



CALIFORNIA ASSOCIATION of SANITATION AGENCIES

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September 19, 2016

Ms. Mary Nichols, Chairman
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Submitted electronically via:

https://www.arb.ca.gov/lispub/comm/bcsubform.php?listname=ghg2016&comm_period=A

Re: California Association of Sanitation Agencies Comments Regarding the Potential Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Dear Chairman Nichols and Board Members:

The California Association of Sanitation Agencies (CASA) appreciates the opportunity to comment on the Potential Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (Reporting Regulation). CASA is an association of California wastewater agencies engaged in advancing the recycling of wastewater into usable water, maximizing beneficial use of biosolids, generating renewable energy, and producing other valuable resources.

We have three comments for your consideration related to:

- The potential consequence of changing the deadline for completing third party verification services from September 1 to August 1, 2018 for the 2017 reporting year and each year following (as noted in §95103(f) and (h));
- The alignment of the Reporting Regulation with Title 40 of the Code of Federal Regulations Part 98 (40 CFR Part 98); and
- Annual verification requirements under §95130(a).

Proposed Change in Verification Deadline

The California Air Resources Board (ARB) staff proposes to change the verification deadline from September 1 each year, to August 1, to support implementation of the cap-and-trade program. The Initial Statement of Reasons (ISOR) states that obtaining verification statements by September 1 does not provide ARB staff sufficient time to reasonably perform quality assurance checks, calculations, analysis, and the data notifications and postings needed to complete all mandated activities under the cap-and-trade program.

While the change in verification deadline is intended to enable ARB staff to meet their November 1 Cap-and-Trade Regulation compliance deadline, it will adversely impact reporting entities and verifiers who already have difficulties meeting the September 1 deadline, likely resulting in an increase in adverse opinions and more work for all parties. Each year ARB incorporates updates/revisions to the emissions estimating and/or reporting process that require additional days of the reporting entities' staff time in order to complete the modification or addition of responsibilities. This, in turn, results in third party verifiers using additional days to complete their required duties.

Additionally, since ARB staff is tasked by the Cap-and-Trade Regulation to complete assignments by a specified date, instead of reducing the length of time provided to the reporting entities and third-party verifiers to comply with the Reporting Regulation, we see it as ARB's responsibility to acquire additional staff or to

reconfigure staff assignments through time management revisions in order to complete their assignments and ensure compliance.

In summary, CASA recommends that ARB maintain the September 1 verification deadline and augment their staff in order to reasonably perform and complete all mandated activities under the cap-and-trade program.

Alignment of the Reporting Regulation with 40 CFR Part 98

The language under §95100(c) of the Reporting Regulation (February 2015) requires that provisions of 40 CFR Part 98 be incorporated, which represent a portion of the U.S. Environmental Protection Agency's (U.S. EPA) Final Rule on Mandatory Reporting of Greenhouse Gases (U.S. EPA's Final Rule). The section states:

"Unless otherwise specified, references in this article to 40 CFR Part 98 are to those requirements promulgated by U.S. EPA and published in the Federal Register on October 30, 2009, July 12, 2010, September 22, 2010, October 28, 2010, November 30, 2010, December 17, 2010, and April 25, 2011."

Revisions have been made to the Reporting Regulation since 2012 (when the cap-and-trade program became effective) with the intent of aligning it with the U.S. EPA's Final Rule. However, the proposed amendments have not included an update to the above statement or any discussion in the ISOR on when to use post 2011 versions of 40 CFR Part 98. The ISOR does state that ARB staff proposes altering the global warming potential values - to move from the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) values to the Fourth Assessment Report of the IPCC values beginning with 2021 data reported in 2022, as specified in the latest published versions of U.S. EPA's Final Rule. We recommend adding a similar statement to the ISOR clarifying when, for example, emission factors defined in Tables C-1 and C-2 in later published versions of 40 CFR Part 98 (i.e., post 2011) are expected to be referenced in ARB's Reporting Regulation. This is important for agencies that want to manage their greenhouse gas emissions to remain below reporting and/or cap-and-trade thresholds.

Annual Verification by Third-Party Verifiers Cut Short

The existing language under §95130(a) of the Reporting Regulation does not allow reporting entities subject to annual verification requirements to use the same third-party verifier for six consecutive report verifications as was originally intended. We recommend the following edits be applied to the text in order to allow for the six consecutive report verifications by the same third-party verifier.

§ 95130(a). Annual Verification

- (2) Reporting entities subject to annual verification under section 95130 shall not use the same verification body or verifier(s) for ~~a period of~~ more than six consecutive ~~years~~ report verifications, which includes any verifications conducted under this article and for the California Climate Action Registry; The Climate Registry; Climate Action Reserve; or other third-party verifications, validations, or audits conducted under impartiality provisions substantively equivalent to section 95133, which may include third-party certification of environmental management systems to the ISO 14001 standard or third-party certification of energy management systems to the ISO 50001 standard. This limitation applies only to those third-party verifications, validations, or audits that include the scope of activities or operations under the ARB identification number for the emissions data report.

~~The six year period begins on the date the reporting entity or its agent first contracts for any third party verifications, validations, or audits under any protocols, including ARB verification services, for the scope of activities or operations under the ARB identification number for the emissions data report, and ends on the date the final verification statement is submitted. Verification bodies may not provide verification services if the six year period ends prior to sixty days after the emissions data report is certified by the reporting entity, unless a verification plan~~

~~is agreed to by the reporting entity, the verification body, and the Executive Officer. IF the six-year time limit is exceeded, the reporting entity must engage a different verification body and meet the verification deadline. Even if these services are provided before the verification body or verifiers have received ARB accreditation, the six year period still begins when these services are contracted for, if accreditation is later received.~~

The ~~six year~~ limit also applies to verification bodies and verifiers providing ARB or any other third-party verifications, validations, or audits that include the scope of activities or operations under the ARB identification number for the emissions data report and does not reset upon a change in reporting entity ownership or operational control.

- (3) If a reporting entity is required or elects to contract with another verification body or verifier(s), the reporting entity may contract verification services from the previous verification body or verifier(s) only after not using the previous verification body or verifier(s) for at least three **years consecutive verifications**.

- (A) If a reporting entity is required to select a new verification body to verify an emissions data report(s) that has been set aside pursuant to section 95131(e), the reporting entity may continue to contract for verification services with its current verification body, subject to the **six-year time limit set forth in 95130(a)(2)**.

We appreciate this opportunity to work with ARB staff to improve the Mandatory Reporting Program and further appreciate your willingness to consider our recommendations. Please contact me if you have any questions at (925) 705-6404 or sdeslauriers@carollo.com.

Sincerely,



Sarah A. Deslauriers, P.E.
Climate Change Program Manager, CASA