowances.
- 2024 Nov.....The Compliance Obligation for 2021-2023 emissions is processed. Entities with Remaining True-up Quantity for vintages 2024 and 2025 may use the allowed number of those future vintage allowances for compliance.

Per the above description, the true-up process allows for the use of the specified number (i.e., the “Assigned True-up Quantity”) of vintage 2024 and 2025 allowances to fulfill the 2021-2023 Full Compliance Period Compliance Obligation or any later compliance obligation.

1.8.3 True-up Quantity Terminology

- “Assigned True-up Quantity” is the number of allowances of a given future vintage that are eligible to fulfill a current compliance obligation.
 - “Remaining True-up Quantity” is the balance of unused True-up Quantity and is the maximum number of allowances of the specified future vintage that an entity can use as eligible allowances toward fulfillment of the current compliance obligation.
 - “Remaining True-up Quantity” remains useable until the assigned vintage becomes current, when the true-up process is no longer needed for the allowances to be eligible for compliance use.

Figure 6 is a screenshot of the CITSS True-Up Quantity Report for budget years 2022 and 2023 for the fictional entity E&N Industries. The figure shows that CARB assigned

a True-up Quantity of 500 allowances to E&N Industries Manufacturing facility for budget year 2022 and 592 allowances for budget year 2023.

Figure 6: Screenshot of CITSS True-Up Quantity Report

Home > Representative Reports > Compliance – True-Up Quantity

True-Up Quantity

This page allows a user to produce a True-Up Quantity Report. The search function allows searching by Budget Year, CITSS Entity ID, Entity Legal Name, Facility Name, and GHG Emissions Reporting ID. Selecting the "Search" button generates the True-Up Quantity Report for the selected criteria. The search results are presented in tabular form. The table is sortable (ascending or descending) by clicking on the column titles. Additional pages are accessed using the page numbers below the table on the left. This table can be exported in its entirety to CSV or Excel format by selecting the appropriate link below the table on the right. Selecting the "Clear" button clears the search fields.

Budget Year: 2013, 2014, 2015

CITSS Entity ID:

Entity Legal Name: E&N Industries

Facility Name:

GHG Emissions Reporting ID:

Results per page: 10

Budget Year	CITSS Entity ID	Entity Legal Name	Facility Name	GHG Emissions Reporting ID	Assigned True-Up Quantity	Updated Date/Time
2023	CA4382	E&N Industries	Manufacturing	000002	592	2024-07-31 13:07:46 EDT
2023	CA4382	E&N Industries	Power Plant	000001	314	2024-07-31 13:07:46 EDT
2022	CA4382	E&N Industries	Manufacturing	000002	500	2024-07-31 12:32:16 EDT
2022	CA4382	E&N Industries	Power Plant	000001	100	2024-07-31 12:32:16 EDT

[CSV](#) [Excel](#) 4 records

An entity can sell allocated allowances once those allowances are available in the General Holding Account, but the Assigned True-up Quantity remains with the entity. The purchasing entity cannot use allowances with a future vintage for compliance unless that entity has its own Remaining True-up Quantity. An entity that sells its allocated allowances may no longer have allowances of an Assigned Vintage. In such a situation, the entity can purchase other future vintage allowances of the Assigned Vintage and surrender those future vintage allowances for compliance up to the "Remaining True-up Quantity."

CITSS provides information about Assigned True-up Quantity and Remaining True-up Quantity by Assigned Vintage in the Compliance Obligations Details Report (described in Section 1.7). Figure 7 is an excerpt from that report for the fictional entity E&N Industries, and it shows that CARB allocated 600 vintage 2024 allowances and 906 vintage 2025 allowances to adjust the allocation for budget years 2022 and 2023, respectively. The "Remaining True-up Quantity" for budget year 2022 is 600 (same as the Assigned True-up Quantity) because the entity has not yet used any 2024 allowances for compliance. The entity also has a "Remaining True-up Quantity" for budget year 2023 of 906 and can surrender up to 906 eligible vintage 2025 allowances towards its compliance obligation.

Figure 7: Screenshot of CITSS Assigned and Remaining True-up Quantity

Home > Representative Reports > Compliance Obligations – Current Tab

Remaining True-up Quantity ?	
Eligible True-up Vintages	Remaining Quantity
2024	600
2025	906

Assigned True-up Quantity ?				
Budget Year	Facility Operating Name	GHG Emissions Reporting ID	Assigned Vintage	Assigned Quantity
2022	Manufacturing	000002	2024	500
2022	Power Plant	000001	2024	100
2023	Manufacturing	000002	2025	592
2023	Power Plant	000001	2025	314

1.9 UNDERSTANDING A CAISO REQUIREMENT ASSIGNED TO A FULL COMPLIANCE PERIOD COMPLIANCE OBLIGATION

1.9.1 Key Points

- Covered entities that sell power through the California Independent Systems Operator (CAISO):
 - cannot use allocated allowances to fulfill a compliance obligation resulting from emissions for electricity sold into CAISO markets; and
 - must use non-allocated compliance instruments to satisfy the CAISO condition.

CARB allocates allowances to some Electrical Distribution Utilities (EDUs). Those allowances may be used for compliance or they may be consigned to auction with the proceeds used to benefit ratepayers.

When an EDU sells electricity into CAISO markets, the EDU cannot use allocated allowances to fulfill a compliance obligation resulting from emissions associated with generating the electricity. An EDU that sells electricity into CAISO markets must have a quantity of eligible non-allocated compliance instruments in its compliance account that is at least equal to its compliance obligation associated with electricity sold into CAISO markets.

Figure 8 is a screenshot of the CITSS Compliance Obligation Detail Report of an entity that sells power through the CAISO. For example, an EDU that generates 300,000 MTCO_{2e} of covered emissions incurs a Full Compliance Period Compliance Obligation of 300,000. Of the electricity generated, an amount associated with 5,000 MTCO_{2e} of covered emissions was sold into CAISO markets. The Full Compliance Period Compliance Obligation remains 300,000 (no additional emissions were produced) but a requirement is added to the compliance obligation that the entity have 5,000

eligible compliance instruments in its Compliance Account that were not allocated to the entity.

Figure 8: CITSS Page: Compliance Obligation Detail Report

Home > Representative Reports > Compliance Obligations – Current Tab > CITSS Entity ID (hyperlink)

Compliance Obligation		300,000
Instruments Retired		100,000
<hr/>		
Balance to Fulfill Obligation		200,000 ?
Offset Limit	12,000 ?	
Non-Direct Environmental Benefit (Non-DEB) Offset Limit	6,000 ?	
Instruments in Compliance Account to be Retired		195,000 ?
<hr/>		
Additional Instruments Needed in Compliance Account		5,000 ?
Of the Additional Instruments Needed in Compliance Account, number of instruments that must be purchased to satisfy Total CAISO Value	5,000 ?	

Calculation

- Obligation
- Instruments already retired
- Offset limit
- Instruments needed to comply

CAISO Requirement

CAISO requirement is shown here when it exists