

ATTACHMENT A

SECOND NOTICE OF PUBLIC AVAILABILITY OF 15-DAY AMENDMENT TEXT

**Proposed Amendments to the California Cap on Greenhouse Gas Emissions and
Market-Based Compliance Mechanisms Regulation**

Proposed Regulation Order

State of California

AIR RESOURCES BOARD

Release Date: April 13, 2017

PROPOSED REGULATION ORDER
CALIFORNIA CAP ON GREENHOUSE GAS EMISSIONS AND
MARKET-BASED COMPLIANCE MECHANISMS

Amend Subchapter 10 Climate Change, Article 5, sections 95802, 95814, 95830, 95832, 95833, 95835, 95852, 95852.2, 95870, 95871, 95890, 95891, 95892, 95893, 95894, 95910, 95911, 95912, 95913, 95914, 95920, 95921, 95922, 95943, and 95985, title 17, California Code of Regulations.

Article 5: California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

Note: The pre-existing regulation text is set forth below in normal type. Proposed 45-day amendments to the Cap-and-Trade Regulation were originally noticed on August 2, 2016 and are shown in single underline and ~~single strikethrough~~ format. Following the 45-day comment period, the Board considered the proposed amendments at its September Board meeting. The Board did not take action on the proposal at the September 2016 Board hearing. On December 21, 2016, staff released a Notice of Public Availability of Modified Text, and this modified text is shown in ~~double strikethrough~~ and double underline format.

Comments that were received during the formal public comment period for the modified text, as well as further staff analysis, are reflected in the current proposed changes to the modified regulatory text as part of this 15-day rulemaking package. The changes are incorporated in this modified regulatory text. As part of the public process for this formal rulemaking, staff is providing this proposal containing the proposed amendments. Proposed 15-day changes are shown in **bold underline** and ~~**bold strikethrough**~~ format, and "****" indicates that sections of regulation not printed are not changed.

§ 95802. Definitions.

(a) Definitions. For the purposes of this article, the following definitions shall apply:

“Adjusted Hulled and Dried Pistachios” means the raw pistachios that have been received and subjected to a hulling and drying process. Hulling is the process of removing pistachio hulls that cover pistachio shells and kernels. Drying is the process of reducing the moisture content of hulled pistachios. Adjusted hulled and dried pistachios shall conform to the sampling methodology specified in the “Representative

Sampling” section of “Agriculture Shipping Point and Market Inspection Instructions for Pistachios in the Shell” (U.S. Department of Agriculture 2005), which is hereby incorporated by reference, and the weight shall be corrected to five percent moisture.

~~(10) “Almond” means the edible seed of the almond (*Prunus amygdalus*).~~

“Almond” means the edible seed of the almond (*Prunus amygdalus*).

“ARB ID” means, for the purposes of this article, the unique identification number assigned to each facility, supplier, and electric power entity that reports GHG emissions to the ARB pursuant to MRR.

“Blanched Almonds” means raw almond meats that are introduced to the blanching process. Blanching is the process through which skins are detached from almond meats.

“Boric Oxide Equivalent” means the theoretical equivalent mass of boric oxide (B_2O_3) in all produced borate products, which is not necessarily equal to the mass of the physical substance boric oxide. This theoretical chemically equivalent mass of B_2O_3 in produced borate product is measured either (1) by using the methods described in “Method to Determine the Boric Oxide Equivalent in Borate Products” (ARB 2017), which is hereby incorporated by reference, or (2) by multiplying the mass of borates by the default boric oxide equivalency factors and summing the products. The default boric oxide equivalency factors are as follows: 38 percent for borax decahydrate ($Na_2B_4O_7 \cdot 10H_2O$), 49 percent for borax pentahydrate ($Na_2B_4O_7 \cdot 5H_2O$), 69 percent for anhydrous borax ($Na_2B_4O_7$), 56 percent for boric acid (H_3BO_3), and 99 percent for anhydrous boric acid (B_2O_3).

(44) ~~**[Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be circulated for a 15-day comment period.]**~~ “Butter” means the product made by gathering the fat of fresh or ripened milk or cream into a mass that also contains a small portion of other milk constituents.

(46) ~~**[Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be circulated for a 15-day comment period.]**~~ “Buttermilk powder” means milk powder obtained by drying liquid buttermilk that was derived from the churning of butter and pasteurized prior to condensing. Buttermilk powder has a protein content of no less than 30%. It may not contain, or be derived from, nonfat dry milk, dry whey, or products other than buttermilk, and contains no added preservatives, neutralizing agents, or other chemicals.

“Electric Power Entity” shall have the same meaning ascribed in section 95102(a) of MRR.

“Entity type” means the type of entity based on the qualification to register in the tracking system as a covered entity (pursuant to section 95811), an opt-in covered entity (pursuant to section 95813), or a voluntarily associated entity (pursuant to section 95814).

“Flavored Almonds” means pasteurized almond meats that are introduced to the flavoring process. Flavoring occurs when almonds are passed through a seasoning mixture to add various snack food flavors and then dehydrated to a desired moisture level for packaging.

“Flavored Pistachios” means hulled and dried pistachios that are introduced to the flavoring process. Flavoring occurs when pistachios are passed through a seasoning mixture to add various snack food flavors and then dehydrated to a desired moisture level for packaging.

Flavored pistachios may include pistachios hulled and dried internally, or pistachios hulled and dried by other facilities.

(157) ~~**[Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be circulated for a 15-day comment period.]**~~ “Freshwater diatomite filter aids” means inorganic mineral powders derived by processing freshwater diatomite which is fossilized single-celled algae found in lake beds. Filter aids are used in combination with filtration hardware to enhance filtration performance to separate unwanted solids from fluids.

“Fuel Cell” means a device that converts the chemical energy of a fuel and an oxidant directly into electrical energy without using combustion. Fuel cells require a continuous source of fuel and oxidant to operate.

~~**“Importer of fuel” means an entity that imports fuel into California and who is the importer of record under federal customs law, or the owner or first entity to hold title to the fuel upon import into the State of California if the fuel is not subject to federal customs law. For imported fuel not subject to federal customs law, the “importer of fuel” is the owner of the fuel upon its entering into California if the eventual transfer of ownership of the product between the seller and the California buyer to an end user or marketer located in California occurs at a location upon delivery to a destination inside California. However, where the transfer of ownership of the product between the seller and the fuel to a California buyer end user or marketer occurs at a location outside of California, the “importer of fuel” is the producer, marketer, or distributor that is the seller of the fuel that is forwarding the fuel in accordance with a contract of sale from an origination outside of California to a buyer the end user or marketer located inside California.**~~ Pursuant to section 95122, only importers of liquefied petroleum gas,

compressed natural gas, and liquefied natural gas are subject to reporting as an importer of fuel.

- (191) ~~**Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be circulated for a 15-day comment period.**~~ “Intermediate dairy ingredients” means intermediate (non-final) dairy products imported from other dairy facilities that enter the rehydrating process, which uses water and heat to manufacture powdered milk products.

- (193) ~~“Intrastate Pipeline”~~ means any pipeline **or piping system** wholly within the ~~s~~**State** of California that **is delivering natural gas to end-users and** is not regulated as a public utility gas corporation by the California Public Utility Commission (CPUC), **is** not a publicly owned natural gas utility, and is not regulated as an interstate pipeline by the Federal Energy Regulatory Commission. **This definition includes onshore petroleum and natural gas production facilities and natural gas processing facilities, as defined by sections 95150(a)(2)-(3) of MRR, that deliver pipeline and/or non-pipeline quality natural gas to one or more end users. Facility operators that operate an interconnection pipeline that connects their facility to an interstate pipeline, or that share an interconnection pipeline to an interstate pipeline with other nearby facilities, are not considered intrastate pipeline operators. Facilities that receive gas from an upstream LDC and redeliver a portion of the gas to one or more adjacent facilities are not considered intrastate pipelines.**

“Milk Powder (high heat)” means milk powder obtained by removing water from pasteurized milk. It contains no more than 5% moisture (by weight) and includes undenatured whey protein nitrogen content less than 1.5 mg/g powder. This definition is in effect as of January 1, 2018.

“Milk Powder (low heat)” means milk powder obtained by removing water from pasteurized milk. It contains no more than 5% moisture (by weight) and includes undenatured whey protein nitrogen content greater than or equal to 6 mg/g powder. **This definition is in effect as of January 1, 2018.**

“Milk Powder (medium heat)” means milk powder obtained by removing water from pasteurized milk. It contains no more than 5% moisture (by weight) and includes undenatured whey protein nitrogen content greater than or equal to 1.54 mg/g powder and less than 6 mg/g powder. **This definition is in effect as of January 1, 2018.**

~~(235) “Nonfat dry milk and skimmed milk powder (low heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of milk no higher than 70 °C for 2 minutes and includes undenatured whey protein nitrogen content equal to or greater than 6 mg/g powder.~~

“Nonfat dry milk and skimmed milk powder (high heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of 88 °C for 30 minutes and includes undenatured whey protein nitrogen content equal to or less than 1.5 mg/g powder. **This definition is only in effect through December 31, 2017.**

“Nonfat dry milk and skimmed milk powder (low heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of milk no higher than 70 °C for 2 minutes and includes undenatured whey protein nitrogen content equal to or greater than 6 mg/g powder. **This definition is only in effect through December 31, 2017.**

~~(236) “Nonfat dry milk and skimmed milk powder (medium heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of 70-78 °C for 20 minutes and includes undenatured whey protein nitrogen content equal to or greater than 1.51 mg/g powder up to 5.99 mg/g powder.~~

“Nonfat dry milk and skimmed milk powder (medium heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of 70-78 °C for 20 minutes and includes undenatured whey protein nitrogen content equal to or greater than 1.51 mg/g powder up to 5.99 mg/g powder. This definition is only in effect through December 31, 2017.

~~(237) “Nonfat dry milk and skimmed milk powder (high heat)” means milk powder obtained by removing water from pasteurized skim milk. It contains no more than 5% moisture (by weight) and no more than 1.5% milkfat (by weight). It is derived from cumulative heat treatment of 88 °C for 30 minutes and includes undenatured whey protein nitrogen content equal to or less than 1.5 mg/g powder.~~

(248) “Offset Project Data Report” means the report prepared by an Offset Project Operator or Authorized Project Designee each year Reporting Period that provides the information, ~~and documentation, and attestations~~ required by this article or a Compliance Offset Protocol. **An unattested report is not a valid Offset Project Data Report, and therefore will not satisfy any deadlines regarding submittal of an Offset Project Data Report.**

~~(263) “Paper Towel” means a disposable towel made of absorbent tissue paper.~~
“Pasteurized Almonds” means raw almond meats that are introduced to the pasteurizing process. Pasteurizing partially sterilizes the almonds

to destroy objectionable organisms without major chemical alteration of the almond meats.

~~(271) “Pistachio” means the nuts of the pistachio tree *Pistacia vera*.~~

“Pistachio” means the nut of the pistachio tree (*Pistacia vera*).

~~(332) “Reporting Period” means, in the context of offsets, the period of time, for which an Offset Project Operator or Authorized Project Designee quantifies and reports GHG reductions or GHG removal enhancements covered in an Offset Project Data Report. An offset project’s Reporting Period is **specified** established in the project listing documentation, but may be modified by notifying ARB and the OPR (if applicable) in writing or by providing updated listing information with the submittal of the Offset Project Data Report. for which an Offset Project Operator or Authorized Project Designee quantifies and reports GHG reductions or GHG removal enhancements covered in an Offset Project Data Report. Modifications to the Reporting Period are only allowed if **the modification occurs** ARB and the **OPR (if applicable) are notified** prior to any deadlines being missed. The first reporting period for an offset project in an initial crediting period may consist of 6 to 24 consecutive months; all subsequent reporting periods in an initial crediting **period** and all reporting periods in any renewed crediting period must consist of 12 consecutive months. For offset projects developed using the Compliance Offset Protocol in section 95973(a)(2)(C)1., there may only be one Reporting Period per offset project. The Reporting Period may not be longer than 12 months and there is no minimum timeframe imposed for the Reporting Period. For offset projects developed using the compliance offset protocol in section 95973(a)(2)(C)6., the Reporting Period is approximately 12 months; it may be less than or exceed 12 months.~~

~~(341) **Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be**~~

~~circulated for a 15-day comment period.~~ “Seamless rolled ring” means a metal product manufactured by punching a hole in a thick, round piece of metal, and then rolling and squeezing (or in some cases, pounding) it into a thin ring. Ring diameters can be anywhere from a few inches to 30 feet.

(350) ~~Staff is reviewing the benchmark for this product and may propose a revision to this definition as a result. Any proposed revision would be circulated for a 15-day comment period.~~ “Soda Ash Equivalent” means the total mass of all soda ash, biocarb, ~~borax, V-Bor, DECA, PYROBOR, Boric Acid~~, Sodium Sulfate, Potassium Sulfate, Potassium Chloride, and Sodium Chloride produced. Through December 31, 2017, this definition also includes borax, V-Bor, DECA, PYROBOR, and boric acid.

(b) For the purposes of sections 95801 through 96023, the following acronyms apply:

“CPP” means Clean Power Plan.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95814. Voluntarily Associated Entities and Other Registered Participants.

(a) Voluntarily Associated Entities (VAE). An entity not identified as a covered entity or opt-in covered entity that intends to hold California compliance instruments may apply to the Executive Officer pursuant to section 95830(c) for approval as a voluntarily associated entity.

- (2) An individual ~~or entity~~ registering as a voluntarily associated entity must have at least one active account representative with a primary residence in the United States.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95830. Registration with ARB.

- (c) Requirements for Registration. Registration is complete when the Executive Officer approves the registration and the accounts administrator informs the entity of the approval.

- (1) An entity must complete an application to register with ARB for an account in the tracking system. Applicants must provide ~~that contains~~ the following information:

- (B) Names and addresses of the entity's directors and officers with authority to make legally binding decisions on behalf of the entity, and partners with over 10 percent of control over the partnership, if applicable; Partners with over 10 percent control over the partnership, include including any individual or entity doing business as the limited partner or general partner.

- (l) An applicant that is a member of a direct corporate association and whose members are seeks to apply for its own separate entity account, rather than ~~not in~~ apply for a consolidated entity account, must provide an allocation of the holding and purchase limits among the separate accounts established for any of its corporate associates ~~per that meets~~ the requirements of section 95833(d)(1)(E). All members of a direct corporate association must separately confirm the allocation of holding

and purchase limits **before the registration can be considered complete.**

- (4) An entity must designate a primary account representative, and at least one, and up to four, alternate account representatives pursuant to section 95832. An individual registering as a voluntarily associated entity may elect to have a combined role to serve as both primary and alternate account representatives or designate additional ~~persons~~ account representatives or **account viewing agents as desired.**

(e)(f) Updating Registration Information.

- (4) An entity that fails to update registration information by the applicable deadline **may be** subject to the restriction or revocation of its tracking system accounts pursuant to section 95921(g)(3).

(g)(h) Linking. When California links to an External GHG ETS, each entity must register into a jurisdiction based on the physical location information the entity must provide pursuant to section 95830(c)(1)(A).

(4) Entities With a Compliance Obligation in More than One Jurisdiction.

- (B) If an entity registered with an external GHG ETS to which California has linked pursuant to subarticle 12 has a compliance obligation with California, then the entity **must register with California and provide the information in paragraphs 1. to 6. below: may register with California by completing the process contained in sections 95830 and 95833 or may request that the accounts administrator of the external GHG ETS provide the entity's registration application submitted to the external GHG ETS to the California accounts administrator to facilitate registration in California.**

- 1. Name, physical and mailing addresses, contact information, entity type, date and place of incorporation, and ID number assigned by the incorporating agency;**
- 2. A Government issued taxpayer or Employer Identification Number, or for entities located in the United States, a U.S. Federal Tax Employer Identification Number, if assigned;**
- 3. Identification of the qualifications for registration pursuant to sections 95811, 95813, or 95814.**
- 4. For all registration information required pursuant to sections 95830 and 95833 not listed above, the entity may submit registration information to California accounts administrator or may request that the accounts administrator of the external GHG ETS provide the entity's registration information submitted to the external GHG ETS to the California accounts administrator to facilitate registration in California.**
- 5.1.** Regardless of whether the entity registers with California by completing the process contained in sections 95830 and 95833 or by requesting the external GHG ETS to submit the registration application materials to the California accounts administrator to facilitate registration in California, the entity must submit all California-specific registration attestations required by this article.
- 6.2.** An individual approved by an external GHG ETS with a user account and who intends to be designated as a primary account representative, alternate account representative, or account viewing agent for an entity registering or registered in California must submit all California-specific registration attestations and other applicable information required by sections 95832, 95833, and 95834.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95832. Designation of Representatives and Agents.

- (f) Changing primary account representative and alternate account representative.
- (1) The primary account representative for an account may be changed at any time upon receipt by the accounts administrator of a ~~superseding~~ superseding designation or redesignation of a primary account representative ~~complete application~~ for an account under section 95830(c). Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous primary account representative, or the previous alternate account representative prior to the time and date when the accounts administrator ~~receives the~~ superseding approves the designation or redesignation of a primary account representative ~~application for an account~~ shall be binding on the new primary account representative and the entity that owns the compliance instruments in the account. Except as provided in section 95832(f)(3), the change of a primary account representative must include completion of an attestation by the individual, submission of an attestation from an active primary or alternate account representative, and an attestation from a director or officer as described in section 95832(a)(3)-(a)(6).
- (2) The alternate account representative for an account may be changed at any time upon ~~receipt~~ the approval by the accounts administrator of a ~~superseding~~ superseding designation or redesignation of an alternate account representative ~~complete application~~ for an account under section 95830(c). Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous primary account representative, or the previous alternate account representative, prior to the time and date when the accounts administrator ~~receives the~~ superseding approves the designation or redesignation of an alternate account representative ~~application for an account~~ shall be binding on the new alternate account representative and the entity that owns the compliance instruments in the account. Except as

provided in section 95832(f)(3), the change of an alternate account representative must include completion of an attestation by the individual, submission of an attestation from an active primary or alternate account representative, and an attestation from a director or officer as described in section 95832(a)(3)-(a)(6).

- (3) The primary account representative for an account may be redesignated as an alternate account representative and an alternate account representative for an account may be redesignated as the primary account representative at any time upon receipt approval by the accounts administrator of a redesignation of a primary account representative or alternate account representative for an account under section 95830(c).

- (4) If a registered entity no longer has at least one primary or alternate account representative ~~who may access the tracking system accounts on behalf of the entity, then the entity must redesignate its representatives immediately to maintain a minimum of two active account representatives at all times. To redesignate new account representatives,~~ a director or officer disclosed pursuant to section 95830(c)(1)(B) must ~~submit a complete superseding account application to~~ identify new representatives and agents ~~and the application must include submission of an attestation from the primary or alternate account representative and with~~ an attestation from ~~a the~~ director or officer as described in section 95832(a)(3)-(4). The Executive Officer maintains the ability to suspend or revoke the registration until two account representatives are redesignated on the entity's tracking system accounts.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95833. Disclosure of Corporate Associations.

- (a) Criteria for Determining Corporate Associations.

(1) A “corporate association” exists when one entity has an ownership interest in or control over a second entity. The following indicia of control determine ownership or control:~~An entity has a corporate association with another entity, regardless of whether the second entity is subject to the requirements of this article, if either one of these entities:~~

(B) ~~Holds or can appoint more than 20 p~~Percent of common owners, ~~or~~ and directors, ~~or~~ **and officers** of the other entity;

(6) Direct Corporate Associations ~~and with~~ Individuals Who Have Shared Roles.

An individual who has access to the market positions (current and/or expected holdings of compliance instruments and current and/or expected covered emissions) of two or more entities registered in the tracking system or registered in an external GHG ETS to which California has linked pursuant to subarticle 12 is considered an individual who has shared roles. For the purposes of this requirement, Account Representatives, **Account Viewing Agents, Bidding Advisors, and all individuals disclosed pursuant to section 95830(c)(1)(J)** are defined as having access to the market positions of the entities that they serve. **It is the responsibility of the registered entity employing an individual as a Cap-and-Trade Consultant or Advisor pursuant to section 95923 to determine if the individual has access to the entity’s market position. At the time an entity applies for registration, or within 10 calendar days of employing or contracting with an individual who has shared roles, a registered entity must either:**

(A) ~~Document that they have procedures and restrictions in place that prevents the individual from transmitting between the registered entities information on their respective market positions and to prevent the use of that information to inform the development and execution of procurement, transfer, and surrender of compliance instruments for another registered entity; or~~

~~(B) Declare that they have a direct corporate association and complete the corporate association disclosure requirements described in section 95833(d).~~

(A) If any individual with shared roles is an employee of a registered entity for which the individual has a shared role, the entities for which the individual has the shared role will have a direct corporate association.

(B) If any individual is a Cap-and-Trade Consultant or Advisor for the entities for which the individual has a shared role, but is not disclosed pursuant to section 95923, and the individual can use market position information obtained through the shared role without restriction, the entities for which the individual has shared roles will have a direct corporate association. It is the responsibility of the registered entity employing an individual as a Cap-and-Trade Consultant or Advisor pursuant to section 95923 to determine if the individual has access to the entity's market position.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95835. Changes to Entity Registration Type and Reassignment of Facilities Already Registered to Different Entity Accounts.

(c) Eligibility for a Change of Registration Entity Type.

(2) Eligibility of a Covered Entity or Opt-In Covered Entity to Change Its Registration Entity Type.

(A) Effect of Reduced Emissions on a Covered Entity's Compliance Obligation. A covered entity that reports annual covered GHG

emissions less than 25,000 metric tons of CO₂e per year during one entire compliance period may request a change to its registration entity type from the Executive Officer by the deadlines specified in section 95835(e)(1)(A). If the covered entity does not request a complete the change in entity type by the deadline and if the covered entity is not an opt-in covered entity, then the Executive Officer will ~~change the type of the~~ consider the entity as a voluntarily associated entity for the assignment of purchase limit and holding limit, if applicable. If the entity does not apply to change its entity type by the deadline, then the Executive Officer maintains the ability to suspend or revoke the registration and any compliance instruments remaining in the entity's tracking system accounts will be **consigned on the entity's behalf or transferred pursuant to section 95835(b)(8), 95835(f) or 95890(k).**

(B) Effect of a Facility Shutdown on a Covered Entity's Compliance Obligation. Once a covered or opt-in covered entity has fully met the reporting cessation requirements of section 95101(i) of MRR due to ceasing to operate, full facility shutdown, and cessation of all activities subject to reporting under section 95101(c) of MRR, ARB will begin the account closure process pursuant to section 95835(f). Fuel suppliers and ~~EPE~~**Electric power entities** may not claim eligibility for a change of registration entity type under this provision, and may only request to close their accounts if no further activity is expected.

(C) A fuel supplier or electric power entity that is eligible for a change in entity type and has fully met the reporting and verification requirements of section 95101(h) of MRR, and for fuel suppliers the requirements of section 95103(n)(2)(D) of MRR, may exit the Cap-and-Trade Program pursuant to section 95835(f).

(d) Options for Changing Registration Entity Type. When an entity qualifies for a change in registration entity type pursuant to section 95835(c), the following shall apply:

- (1) A covered entity may **elect to** remain in the Cap-and-Trade Program as an opt-in covered entity pursuant to section 95813(h) and does not need to apply for a new set of tracking system accounts; or
- (2) A covered entity or an opt-in covered entity may **elect to** remain in the Cap-and-Trade Program and apply for a new tracking system account as a voluntarily associated entity pursuant to section 95814; or
- (3) An entity that has fully met the reporting cessation requirements of section 95101(i) of MRR ~~eligible for a change in registration type~~ may **elect to** exit the Cap-and-Trade Program pursuant to section 95835(f).

(f) Account Closure for Entities Exiting the Program.

- (1) Return of Initial Allocation for Entities Exiting the Program. An entity may not exit the Program pursuant to section 95835 until **the entity has satisfied the requirements in 95890(k), as specified by this section, all true-up allocation is calculated, allowances are allocated, any negative allowance allocation balance is returned, and allowances allocated for years in which the entity is no longer a covered entity are returned.**—If an entity has met the cessation requirements pursuant to MRR section 95101(h) or (i) and remains in the Program solely to meet the requirements of section ~~95835(f)~~**95890(k)**, then the entity need not report and verify data pursuant to MRR for any time period after which the MRR cessation requirements have been met.

(A) — The entity must return to the Executive Officer a number of allowances equal to the initial allowance allocation for every budget year for which the entity incurred no compliance obligation.

(B) — If eligible for true-up allowance allocation for any data year, the entity shall receive the true-up allowance allocation by the allocation date for that year. If the true-up allocation value is positive, then the Executive Office will allocate true-up allowances to the entity. If the true-up allocation value is negative,

~~then the entity must return to the Executive Officer a number of allowances that is equal to the absolute value of the negative true-up allowance allocation.~~

~~(C) If the entity has a negative allowance allocation balance pursuant to section 95890(i) or any other section of this article, then the entity must return a number of allowances to the Executive Officer that is equal to the absolute value of the negative balance.~~

~~(D) To return allowances to the Executive Officer, an entity must place the appropriate number of allowances into its compliance account and notify the Executive Officer. The allowances are considered to be returned only after they have been removed from the compliance account by the Executive Officer.~~

~~1. If an entity fails to return allowances pursuant to section 95835(f)(1)(D), then ARB will determine the number of violations pursuant to section 96014.~~

~~(2) When an entity requests that ARB close its accounts in the tracking system, it must **arrange to** transfer all compliance instruments out of its **holding accounts** before the accounts can be closed. If the entity has compliance instruments in its compliance **or holding** account when a request for account closure is submitted, then the entity may request a one-time administrative transfer for ~~that~~ ARB to either:~~

~~(A) Transfer the compliance instruments from its compliance account to the entity's holding account to allow the entity to transfer the allowances out of its account; or~~

~~(B) Transfer the compliance instruments from **its the** compliance **and holding** accounts to the **compliance** account of another registered entity or to the Retirement Account at the request of the entity closing the account.~~

~~(3) When the entity's accounts **is are** clear of compliance instruments **then the accounts will be closed.**, or if the transfers of compliance instruments are not completed within 30 calendar days after the closure request,~~

then the accounts will be closed and the remaining compliance instruments consigned to auction pursuant to section 95910(d), or ARB will transfer the remaining compliance instruments pursuant to section 95922(d).

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.
Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95852. Emission Categories Used to Calculate Compliance Obligations.

(b) First Deliverers of Electricity. A first deliverer of electricity covered under sections 95811(b) and 95812(c)(2) has a compliance obligation for every metric ton of CO₂e emissions calculated pursuant to section 95852(b)(1) for which a positive or qualified positive emissions data verification statement is issued pursuant to MRR, or for which there are assigned emissions, when such emissions are from a source in California or in a jurisdiction where a GHG emissions trading system has not been approved for linkage by the Board pursuant to subarticle 12.

(1) Calculation of emissions for compliance obligation.

(B) For first deliverers that are electricity importers, emissions with a compliance obligation are calculated using the following equation:

$$\begin{aligned}
 \cancel{CO_2e_{covered}} &= \cancel{CO_2e_{unspecified}} + (\cancel{CO_2e_{specified}} - \cancel{CO_2e_{specified\ not\ covered}}) \\
 &\quad - \cancel{CO_2e_{RPS_adjustment}} - \cancel{CO_2e_{QE_adjustment}} - \cancel{CO_2e_{linked}} \\
 \\
 CO_2e_{covered} &= CO_2e_{unspecified} + (CO_2e_{specified} - CO_2e_{specified-not\ covered}) \\
 &\quad + CO_2e_{RPS_adjustment} - CO_2e_{RPS_adjustment} - CO_2e_{linked}
 \end{aligned}$$

Where:

$CO_2e_{covered}$ covered = Annual metric tons of CO_2e with a compliance obligation.

$CO_2e_{unspecified}$ = Annual metric tons of CO_2e from unspecified imported electricity calculated pursuant to MRR 95111(b)(1).

$CO_2e_{specified}$ = Annual metric tons of CO_2e from imported electricity from specified sources that meet the requirements of MRR section 95111(b)(1). For **EIM Participating Resource Scheduling Coordinators** this includes electricity that is imported into California through CAISO's EIM.

$CO_2e_{specified-not covered}$ = Annual metric tons of CO_2e without a compliance obligation pursuant to section 95852.2. from specified sources that meet the requirements in MRR section 95111(b)(1).

$$CO_2e_{EIM\ adjustment} = \frac{EIM_{total\ remainder\ imports\ CO_2} *}{EIM_{Purchaser\ MWh\ purchases} / EIM_{total\ imports\ MWh}}$$

~~$EIM_{total\ remainder\ imports\ CO_2}$ = Annual metric tons of CO_2e from electricity that is imported into California through CAISO's EIM but not otherwise accounted for by emissions reported by the EIM participating resource scheduling coordinators. These emissions are calculated pursuant to the requirements in MRR section 95111(h)(1)(A).~~

~~$EIM_{Purchaser\ MWh\ purchases}$ = Annual MWh of electricity purchased by an EIM Purchaser.~~

~~$EIM_{total\ imports\ MWh}$ = Annual MWh of electricity imported into California through CAISO's EIM as provided in the EIM transfer data.~~

$CO_{2eRPS_adjustment}$ = Annual metric tons of CO_{2e} calculated pursuant to MRR that meets the requirements of section 95852(b)(4).

~~$CO_{2eQE_adjustment}$ = Annual metric tons of CO_{2e} from qualified exports pursuant to MRR section 95111 that meet the requirements of section 95852(b)(5).~~

$CO_{2e_{linked}}$ = Annual metric tons of CO_{2e} from electricity with a first point of receipt located in a jurisdiction where a GHG emissions trading system has been approved for linkage by the Board pursuant to subarticle 12.

- (2) Resource shuffling is prohibited and is a violation of this article.
 - (A) The following substitutions of electricity deliveries from a lower emission resource for electricity deliveries from a higher emission resource shall not constitute resource shuffling:

- 10. Short-term transactions and contracts for delivery of electricity with terms of no more than 12 months, or resulting from an economic bid or self-schedule that clears the CAISO day-ahead or real-time market ~~(except EIM)~~, for either specified or unspecified power, based on economic decisions including implicit and explicit GHG costs and congestion costs, unless such activity is linked to the selling off of power from, or assigning of a contract for, electricity subject to the EPS rules from a power plant that does not meet the EPS with which a California Electricity Distribution Utility has a contract, or in which a California Electricity Distribution Utility has an ownership share, that is not covered under paragraphs 11., 12., or 13. below. **Electricity imported through the CAISO EIM market is not exempted from resource shuffling provisions.**

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95852.2. Emissions without a Compliance Obligation.

Emissions from the following source categories and from the combustion of the following fuel types count toward applicable reporting thresholds, as applicable in MRR, but do not count toward a covered entity's compliance obligation set forth in this article unless those emissions are reported as non-exempt biomass-derived CO₂ under MRR. Emissions without a compliance obligation include:

(b) The following additional process, vented, and fugitive emissions:

(14) For fuel cells powered by biomass-derived fuels as defined in section 95852.1.1, process emissions from the oxidation of the biomass-derived fuel are exempt from a compliance obligation.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95870. Disposition of Vintage 2013-2020 Allowances.

(e) Allocation to Industrial Covered Entities. Allowances allocated for the purposes of industry assistance shall be transferred to annual allocation holding accounts for industrial sectors listed in Table 8-1. Allowances in the annual allocation holding account are transferred to the Holding Account on January 1 of the vintage year of the allowances.

- (2) Allocation to eligible covered entities shall be conducted using the assistance factors specified for each listed industrial activity found in Table 8-1 ~~and~~ **Table 8-3** and the methodology set forth in section 95891.

Table 8-1: Industry Assistance Factors by Industrial Activity for 2013-2020

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
High	Crude Petroleum and Natural Gas Extraction	211111	Thermal EOR Crude Oil Extraction	100%	100%	100%
			Non-Thermal Crude Oil Extraction	100%	100%	100%
			Natural Gas Processing >25 MMscf/day	100%	100%	100%
	Natural Gas Liquid Extraction	211112	Natural Gas Liquid Processing	100%	100%	100%
	All Other Metal Ore Mining	212299	Rare Earth Production	100%	100%	100%
	Potash, Soda, and Borate Mineral Mining	212391	Mining and Manufacturing of Soda Ash and Related Products	100%	100%	100%
			<u>Mining and Manufacturing of Borates</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	All Other Nonmetallic Mineral Mining	212399	Diatomaceous Earth Mining	100%	100%	100%
			Freshwater Diatomite Filter Aids Manufacturing	100%	100%	100%
	<u>Wet Corn Milling</u>	<u>311221</u>	<u>Wet Corn Milling</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	Paper (except Newsprint) Mills	322121	Bathroom Tissue Manufacturing	100%	100%	100%
			Paper (except Newsprint) Mills	100%	100%	100%
			Facial Tissue Manufacturing	100%	100%	100%
			Delicate Task Wipers Manufacturing	100%	100%	100%
		Paper Towel Manufacturing	100%	100%	100%	

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
	Paperboard Mills	322130	Recycled Boxboard Manufacturing	100%	100%	100%
			Recycled Linerboard (Testliner) Manufacturing	100%	100%	100%
			Recycled Medium (Fluting) Manufacturing	100%	100%	100%
	All Other Petroleum and Coal Products Manufacturing	324199	Coke Calcining	100%	100%	100%
	All Other Basic Inorganic Chemical Manufacturing	325188	All Other Basic Inorganic Chemical Manufacturing <u>Sulfuric Acid Regeneration</u>	100%	100%	100%
	<u>Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing</u>	<u>325194</u>	<u>Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
	All Other Basic Organic Chemical Manufacturing	325199	All Other Basic Organic Chemical Manufacturing	100%	100%	100%
	Nitrogenous Fertilizer Manufacturing	325311	Nitric Acid Production	100%	100%	100%
			Calcium Ammonium Nitrate Solution Production	100%	100%	100%
	Flat Glass Manufacturing	327211	Flat Glass Manufacturing	100%	100%	100%
	Glass Container Manufacturing	327213	Container Glass Manufacturing	100%	100%	100%
	Cement Manufacturing	327310	Cement Manufacturing	100%	100%	100%
	Lime Manufacturing	327410	Dolime Manufacturing	100%	100%	100%
	Mineral Wool Manufacturing	327993	Fiber Glass Manufacturing	100%	100%	100%
	Iron and Steel Mills	331111	Steel Production Using an Electric Arc Furnace	100%	100%	100%
	Rolled Steel Shape Manufacturing	331221	Hot Rolled Steel Sheet Production	100%	100%	100%

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
Medium	<u>Other Food Crops Grown Under Cover</u>	<u>111419</u>	<u>Other Food Crops Grown Under Cover</u>	<u>100%</u>	<u>100%</u>	<u>75%</u>
	Food Manufacturing	311	Food Manufacturing	100%	100%	75%
	Fruit and vegetable canning	311421	Aseptic Tomato Paste Processing	100%	100%	75%
			Aseptic Whole and Diced Tomato Processing	100%	100%	75%
			Non-Aseptic Tomato Paste and Tomato Puree Processing	100%	100%	75%
			Non-Aseptic Whole and Diced Tomato Processing	100%	100%	75%
			Non-Aseptic Tomato Juice Processing	100%	100%	75%
	Poultry Processing	311615	Whole Chicken and Chicken Parts Processing	100%	100%	75%
			Poultry Deli Product Processing	100%	100%	75%
			Protein Meal and Fat Processing	100%	100%	75%
	Dried and Dehydrated Food Manufacturing	311423	Dehydrated Garlic Processing	100%	100%	75%
			Dehydrated Onion Processing	100%	100%	75%
			Dehydrated Chili Pepper Processing	100%	100%	75%
			Dehydrated Spinach Processing	100%	100%	75%
			Dehydrated Parsley Processing	100%	100%	75%
	Dairy Product Manufacturing	31151	Milk, Buttermilk, Skim Milk, and Ultrafiltered Fluid Milk <u>Product</u> Processing	100%	100%	75%

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
			Cream processing	100%	100%	75%
			Butter processing	100%	100%	75%
			Condensed Milk Processing	100%	100%	75%
			Nonfat Dry Milk and Skimmed Milk Powder (Low Heat) Processing	100%	100%	75%
			Nonfat Dry Milk and Skimmed Milk Powder (Medium Heat and High Heat)	100%	100%	75%
			Buttermilk Powder Processing	100%	100%	75%
			Dairy Product Solids for Animal Feed Processing	100%	100%	75%
			Intermediate Dairy Ingredients Processing	100%	100%	75%
			Cheese Processing	100%	100%	75%
			Lactose Processing	100%	100%	75%
			Whey Protein Concentrate Processing	100%	100%	75%
			Deproteinized Whey Processing	100%	100%	75%
	Roasted Nuts and Peanut Butter Manufacturing	311911	Almond Blanching	100%	100%	75%
			Almond Flavoring	100%	100%	75%
			Almond Pasteurizing	100%	100%	75%
			Roasted Nuts and Peanut Butter Manufacturing Pistachio Processing	100%	100%	75%
			Almond Processing Pistachio Hulling and Drying	100%	100%	75%

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
	Snack Food Manufacturing	31191	Fried Potato Chips Processing	100%	100%	75%
			Baked Potato Chips Processing	100%	100%	75%
			Corn Chips Processing	100%	100%	75%
			Corn Curls Processing	100%	100%	75%
			Pretzel Processing	100%	100%	75%
	Beet sugar manufacturing	311313	Beet sugar manufacturing	100%	100%	75%
	Cut and Sew Apparel Manufacturing	3152	Cut and Sew Apparel Manufacturing	100%	100%	75%
	Breweries	312120	Brewing	100%	100%	75%
			Lager Beer Manufacturing	100%	100%	75%
	Wineries	312130	Distilled Spirits Production	100%	100%	75%
			Dry Color Concentrate Production	100%	100%	75%
			Grape Juice Concentrate Production	100%	100%	75%
			Grape Seed Extract Production	100%	100%	75%
			Liquid Color Concentrate Production	100%	100%	75%
	Petroleum Refineries	324110	Petroleum Refining	100%	100%	75%
Asphalt Paving Mixture and Block Manufacturing	324121	Asphalt Paving Mixture and Block Manufacturing	100%	100%	75%	
Industrial Gas Manufacturing	325120	On-Purpose Hydrogen Gas Production	100%	100%	75%	
		Liquid Hydrogen Production	100%	100%	75%	
Ethyl Alcohol Manufacturing	325193	Ethyl Alcohol Manufacturing	100%	100%	75%	
	Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing	325194	Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing	100%	100%	75%

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
	Biological Product (Except Diagnostic) Manufacturing	325414	Biological Product (Except Diagnostic) Manufacturing	100%	100%	75%
	Gypsum Product Manufacturing	327420	Plaster Manufacturing	100%	100%	75%
			Stucco Manufacturing	100%	100%	75%
	Rolled Steel Shape Manufacturing	331221	Pickled Steel Sheet Production	100%	100%	75%
			Cold Rolled and Annealed Steel Sheet Production	100%	100%	75%
			Galvanized Steel Sheet Production	100%	100%	75%
			Tin Steel Plate Production	100%	100%	75%
	Secondary Smelting and Alloying of Aluminum	331314	Aluminum and Aluminum Alloy Billet Manufacturing	100%	100%	75%
	Secondary Smelting, Refining, and Alloying of Nonferrous Metal (Except Copper and Aluminum)	331492	Lead Acid Battery Recycling	100%	100%	75%
	Iron Foundries	331511	Iron Foundries	100%	100%	75%
			Ductile Iron Pipe Manufacturing	100%	100%	75%
Hardware Manufacturing	332510	Hardware Manufacturing	100%	100%	75%	
Turbine and Turbine Generator Set Units Manufacturing	333611	Testing of Turbines and Turbine Generator Sets	100%	100%	75%	
Low	Pharmaceutical and Medicine Manufacturing	325412	Pharmaceutical and Medicine Manufacturing	100%	100%	50%
	Nonferrous Forging	332112	Nonferrous Metal Forging	100%	100%	50%
			Seamless Rolled Ring	100%	100%	50%
	<u>Automobile Manufacturing</u>	<u>336111</u>	<u>Automobile Manufacturing</u>	<u>100%</u>	<u>100%</u>	<u>50%</u>
	Aircraft Manufacturing	336411	Aircraft Manufacturing	100%	100%	50%
Guided Missile and Space Vehicle Manufacturing	336414	Guided Missile and Space Vehicle Manufacturing	100%	100%	50%	

Leakage Risk Classification	NAICS Sector Definition	NAICS Code	Activity (a)	Industry Assistance Factor (AF _a) by Budget Year		
				2013-2014	2015-2017	2018-2020
	Support Activities for Air Transportation 4881	4881	Support Activities for Air Transportation	100%	100%	50%
Unknown	Other Food Crops Grown Under Cover	111410	Other Food Crops Grown Under Cover	tbd[#]	tbd[#]	tbd[#]
	Wet Corn Milling	311221	Wet Corn Milling	100%	100%	tbd[#]
	Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing	325104	Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing	100%	100%	tbd[#]
	Automobile Manufacturing	336111	Automobile Manufacturing	100%	100%	tbd[#]

~~* tbd means that this leakage risk classification and associated assistance factor is yet to be determined. Staff may propose a change to this leakage risk classification and assistance factor as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.~~

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.
Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code and Section 16428.8, Government Code.

§ 95871. Disposition of Allowances from Vintage Year 2021 and Beyond.

~~(d) Allocation to Industrial Covered Entities. Allowances allocated for the purposes of industry assistance shall be transferred to annual allocation holding accounts for industrial sectors listed in Table 8-3. Allowances in the annual allocation holding account are transferred to the Holding Account on January 1 of the vintage year of the allowances.~~

~~(1) The Executive Officer will allocate allowances to each eligible covered and opt-in covered entities by October 24 of each calendar year beginning in 2020 for allocation from the 2021 annual allowance budget.~~

~~(2) Allocation to eligible covered and opt-in covered entities shall be conducted using the assistance factors specified for each industrial activity in Table 8-3 and the methodology set forth in section 95891.~~

~~(3) The total amount of allowances allocated for the purposes of industry assistance shall not exceed the available amount of allowances after accounting for allocations made pursuant to sections 95871(a)-(c) and (d). If the amount calculated under the methodology set forth in section 95891 exceeds the amount of allowances available, the number of allowances available will be prorated equally across all eligible industrial covered entities. The proration will be calculated using the share of allowances available after accounting for all allocations made pursuant to sections 95871(a)-(c) compared to total allowances that would be distributed according to the methodology set forth in section 95891.~~

~~(4) Industrial entities that purchase electricity or legacy contract qualified thermal output pursuant to a legacy contract and who receive allocation under this section shall have their allocation reduced as specified in section 95891(e).~~

Table 8-3: Assistance Factors by Industrial Activity for 2020-2021 and Beyond

<u>NAICS Code</u>	<u>NAICS Sector Definition</u>	<u>Activity (a)</u>	<u>Assistance Factor (AF_a)</u>
<u>111419</u>	<u>Other Food Crops Grown Under Cover</u>	<u>Other Food Crops Grown Under Cover</u>	<u>TBD[#]</u>
<u>211111</u>	<u>Crude Petroleum and Natural Gas Extraction</u>	<u>Thermal EOR Crude Oil Extraction</u>	<u>76%</u>
		<u>Non-Thermal Crude Oil Extraction</u>	
		<u>Natural Gas Processing (> 25 MMscf/day)</u>	
<u>211112</u>	<u>Natural Gas Liquid Extraction</u>	<u>Natural Gas Liquid Processing</u>	<u>43%</u>
<u>212299</u>	<u>All Other Metal Ore Mining</u>	<u>Rare Earth Production</u>	<u>100%</u>
<u>212391</u>	<u>Potash, Soda, and Borate Mineral Mining</u>	<u>Mining and Manufacturing of Borates</u>	<u>63%</u>
		<u>Mining and Manufacturing of Soda Ash and Related Products</u>	<u>100%</u>
<u>212399</u>	<u>All Other Nonmetallic Mineral Mining</u>	<u>Diatomaceous Earth Mining</u>	<u>66%</u>
		<u>Freshwater Diatomite Filter Aids Manufacturing</u>	
<u>311221</u>	<u>Wet Corn Milling</u>	<u>Wet Corn Milling</u>	<u>61%</u>
<u>311313</u>	<u>Beet Sugar Manufacturing</u>	<u>Beet Sugar Manufacturing</u>	<u>61%</u>
<u>311421</u>	<u>Fruit and Vegetable Canning</u>	<u>Aseptic Tomato Paste Processing</u>	<u>25%</u>
		<u>Aseptic Whole and Diced Tomato Processing</u>	
		<u>Non-Aseptic Tomato Paste and Tomato Puree Processing</u>	
		<u>Non-Aseptic Whole and Diced Tomato Processing</u>	
		<u>Non-Aseptic Tomato Juice Processing</u>	
<u>311423</u>	<u>Dried and Dehydrated Food Manufacturing</u>	<u>Dehydrated Garlic Processing</u>	<u>23%</u>
		<u>Dehydrated Onion Processing</u>	
		<u>Dehydrated Chili Pepper Processing</u>	
		<u>Dehydrated Spinach Processing</u>	

<u>NAICS Code</u>	<u>NAICS Sector Definition</u>	<u>Activity (a)</u>	<u>Assistance Factor (AF_a)</u>
		<u>Dehydrated Parsley Processing</u>	
<u>31151</u> <u>311511</u>	<u>Dairy Product Manufacturing</u> <u>Fluid Milk Manufacturing</u>	<u>Milk, Buttermilk, Skim Milk, and Ultrafiltered Milk Processing</u>	<u>16%</u>
		<u>Cream processing</u>	
<u>311512</u>	<u>Creamery Butter Manufacturing</u>	<u>Butter processing</u>	<u>40%</u>
<u>311513</u>	<u>Cheese Manufacturing</u>	<u>Condensed Milk Processing</u> <u>Cheese Processing</u>	<u>8%</u>
<u>311514</u>	<u>Dry, Condensed, and Evaporated Dairy Product Manufacturing</u>	<u>Nonfat Dry Milk and Skimmed Milk Powder (Low Heat) Processing</u>	<u>24%</u>
		<u>Nonfat Dry Milk and Skimmed Milk Powder (Medium Heat and High Heat) Processing</u>	
		<u>Buttermilk Powder Processing</u>	
		<u>Dairy Product Solids for Animal Feed Processing</u>	
		<u>Intermediate Dairy Ingredients Processing</u>	
		<u>Cheese Processing</u> <u>Condensed Milk Processing</u>	
		<u>Lactose Processing</u>	
		<u>Whey Protein Concentrate Processing</u>	
		<u>Deproteinized Whey Processing</u>	
<u>311615</u>	<u>Poultry Processing</u>	<u>Whole Chicken and Chicken Parts Processing</u>	<u>47%</u>
		<u>Poultry Deli Product Processing</u>	
		<u>Protein Meal and Fat Processing</u>	
<u>311911</u>	<u>Roasted Nuts and Peanut Butter Manufacturing</u>	<u>Roasted Nuts and Peanut Butter Manufacturing</u>	<u>29%</u>
		<u>Pistachio Processing</u>	
		<u>Almond Processing</u>	
<u>31191</u> <u>311919</u>	<u>Snack Food Manufacturing</u>	<u>Fried Potato Chips Processing</u>	<u>5%</u>
		<u>Baked Potato Chips Processing</u>	
		<u>Corn Chips Processing</u>	

<u>NAICS Code</u>	<u>NAICS Sector Definition</u>	<u>Activity (a)</u>	<u>Assistance Factor (AF_a)</u>
		<u>Corn Curls Processing</u>	
		<u>Pretzel Processing</u>	
<u>312120</u>	<u>Breweries</u>	<u>Brewing</u>	<u>48%</u>
		<u>Lager Beer Manufacturing</u>	
<u>312130</u>	<u>Wineries</u>	<u>Distilled Spirits Production</u>	<u>20%</u>
		<u>Dry Color Concentrate Production</u>	
		<u>Grape Juice Concentrate Production</u>	
		<u>Grape Seed Extract Production</u>	
		<u>Liquid Color Concentrate Production</u>	
<u>322121</u>	<u>Paper (Except Newsprint) Mills</u>	<u>Bathroom Tissue Manufacturing Paper (Except Newsprint) Mills</u>	<u>53%</u>
		<u>Facial Tissue Manufacturing</u>	
		<u>Delicate Task Wipers Manufacturing</u>	
		<u>Paper Towel Manufacturing</u>	
<u>322130</u>	<u>Paperboard Mills</u>	<u>Recycled Boxboard Manufacturing</u>	<u>78%</u>
		<u>Recycled Linerboard (Testliner) Manufacturing</u>	
		<u>Recycled Medium (Fluting) Manufacturing</u>	
<u>324110</u>	<u>Petroleum Refineries</u>	<u>Petroleum Refining</u>	<u>44%</u>
<u>324121</u>	<u>Asphalt Paving Mixture and Block Manufacturing</u>	<u>Asphalt Paving Mixture and Block Manufacturing</u>	<u>22%</u>
<u>324199</u>	<u>All Other Petroleum and Coal Products Manufacturing</u>	<u>Coke Calcining</u>	<u>29%</u>
<u>325120</u>	<u>Industrial Gas Manufacturing</u>	<u>On-Purpose Hydrogen Gas Production</u>	<u>61%</u>
		<u>Liquid Hydrogen Production</u>	
<u>325188</u>	<u>All Other Basic Inorganic Chemical Manufacturing</u>	<u>All Other Basic Inorganic Chemical Manufacturing</u>	<u>75%</u>

<u>NAICS Code</u>	<u>NAICS Sector Definition</u>	<u>Activity (a)</u>	<u>Assistance Factor (AF_a)</u>
<u>325193</u>	<u>Ethyl Alcohol Manufacturing</u>	<u>Ethyl Alcohol Manufacturing</u>	<u>62%</u>
<u>325194</u>	<u>Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing</u>	<u>Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing</u>	<u>73%</u>
<u>325199</u>	<u>All Other Basic Organic Chemical Manufacturing</u>	<u>All Other Basic Organic Chemical Manufacturing</u>	<u>63%</u>
<u>325311</u>	<u>Nitrogenous Fertilizer Manufacturing</u>	<u>Nitric Acid Production</u>	<u>78%</u>
		<u>Calcium Ammonium Nitrate Solution Production</u>	
<u>325412</u>	<u>Pharmaceutical and Medicine Manufacturing</u>	<u>Pharmaceutical and Medicine Manufacturing</u>	<u>31%</u>
<u>325414</u>	<u>Biological Product (Except Diagnostic) Manufacturing</u>	<u>Biological Product (Except Diagnostic) Manufacturing</u>	<u>39%</u>
<u>327211</u>	<u>Flat Glass Manufacturing</u>	<u>Flat Glass Manufacturing</u>	<u>86%</u>
<u>327213</u>	<u>Glass Container Manufacturing</u>	<u>Container Glass Manufacturing</u>	<u>81%</u>
<u>327310</u>	<u>Cement Manufacturing</u>	<u>Cement Manufacturing</u>	<u>74%</u>
<u>327410</u>	<u>Lime Manufacturing</u>	<u>Dolime Manufacturing</u>	<u>62%</u>
<u>327420</u>	<u>Gypsum Product Manufacturing</u>	<u>Plaster Manufacturing</u>	<u>57%</u>
		<u>Stucco Manufacturing</u>	
<u>327993</u>	<u>Mineral Wool Manufacturing</u>	<u>Fiber Glass Manufacturing</u>	<u>75%</u>
<u>331111</u>	<u>Iron and Steel Mills</u>	<u>Steel Production Using an Electric Arc Furnace</u>	<u>70%</u>
<u>331221</u>	<u>Rolled Steel Shape Manufacturing</u>	<u>Hot Rolled Steel Sheet Production</u>	<u>20%</u>
		<u>Pickled Steel Sheet Production</u>	
		<u>Cold Rolled and Annealed Steel Sheet Production</u>	
		<u>Galvanized Steel Sheet Production</u>	
		<u>Tin Steel Plate Production</u>	
<u>331314</u>	<u>Secondary Smelting and Alloying of Aluminum</u>	<u>Aluminum and Aluminum Alloy Billet Manufacturing</u>	<u>45%</u>

<u>NAICS Code</u>	<u>NAICS Sector Definition</u>	<u>Activity (a)</u>	<u>Assistance Factor (AF_a)</u>
<u>331492</u>	<u>Secondary Smelting, Refining, and Alloying of Nonferrous Metal (Except Copper and Aluminum)</u>	<u>Lead Acid Battery Recycling</u>	<u>38%</u>
<u>331511</u>	<u>Iron Foundries</u>	<u>Iron Foundries</u>	<u>61%</u>
		<u>Ductile Iron Pipe Manufacturing</u>	
<u>332112</u>	<u>Nonferrous Forging</u>	<u>Nonferrous Metal Forging</u>	<u>44%</u>
		<u>Seamless Rolled Ring</u>	
<u>332510</u>	<u>Hardware Manufacturing</u>	<u>Hardware Manufacturing</u>	<u>39%</u>
<u>333611</u>	<u>Turbine and Turbine Generator Set Units Manufacturing</u>	<u>Testing of Turbines and Turbine Generator Sets</u>	<u>77%</u>
<u>336111</u>	<u>Automobile Manufacturing</u>	<u>Automobile Manufacturing</u>	<u>92%</u>
<u>336390</u>	<u>Other Motor Vehicle Parts Manufacturing</u>	<u>Other Motor Vehicle Parts Manufacturing</u>	<u>40%</u>
<u>336411</u>	<u>Aircraft Manufacturing</u>	<u>Aircraft Manufacturing</u>	<u>3%</u>
<u>336414</u>	<u>Guided Missile and Space Vehicle Manufacturing</u>	<u>Guided Missile and Space Vehicle Manufacturing</u>	<u>3%</u>
<u>4881</u>	<u>Support Activities for Air Transportation</u>	<u>Support Activities for Air Transportation</u>	<u>30%</u>

* TBD means that the assistance factor for this sector is yet to be determined. Staff may propose a change to this assistance factor as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.
Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code and Section 16428.8, Government Code.

§ 95890. General Provisions for Direct Allocations.

- (a) Eligibility Requirements for Industrial Facilities. A covered entity or opt-in covered entity from the industrial sectors listed in Table 8-1 ~~or Table 8-3, as applicable according to compliance period,~~ shall be eligible for direct allocations of California GHG allowances if it has complied with the requirements of MRR and has obtained a positive or qualified positive product data verification statement for the prior year pursuant to MRR.

- (j) Negative Allowance Allocation. If the calculation of an **covered entity or opt-in covered** entity's annual allowance allocation is negative pursuant to section 95891, 95892, or 95894 and the entity ~~has a direct corporate association pursuant to section 95833~~ **has a consolidated tracking system account with any other covered or opt-in covered entity that was eligible for allocation pursuant to sections 95891, 95892, or 95894, then the negative amount shall be applied to that ~~direct corporate associate covered entity or opt-in covered entity sharing the consolidated tracking system account.~~ If negative allowance allocation remains, then that amount shall be applied to the allowance allocation that is distributed the following calendar year to the **covered entity or opt-in covered** entity or the **covered entity or opt-in covered** entity ~~with a direct corporate association~~ sharing a consolidated tracking system account.**
- (k) Return of Allocation. If an **covered entity or opt-in covered** entity **received an allocation of allowances for a year in which it incurred no compliance obligation pursuant to section 95835 or, if a covered entity or opt-in covered entity previously eligible for allocation pursuant to section 95870(e) ceased to operate under an activity listed in Table 8-1, the entity must fulfill the following requirements. The entity must fulfill the requirement to return allowances by November 1 of the calendar year t + 1, where t is the year for which the entity received an allowance**

allocation but did not incur a compliance obligation or did not operate under an activity listed in Table 8-1.

- (A) The entity must return to the Executive Officer a number of allowances equal to the initial allowance allocation for every budget year for which the entity incurred no compliance obligation or did not operate under an activity listed in Table 8-1.**
- (B) If eligible for true-up allowance allocation for any data year, the entity shall receive the true-up allowance allocation by the allocation date for that year. If the true-up allocation value is positive, then the Executive Office will allocate true-up allowances to the entity. If the true-up allocation value is negative, then the entity must return to the Executive Officer a number of allowances that is equal to the absolute value of the negative true-up allowance allocation according to the schedule in section 95890(k).**
- (C) If the entity has a negative allowance allocation balance pursuant to section 95890(j) or any other section of this article, then the entity must return a number of allowances to the Executive Officer that is equal to the absolute value of the negative balance according to the schedule in section 95890(k).**
- (D) To return allowances to the Executive Officer, an entity must place the appropriate number of allowances into its compliance account and notify the Executive Officer. The allowances are considered to be returned only after they have been removed from the compliance account by the Executive Officer. If an entity fails to return allowances, then ARB will determine the number of violations pursuant to section 96014.**

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95891. Allocation for Industry Assistance.

(a) The Executive Officer shall determine the amount of allowances directly allocated to each eligible covered entity or opt-in covered entity using the product output-based allocation calculation methodology specified in section 95891(b) if the entity conducts an activity listed in both ~~Table 8-1~~ **Table 8-1 and Table 9-1 and either Table 8-1 or Table 8-3, as applicable according to compliance period.** The Executive Officer shall determine the amount of allowances directly allocated to each eligible covered entity or opt-in covered entity using the energy-based allocation calculation methodology specified in section 95891(c) if the entity conducts an activity listed in ~~either Table 8-1 or Table 8-3, as applicable according to compliance period,~~ but not listed in Table 9-1.

~~(1) First Compliance Period Refining Sector Allocation Exception. For budget years 2013-2014 petroleum refineries shall receive their allocation of allowances pursuant to the methodology stated in section 95891(d).~~

~~(2) Second and Third Compliance Period Refining Sector Allocation. For budget years 2015-2020, petroleum refineries shall receive their allocation of allowances pursuant to the product output-based allocation calculation methodology stated in section 95891(b), using the complexity weighted barrel definition detailed in 95802(a).~~

~~(3)~~ 1 New Entrant Industrial Allocation Without Leakage Risk. Covered facilities that had emissions below the inclusion threshold as outlined in 95812(c) prior to 2012 and do not have a leakage risk in Table 8-1 ~~or Table 8-3, as applicable according to compliance period,~~ are eligible to receive allocated allowances under the new entrant energy-based allocation methodology pursuant to 95891(c)(~~2~~3) if the first three digits of the facility NAICS code matches a NAICS code in Table 8-1 ~~or Table 8-3, as applicable according to compliance period.~~ The leakage risk classification shall be **at the classification with the lowest assistance factor above zero** until a leakage risk classification is

added for that sector. Food processors that are only classified by a three digit NAICS code are exempt from this classification.

- (b) Product Output-Based Allocation Calculation Methodology. The Executive Officer shall calculate the amount of California GHG Allowances directly allocated under a product output-based methodology annually using the following formula:

$$A_t = \text{InitialAllocation}_t + \text{TrueUp}_t$$

$$A_t = \left(\sum_{a=1}^n O_{a,t-2} * B_a * AF_{a,t} * c_{a,t} \right) + \text{TrueUp}_t$$

Where:

“A_t” is the amount of California GHG allowances directly allocated to the operator of an industrial facility for all activities with a product output-based allocation from budget year “t”;

“InitialAllocation_t” is the amount of allowances allocated to an entity in advance of budget year “t” for budget year “t” industry assistance. This amount is calculated using previously reported production at the facility from year “t-2,” which is an estimate of year “t” production. If the entity will not be performing activity “a” listed in Table 8-1 or Table 8-3, as applicable according to compliance period, in year “t”, then the entity is not eligible for InitialAllocation_t; and

“t” is the budget year from which the direct allocation occurs;

$$\text{InitialAllocation}_t = \left(\sum_{a=1}^n O_{a,t-2} * B_a * AF_{a,t} * c_{a,t} \right)$$

Where:

“t-2” is the year two years prior to year “t”;

“a” is each eligible activity as defined in Table 9-1;

“n” is the number of eligible activities at a facility;

“ $O_{a,t-2}$ ” will be calculated by the Executive Officer as the output for activity “a” in year “t-2” as reported to ARB.

“ B_a ” is the emissions efficiency benchmark per unit of output for each eligible activity “a” defined in Table 9-1;

“ $AF_{a,t}$ ” is the assistance factor for budget year “t” assigned to each activity “a” as specified in Table 8-1 ~~or Table 8-3, as applicable according to~~ **compliance period**;

“ $C_{a,t}$ ” is the adjustment factor for budget year “t” assigned to each activity “a” to account for cap decline as specified in Table 9-2; and

~~“ $TrueUp_t$ ”~~ **TrueUp_t** is the amount of true-up allowances allocated to account for changes in production or allocation not properly accounted for in prior allocations. This value shall only be calculated if the entity was covered under the Cap-and-Trade Program in year “t-2.” **or if the entity received an initial allocation of vintage t-2 allowances but was not a covered entity in year “t-2.” In the latter case, a negative true-up will be calculated.** ~~Entities allocated to under 95891(d) for budget years 2013 and 2014 will not be allocated true-up allowances under this methodology for hydrogen production in those data years. This value of allowances for~~ **These true-up allowances** ~~from~~ budget year “t” shall be allowed to ~~may~~ be used for compliance for budget year “t-2” or subsequent budget years pursuant to 95856(h)(1)(D) and 95856(h)(2)(D). This value is calculated using the following formula:

$$TrueUp_t = \left(\sum_{a=1}^n O_{a,t-2} * B_a * AF_{a,t-2} * C_{a,t-2} \right) - A_{t-2, no trueup}$$

$$\text{TrueUp}_t = \left(\sum_{a=1}^n O_{a,t-2} * B_a * AF_{a,t-2} * c_{a,t-2} \right) - \text{InitialAllocation}_{t-2}$$

Where:

“ $O_{a,t-2}$ ” will be calculated by the Executive Officer as the output for activity “a” in year “t-2” as reported to ARB;

~~“ $A_{t-2, \text{no trueup}}$ ” is the amount of California GHG allowances directly allocated to the operator of an industrial facility for all activities from budget year “t-2” not including the true-up for that budget year;~~

“ $AF_{a,t-2}$ ” is the assistance factor for budget year “t-2” assigned to each activity “a” as specified in Table 8-1 ~~or Table 8-3, as applicable according to compliance period~~; and

“ $c_{a,t-2}$ ” is the adjustment factor for budget year “t-2” assigned to each activity “a” to account for cap decline as specified in Table 9-2.

Table 9-1: Product-Based Emissions Efficiency Benchmarks

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
Crude Petroleum and Natural Gas Extraction	211111	Thermal EOR Crude Oil Extraction	0.0811	Allowances / Barrel of Oil Eqv. Produced Using Thermal EOR
		Non Thermal Crude Oil Extraction	0.0076	Allowances / Barrel of Non Thermal Crude Oil Eqv.
		Natural Gas Processing ≥ 25 MMscf/day	0.0220	Allowances / Barrel of Gas Processed Eqv.
Natural Gas Liquid Extraction	211112	Natural Gas Liquid Processing	0.0118	Allowances / Barrel of Natural Gas Liquids Produced
Potash, Soda, and Borate Mineral Mining	212391	Mining and Manufacturing of Soda Ash and Related Products (<u>through vintage 2018 allocation</u>)	0.948 _± <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i>	Allowances / Short Ton of Soda Ash Equivalent (Soda Ash, Biocarb, Borax, V-Bor, DECA, PYROBOR, Boric Acid, and Sulfate)
		<u>Mining and Manufacturing of Soda Ash and Related Products (vintage 2019 allocation and beyond)</u>	<u>1.13</u>	<u>Allowances / Short Ton of Soda Ash Equivalent</u>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		<u>Mining and Manufacturing of Borates (vintage 2019 allocation and beyond)</u>	<u>0.595</u>	<u>Allowances / Short Ton of Boric Oxide Equivalent</u>
All Other Nonmetallic Mineral Mining	212399	Freshwater Diatomite Filter Aids Manufacturing	0.418 _z <u>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</u>	Allowances / Short Ton of Freshwater Diatomite Filter Aids
Fruit and vegetable canning	311421	Aseptic Tomato Paste Processing	0.353	Allowances / Short Ton of 31% NTSS Aseptic Tomato Paste
		Aseptic Whole and Diced Tomato Processing	0.179	Allowances / Short Ton of Aseptic Whole and Diced Tomatoes
		Non-Aseptic Tomato Paste and Tomato Puree Processing	0.315	Allowances / Short Ton of 24% NTSS Non-Aseptic Tomato Paste and Tomato Puree

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B_a)	Benchmark Units
		Non-Aseptic Whole and Diced Tomato Processing	0.135	Allowances / Short Ton of Non-Aseptic Whole and Diced Tomatoes
		Non-Aseptic Tomato Juice Processing	0.163	Allowances / Short Ton of Non-Aseptic Tomato Juice
Poultry Processing	311615	Whole Chicken and Chicken Parts Processing	0.0330	Allowances / Short Ton of Whole Chicken and Chicken Parts
		Poultry Deli Product Processing	0.0353	Allowances / Short Ton of Poultry Deli Product
		Protein Meal and Fat Processing	0.396	Allowances / Short Ton of Protein Meal and Fat
Dried and Dehydrated Food Manufacturing	311423	Dehydrated Garlic Processing	0.824	Allowances / Short Ton of Dehydrated Garlic
		Dehydrated Onion Processing	1.01	Allowances / Short Ton of Dehydrated Onion
		Dehydrated Chili Pepper Processing	1.29	Allowances / Short Ton of Dehydrated Chili Pepper
		Dehydrated Spinach Processing	5.56	Allowances / Short Ton of Dehydrated Spinach

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		Dehydrated Parsley Processing	3.21	Allowances / Short Ton of Dehydrated Parsley
Dairy Product Manufacturing	31151	<u>Milk, Buttermilk, Skim Milk, and Ultrafiltered Milk Processing (through vintage 2018 allocation)</u>	<u>0.0147</u>	<u>Allowances / Short Ton of Milk, Buttermilk, Skim Milk, and Ultrafiltered Milk</u>
		Milk, Buttermilk, Skim Milk, and Ultrafiltered Fluid Milk Product Processing (<u>vintage 2019 allocation and beyond</u>)	0.0149 ^{0.0147} ; <u>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</u>	Allowances / Short Ton of Fluid Milk Product, Buttermilk, Skim Milk, and Ultrafiltered Milk
		<u>Anhydrous Milk Fat Processing</u> Cream processing <u>Cream Processing (through vintage 2018 allocation)</u>	0.0153 ^{0.0153} ; <u>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</u>	<u>Allowances / Short Ton of Cream</u> <u>Anhydro us Milk Fat</u> <u>Allowances / Short Ton of Cream</u>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		<u>Butter Processing (through vintage 2018 allocation)</u>	<u>0.0391</u>	<u>Allowances / Short Ton of Butter</u>
		Butter Processing (vintage 2019 allocation and beyond)	0.04150.0391; <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i>	Allowances / Short Ton of Butter
		<u>Condensed Milk Processing (through vintage 2018 allocation)</u>	<u>0.0368</u>	<u>Allowances / Short Ton of Condensed Milk</u>
		Condensed Milk Processing (vintage 2019 allocation and beyond)	0.04260.0368; <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i>	Allowances / Short Ton of Condensed Milk

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		<u>Nonfat Dry Milk and Skimmed Milk Powder (Low Heat) Processing (through vintage 2018 allocation)</u>	<u>0.380</u>	<u>Allowances / Short Ton of Nonfat Dry Milk and Skimmed Milk Powder (Low Heat)</u>
		Nonfat Dry Milk and Skimmed Milk Powder (Low Heat) Processing (<u>vintage 2019 allocation and beyond</u>)	0.376-0.380; <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i>	Allowances / Short Ton of Nonfat Dry Milk and Skimmed Milk Powder (Low Heat)
		<u>Nonfat Dry Milk and Skimmed Milk Powder (Medium Heat and High Heat) Processing (through vintage 2018 allocation)</u>	<u>0.425</u>	<u>Allowances / Short Ton of Nonfat Dry Milk and Skimmed-Milk Powder (Medium Heat and High Heat)</u>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		<p>Nonfat Dry Milk and Skimmed Milk Powder (Medium Heat and High Heat) Processing (<u>vintage 2019 allocation and beyond</u>)</p>	<p>0.4230.425₂ <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i></p>	<p>Allowances / Short Ton of Nonfat Dry Milk and Skimmed Milk Powder (Medium Heat and High Heat)</p>
		<p><u>Buttermilk Powder Processing (through vintage 2018 allocation)</u></p>	<p><u>0.501</u></p>	<p><u>Allowances / Short Ton of Buttermilk Powder</u></p>
		<p>Buttermilk Powder Processing (<u>vintage 2019 allocation and beyond</u>)</p>	<p>0.4690.504₂ <i>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</i></p>	<p>Allowances / Short Ton of Buttermilk Powder</p>
		<p><u>Dairy Product Solids for Animal Feed Processing (through vintage 2018 allocation)</u></p>	<p><u>0.0241</u></p>	<p><u>Allowances / Short Ton of Dairy Product Solids for Animal Feed</u></p>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		<u>Dairy Product Solids for Animal Feed Processing</u>	<u>0.0241</u>	<u>Allowances / Short Ton of Dairy Product Solids for Animal Feed</u>
		<u>Intermediate Dairy Ingredients Processing (through vintage 2018 allocation)</u>	<u>0.0808</u>	<u>Allowances / Short Ton of Intermediate Dairy Ingredients</u>
		Intermediate Dairy Ingredients Processing (<u>vintage 2019 allocation and beyond</u>)	0.0760-0.0808; <u>[Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]</u>	Allowances / Short Ton of Intermediate Dairy Ingredients
		Cheese Processing	0.114	Allowances / Short Ton of Cheese
		Lactose Processing	0.272	Allowances / Short Ton of Lactose
		Whey Protein Concentrate Processing	1.28	Allowances / Short Ton of Whey Protein Concentrate
		Deproteinized Whey Processing	0.764	Allowances / Short Ton of Deproteinized Whey

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
<u>Roasted Nuts and Peanut Butter Manufacturing</u> Roasted Nuts and Peanut Butter Manufacturing	<u>311911</u> <u>311911</u>	<u>Pistachio Processing</u> <u>Pistachio Processing</u> <u>(through vintage 2018 allocation)</u>	0.221 <u>0.221</u>	<u>Allowances / Short Ton of Pistachios</u> <u>Allowances / Short Ton of Pistachios</u>
		<u>Almond Processing</u> <u>Almond Processing</u> <u>(through vintage 2018 allocation)</u>	0.0714 <u>0.0714</u>	<u>Allowances / Short Ton of Almonds</u> <u>Allowances / Short Ton of Almonds</u>
		<u>Almond Blanching</u> <u>(vintage 2019 allocation and beyond)</u>	<u>0.0704</u>	<u>Allowances / Short Ton of Blanched Almonds</u>
		<u>Almond Flavoring</u> <u>(vintage 2019 allocation and beyond)</u>	<u>0.127</u>	<u>Allowances / Short Ton of Flavored Almonds</u>
		<u>Almond Pasteurization</u> <u>(vintage 2019 allocation and beyond)</u>	<u>0.0420</u>	<u>Allowances / Short Ton of Pasteurized Almonds</u>
		<u>Pistachio Flavoring</u> <u>(vintage 2019 allocation and beyond)</u>	<u>0.0710</u>	<u>Allowances / Short Ton of Flavored Pistachios</u>
		<u>Pistachio Hulling and Drying</u> <u>(vintage 2019 allocation and beyond)</u>	<u>0.187</u>	<u>Allowances / Short Ton of Adjusted Hulled and Dried Pistachios</u>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B_a)	Benchmark Units
Snack Food Manufacturing	31191	Fried Potato Chips Processing	0.834	Allowances / Short Ton of Fried Potato Chips
		Baked Potato Chips Processing	0.517	Allowances / Short Ton of Baked Potato Chips
		Corn Chips Processing	0.580	Allowances / Short Ton of Corn Chips
		Corn Curls Processing	0.446	Allowances / Short Ton of Corn Curls
		Pretzel Processing	0.633	Allowances / Short Ton of Pretzels
Beet sugar manufacturing	311313	Beet sugar manufacturing	0.611	Allowances / short ton Granulated-Refined Sugar
Breweries	312120	Lager Beer Manufacturing	0.178	Allowances / Thousand Gallons of Lager Beer
Wineries	312130	Distilled Spirits Production	1.13×10^{-3}	Allowances / Proof Gallons of Distilled Spirits
		Dry Color Concentrate Production	12.0	Allowances / Short ton of Dry Color Concentrate
		Grape Juice Concentrate Production	1.59×10^{-3}	Allowances / Gallons of Grape Juice Concentrate

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		Grape Seed Extract Production	9.48	Allowances / Short ton of Grape Seed Extract
		Liquid Color Concentrate Production	6.95x10 ⁻³	Allowances / Gallons of Liquid Color Concentrate
Paper (except Newsprint) Mills	322121	Bathroom Tissue Manufacturing	0.108	Allowances / Air Dried Short Ton of Bathroom Tissue produced adjusted by water absorption capacity
		Facial Tissue Manufacturing	1.32	Allowances / Air Dried Short Ton of Facial Tissue
		Delicate Task Wipers Manufacturing	1.32	Allowances / Air Dried Short Ton of Delicate Task Wipers
		Paper Towel Manufacturing	1.54	Allowances / Air Dried Short Ton of Paper Towel
Paperboard Mills	322130	Recycled Boxboard Manufacturing	0.516	Allowances / Air Dried Short Ton of Recycled Boxboard
		Recycled Linerboard (Testliner) Manufacturing	0.562	Allowances / Air Dried Short Ton of Recycled Linerboard

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
		Recycled Medium (Fluting) Manufacturing	0.392	Allowances / Air Dried Short Ton of Recycled Medium
Petroleum Refineries	324110	Petroleum Refining	3.89	Allowances / Complexity Weighted Barrel
All Other Petroleum and Coal Products Manufacturing	324199	Coke Calcining	0.632	Allowances / Metric Ton Calcined Coke
Industrial Gas Manufacturing	325120	On-Purpose Hydrogen Gas Production	8.94	Allowances / Metric Ton of On-Purpose Hydrogen Gas
		Liquid Hydrogen Production	11.9	Allowances / Metric Ton of Liquid Hydrogen Sold
<u>All Other Basic Inorganic Chemical Manufacturing</u>	<u>325188</u>	<u>Sulfuric Acid Regeneration (vintage 2019 allocation and beyond)</u>	<u>0.147</u>	<u>Allowances / Short Ton of Sulfuric Acid Produced</u>

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
Nitrogenous Fertilizer Manufacturing	325311	Nitric Acid Production	0.349-0.0957 [Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15 day public comment period.]	Allowances / Short ton of nitric acid (HNO ₃ 100%)
		Calcium Ammonium Nitrate Solution Production	0.0902-0.00 [Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15 day public comment period.]	Allowances / Short ton of Calcium Ammonium Nitrate Solution
Flat Glass Manufacturing	327211	Flat glass Manufacturing	0.495	Allowances / Short Ton of Flat Glass Pulled
Glass Container Manufacturing	327213	Container Glass Manufacturing	0.270	Allowances / Short Ton of Container Glass Pulled
Mineral Wool Manufacturing	327993	Fiber Glass Manufacturing	0.394	Allowances / Short Ton of Fiberglass Pulled

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B_a)	Benchmark Units
Cement Manufacturing	327310	Cement Manufacturing	0.742	Allowances / Short ton of adjusted clinker and mineral additives produced
Lime Manufacturing	327410	Dolime Manufacturing	1.40	Allowances / Short Ton of Dolime Produced
Gypsum Product Manufacturing	327420	Plaster Manufacturing	0.0454	Allowances / Short Ton of Plaster Sold as a Separate Finished Product
		Stucco Manufacturing	0.134	Allowances / Short Ton of Stucco used to produce saleable plasterboard
Iron and Steel Mills	331111	Steel Production Using an Electric Arc Furnace	0.170	Allowances / Short ton of Steel produced using EAF
Secondary smelting and alloying of aluminum	331314	Aluminum and Aluminum Alloy Billet Manufacturing	0.371	Allowances / Short ton of Aluminum and Aluminum alloy Billet

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B _a)	Benchmark Units
Secondary smelting, refining, and alloying of nonferrous metal (except copper and aluminum)	331492	Lead Acid Battery Recycling	0.5110.403 [Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]	Allowances / Short Ton of Lead and Lead Alloys
Iron Foundries	331511	Ductile Iron Pipe Manufacturing	0.561	Allowances / Short ton of Ductile Iron Pipes
Nonferrous Forging	332112	Seamless Rolled Ring	3.14 3.14 [Staff may propose a change to this benchmark as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period.]	Allowances / Short ton of Seamless Rolled Ring
Rolled Steel Shape Manufacturing	331221	Hot Rolled Steel Sheet Production	0.0843	Allowances / Short ton of hot rolled steel sheet
		Pickled Steel Sheet Production	0.0123	Allowances / Short ton of pickled steel sheet

NAICS Sector Definition	NAICS code	Activity (a)	Benchmark (B_a)	Benchmark Units
		Cold Rolled and Annealed Steel Sheet Production	0.0520	Allowances / Short ton of cold rolled and annealed steel sheet
		Galvanized Steel Sheet Production	0.0504	Allowances / Short ton of galvanized steel sheet
		Tin Steel Plate Production	0.111	Allowances / Short ton of tin plate
Turbine and Turbine Generator Set Units Manufacturing	333611	Testing of Turbines and Turbine Generator Sets	0.00782	Allowances / Horsepower tested

- (c) Energy-Based Allocation Calculation Methodology. The Executive Officer shall calculate the amount of California GHG Allowances directly allocated under the energy-based methodology annually using the following formula:

$$A_t = (S_{Consumed} * B_{Steam} + F_{Consumed} * B_{Fuel} - e_{Sold} * B_{Electricity}) * AF_{a,t} * c_{a,t}$$

Where:

“ A_t ” is the amount of California GHG allowances directly allocated to the operator of an industrial facility with an energy-based allocation from budget year “ t ”;

“ t ” is the budget year from which the direct allocation occurs;

“ $S_{Consumed}$ ” is the historical baseline annual arithmetic mean amount of steam consumed, measured in MMBtu, at the industrial facility for any industrial process, including heating or cooling applications. This value shall exclude any steam used to produce electricity. This value shall exclude steam produced from an onsite cogeneration unit;

“ B_{Steam} ” is the emissions efficiency benchmark per unit of steam, 0.06244 California GHG Allowances/MMBtu Steam;

“ $F_{Consumed}$ ” is the historical baseline annual arithmetic mean amount of energy produced due to fuel combustion at a given facility, measured in MMBtus. The Executive Officer shall calculate this value based on measured higher heating values or the default higher heating value of the applicable fuel in Table C–1 of subpart C, title 40, Code of Federal Regulations, Part 98 (October 20, 2009). This value shall include any energy from fuel combusted in an onsite electricity generation or cogeneration unit. This value shall exclude energy to generate the steam accounted for in the “ $S_{Consumed}$ ” term;

“ B_{Fuel} ” is the emissions efficiency benchmark per unit of energy from fuel combustion, 0.05307 California GHG Allowances/MMBtu;

“ e_{Sold} ” is the historical baseline annual arithmetic mean amount of electricity sold or provided for off-site use, measured in MWh;

“ $B_{Electricity}$ ” is the emissions efficiency benchmark per unit of electricity sold or provided to off-site end users, 0.431 California GHG Allowances/MWh;

“ $AF_{a,t}$ ” is the assistance factor for budget year “t” assigned to the facility for activity “a” as specified in Table 8-1 ~~and Table 8-3, as applicable according to compliance period~~; and

“ $c_{a,t}$ ” is the adjustment factor for budget year “t” assigned to the facility for activity “a” to account for cap decline as specified in Table 9-2.

~~(2) — Maximum Free Allocation. The Executive Officer shall ensure that the annual amount of California GHG Allowances directly allocated under the energy-based methodology to a covered entity for operations at a facility shall not exceed 110% of the maximum annual level of greenhouse gas emissions, adjusted for steam purchases and sales and electricity sales, emitted during the historical data years used in establishing the baseline allocation for the facility in question.~~

(32) New Entrants Energy-based Allocation Methodology. For covered facilities that are eligible for free allocation pursuant to section 95891(c) and either were not allocated Initial Allocation from budget year t-1 or were allocated under 95891(c)(2) from budget year t-1 whose emissions exceeded the inclusion threshold pursuant to 95812(c) in 2012 or subsequent years, or opted into the program in 2012 or subsequent years, and are eligible for free allocation under the energy-based methodology, allowances allocation

shall be determined by the Executive Officer using the following methodology.

- (A) Opt-In Covered Entities without Historical Baseline Emissions Data. For opt-in covered entities of facilities that have no historical emissions data reported to ARB under MRR, the Executive Officer shall calculate the amount of California GHG Allowances directly allocated under the energy-based methodology annually using the following formula:

$$A_{a,t} = \frac{(F_{Consumed,est} * B_{Fuel} - e_{sold,est} * B_{Elect}) * AF_{a,t} * c_{a,t}}{A_{a,t} = (F_{Consumed,est} \times B_{Fuel} - e_{sold,est} \times B_{Electricity}) \times AF_{a,t} \times c_{a,t}}$$

Where:

“A_{a,t}” is the amount of California GHG Allowances directly allocated to the operator of an industrial facility for activity “a” with an energy-based allocation from budget year “t”;

“t” is the budget year from which the direct allocation occurs;

“F_{Consumed,est}” is the estimated amount of energy produced due to fuel combustion at a given the facility, measured in MMBtu. This value shall exclude fuel used to produce steam that is provided or sold offsite. The Executive Officer shall calculate this value based on measured higher heating values or the default higher heating value of the applicable fuel in Table C–1 of subpart C, title 40, Code of Federal Regulations, Part 98 (December 17, 2010). The Executive Officer shall calculate this value utilizing any available data on the design of the facility and equipment;

“B_{Fuel}” is the emissions efficiency benchmark per unit of energy from fuel combustion, 0.05307 California GHG Allowances/MMBtu;

“ $e_{\text{Sold,est}}$ ” is the estimated amount of electricity sold or provided for off-site use, measured in MWh. The Executive Officer shall calculate this value utilizing any available data on the design of the facility and equipment;

“ $B_{\text{Electricity}}$ ” is the emissions efficiency benchmark per unit of electricity sold or provided to off-site end users, 0.431 California GHG Allowances/MWh;

“ $AF_{a,t}$ ” is the assistance factor for budget year “t” assigned to the facility activity “a” as specified in Table 8-1 ~~or Table 8-3, as applicable according to compliance period~~; and

“ $C_{a,t}$ ” is the adjustment factor for budget year “t” assigned to the facility activity “a” to account for cap decline as specified in Table 9-2.

- (B) Entities with Transitional Emissions Data. For covered entities or opt-in covered entities that are classified as transitional in the stability formula in 95891(c)(23)(D), the Executive Officer shall calculate the amount of California GHG Allowances directly allocated under the energy-based methodology annually using the following formula:

$$A_{a,t} = \text{InitialAllocation}_t + \text{TrueUp}_t$$
~~$$A_{a,t} = (F_{t-2} * 0.05307 + (S_{\text{Purchased},t-2} - S_{\text{Sold},t-2}) * 0.06244 - e_{\text{sold},t-2} * 0.431) * AF_{a,t} * C_{a,t} + \text{TrueUp}_t$$~~

Where:

“A_{a,t}” is the amount of California GHG Allowances directly allocated to the operator of an industrial facility with activity “a” with an energy-based allocation from budget year “t”;

“InitialAllocation_t” is the amount of allowances allocated to an entity in advance of budget year “t” for industry assistance for budget year “t.” This amount is based on energy use in year “t-2,” which is an estimate of year “t” energy use. These allowances shall be returned to the Executive Officer pursuant to section ~~95835(f)~~95890(k) if the entity does not incur a compliance obligation for year “t” or does not perform activity “a” listed in Table 8-1 ~~or Table 8-3, as applicable according to compliance period~~, in year “t”; and

“t” is the budget year from which the direct allocation occurs;

InitialAllocation_t

$$\equiv (F_{t-2} * 0.05307 + (S_{purchased,t-2} - S_{sold,t-2}) * 0.06244 - e_{sold,t-2} * 0.431) * AF_{a,t} * C_{a,t}$$

Where:

“t-2” is the year two years prior to year “t”;

“F_{t-2}” is the annual amount of energy produced due to fuel combustion at a given facility for year “t-2”, measured in MMBtus. The Executive Officer shall calculate this value based on measured higher heating values or the default higher heating value of the applicable fuel in Table C–1 of subpart C, title 40, Code of Federal Regulations, Part 98 (November 29, 2013). This value shall include any energy from fuel combusted in an onsite electricity generation or cogeneration unit;

“ $S_{\text{Purchased},t-2}$ ” is the annual amount of steam purchased for year “t-2” by the facility in MMBtu as reported to ARB under MRR;

“ $S_{\text{Sold},t-2}$ ” is the annual amount of steam provided or sold for year “t-2” from the facility in MMBtu as reported to ARB under MRR;

“ $e_{\text{Sold},t-2}$ ” is the annual amount of electricity sold for year “t-2” from the facility in MWh as reported to ARB under MRR;

“ $AF_{a,t}$ ” is the assistance factor for budget year “t” assigned to the facility activity “a” as specified in Table 8-1 ~~or Table 8-3, as applicable according to compliance period;~~

“ $c_{a,t}$ ” is the adjustment factor for budget year “t” assigned to the facility activity “a” to account for cap decline as specified in Table 9-2; and

~~“ $TrueUp_t$ ”~~ **TrueUp_t** is the amount of true-up allowances allocated to account for changes in production or allocation not properly accounted for in prior allocations. This value shall only be calculated if the entity was covered under the Cap-and-Trade Program in year “t-2” **or if the entity received an initial allocation of vintage t-2 allowances but was not a covered entity in year “t-2.” In the latter case, a negative true-up will be calculated.**

This value of allowances for budget year “t” shall be allowed to be used for compliance for budget year “t-2” or subsequent budget years pursuant to section 95856(h)(1)(D) and 95856(h)(2)(D). This value is calculated using the following formula:

$$\begin{aligned} TrueUp_t &= (BE_{t-2} * AF_{a,t-2} * c_{a,t-2} - A_{a,t-2, \text{no trueup}}) \\ TrueUp_t &= BE_{t-2} * AF_{a,t-2} * c_{a,t-2} - InitialAllocation_{t-2} \end{aligned}$$

Where:

~~“ $A_{a,t-2, \text{no trueup}}$ ” is the amount of California GHG Allowances directly allocated to the operator of an industrial facility for activity “a” with an energy-based allocation from budget year “t-2” not including the true-up for that budget year;~~

“t-2” is the year two years prior to year “t”;

“ $AF_{a,t-2}$ ” is the assistance factor for budget year “t-2” assigned to the facility activity “a” as specified in Table 8-1 ~~or Table 8-3, as applicable according to compliance period;~~

“ $C_{a,t-2}$ ” is the adjustment factor for budget year “t-2” assigned to the facility for activity “a” to account for cap decline as specified in Table 9-2;

“ BE_{t-2} ” is the baseline annual greenhouse gas emissions for year “t-2” adjusted for steam purchases and sales and electricity sales using the following equation:

$$BE_{t-2} = F_{t-2} * 0.05307 + (S_{Purchased,t-2} - S_{Sold,t-2}) * 0.06244 - e_{sold,t-2} * 0.431$$

Where:

“ F_{t-2} ” is the annual amount of energy produced due to fuel combustion in year “t-2” at a giventhe facility, measured in MMBtus. The Executive Officer shall calculate this value based on measured higher heating values or the default higher heating value of the applicable fuel in Table C-1 of subpart C, title 40, Code of Federal Regulations, Part 98 (November 29, 2013). This value shall include

any energy from fuel combusted in an onsite electricity generation or cogeneration unit;

“ $S_{\text{Purchased},t-2}$ ” is the annual amount of steam purchased for year “t-2” by the facility in MMBtu;

“ $S_{\text{Sold},t-2}$ ” is the annual amount of steam sold for year “t-2” from the facility in MMBtu; and

“ $e_{\text{Sold},t-2}$ ” is the annual amount of electricity sold for year “t-2” from the facility in MWh.

(3) Facilities Newly Eligible for Allocation. Only for allowance allocation that occurs in the first calendar year, “t-1,” that a covered entity that meets all the criteria set forth in 95891(c)(3)(A) through 95891(c)(3)(C), the Executive Officer shall calculate the amount of California GHG allowances directly allocated under an energy-based methodology using the following equation. All subsequent allocation shall be calculated pursuant to section 95891, excluding section 95891(c)(3).

$$TA_t = A_{EB,t} + \sum_n^{t-1} TrueUp_n$$

Where:

“ TA_t ” is the total amount of California GHG allowances from budget year “t” directly allocated to the operator of an industrial facility;

“ $A_{EB,t}$ ” is the amount of California GHG allowances from budget year “t” calculated by the energy-based allocation methodology in section 95891(c);

“n” is the first year in which the entity incurred a compliance obligation and in which the entity performed an activity and reported a NAICS code listed in Table 8-1-~~or Table 8-3~~; and

“TrueUp_n” is the amount of true-up allowances allocated to account for allocation not properly accounted for in prior allocations. This value of allowances from budget year “t” shall be allowed to be used for compliance for budget year t-2 and subsequent years pursuant to sections 95856(h)(1)(D) and 95856(h)(2)(D). This value is calculated by the following equation:

$$\text{TrueUp}_n = A_{EB,t} * \frac{c_{a,n} AF_{a,n}}{c_{a,t} AF_{a,t}}$$

Where:

“AF_{a,t}” is the assistance factor for budget year “t” assigned to each activity “a” as specified in Table 8-1;

“AF_{a,n}” is the assistance factor for budget year “n” assigned to each activity “a” as specified in Table 8-1;

“c_{a,t}” is the adjustment factor for budget year “t” assigned to each activity “a” as specified in Table 9-2.

“c_{a,n}” is the adjustment factor for budget year “n” assigned to each activity “a” as specified in Table 9-2.

- (34) If an entity receiving allocation under 95891(c) does not perform activity “a” in a year for which it was allocated allowances, and is not otherwise subject to true-up allocation under section 95891(c), the entity must return to the Executive Officer all allowances allocated for that year, pursuant to section

95835(f)95890(k). Further, if an entity receiving allocation under 95891(c) shuts down and therefore ceases to perform activity “a” part way through a year for which it was allocated allowances, and the entity is not otherwise subject to true-up allocation under section 95891(c), the entity must return to the Executive Officer allowances equivalent to the proportion of the year during which activity “a” was not performed. These allowances must be returned pursuant to section 95835(f)95890(k).

Table 9-2: Cap Adjustment Factors for Allowance Allocation

<u>Budget Year</u>	<u>Cap Adjustment Factor, c</u>	
	<u>Standard Activities</u>	<u>Industrial Activities with NAICS codes 325311, 327310, and 327410[#]</u>
<u>2013</u>	<u>0.981</u>	<u>0.991</u>
<u>2014</u>	<u>0.963</u>	<u>0.981</u>
<u>2015</u>	<u>0.944</u>	<u>0.972</u>
<u>2016</u>	<u>0.925</u>	<u>0.963</u>
<u>2017</u>	<u>0.907</u>	<u>0.953</u>
<u>2018</u>	<u>0.888</u>	<u>0.944</u>
<u>2019</u>	<u>0.869</u>	<u>0.935</u>
<u>2020</u>	<u>0.851</u>	<u>0.925</u>
<u>Budget Year</u>	<u>Standard Activities</u>	<u>Industrial Activities to be Determined</u>
<u>2021</u>	<u>0.817</u>	<u>0.908</u>
<u>2022</u>	<u>0.783</u>	<u>0.891</u>
<u>2023</u>	<u>0.749</u>	<u>0.874</u>
<u>2024</u>	<u>0.715</u>	<u>0.857</u>
<u>2025</u>	<u>0.681</u>	<u>0.840</u>
<u>2026</u>	<u>0.647</u>	<u>0.823</u>
<u>2027</u>	<u>0.613</u>	<u>0.806</u>
<u>2028</u>	<u>0.579</u>	<u>0.789</u>
<u>2029</u>	<u>0.545</u>	<u>0.772</u>
<u>2030</u>	<u>0.511</u>	<u>0.755</u>
<u>2031</u>	<u>0.494</u>	<u>0.747</u>

[#] These are activities with over 50 percent of total emissions from process emissions and a high leakage risk classification in Table 8-1. The activities are nitric acid production (NAICS code 325311), calcium ammonium nitrate solution production (NAICS code 325311), cement manufacturing (NAICS code 327310), and dolime manufacturing (NAICS code 327410).

<u>Budget Year</u>	<u>Cap Adjustment Factor, c</u>	
	<u>Standard Activities</u>	<u>Industrial Activities with NAICS codes 325311, 327310, and 327410[#]</u>
<u>2013</u>	<u>0.981</u>	<u>0.991</u>
<u>2014</u>	<u>0.963</u>	<u>0.981</u>
<u>2015</u>	<u>0.944</u>	<u>0.972</u>
<u>2016</u>	<u>0.925</u>	<u>0.963</u>
<u>2017</u>	<u>0.907</u>	<u>0.953</u>
<u>2018</u>	<u>0.888</u>	<u>0.944</u>
<u>2019</u>	<u>0.869</u>	<u>0.935</u>
<u>2020</u>	<u>0.851</u>	<u>0.925</u>
<u>Budget Year</u>	<u>All Activities</u>	
<u>2021</u>	<u>0.817</u>	
<u>2022</u>	<u>0.783</u>	
<u>2023</u>	<u>0.749</u>	
<u>2024</u>	<u>0.715</u>	
<u>2025</u>	<u>0.681</u>	
<u>2026</u>	<u>0.647</u>	
<u>2027</u>	<u>0.613</u>	
<u>2028</u>	<u>0.579</u>	
<u>2029</u>	<u>0.545</u>	
<u>2030</u>	<u>0.511</u>	
<u>2031</u>	<u>0.494</u>	

[#] These are activities with over 50 percent of total emissions from process emissions and a high leakage risk classification in Table 8-1. The activities are nitric acid production (NAICS code 325311), calcium ammonium nitrate solution production (NAICS code 325311), cement manufacturing (NAICS code 327310), and dolime manufacturing (NAICS code 327410).

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95892. Allocation to Electrical Distribution Utilities for Protection of Electricity Ratepayers.

Table 9-4: Annual Allowances Allocated to Each Electrical Distribution Utility from 2021 to 2026 through 2030

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Alameda Municipal Power</u>	<u>79,765</u>	<u>77,930</u>	<u>74,823</u>	<u>71,708</u>	<u>68,615</u>	<u>66,991</u>	<u>64,813</u>	<u>62,374</u>	<u>61,334</u>	<u>58,857</u>
<u>Anza Electric Cooperative, Inc.</u>	<u>18,910</u>	<u>18,751</u>	<u>18,353</u>	<u>17,950</u>	<u>17,545</u>	<u>17,376</u>	<u>16,964</u>	<u>16,548</u>	<u>16,372</u>	<u>15,950</u>
<u>City and County of San Francisco, SF Public Utilities Commission</u>	<u>24,905</u>	<u>25,101</u>	<u>25,275</u>	<u>25,384</u>	<u>25,358</u>	<u>25,463</u>	<u>25,569</u>	<u>25,675</u>	<u>25,782</u>	<u>25,889</u>
<u>City of Anaheim, Public Utilities Department</u>	<u>1,568,268</u>	<u>1,577,179</u>	<u>1,537,495</u>	<u>1,495,687</u>	<u>1,456,438</u>	<u>1,435,129</u>	<u>1,053,081</u>	<u>672,097</u>	<u>664,173</u>	<u>645,389</u>
<u>City of Azusa</u>	<u>73,918</u>	<u>73,116</u>	<u>71,144</u>	<u>69,158</u>	<u>67,156</u>	<u>66,479</u>	<u>64,500</u>	<u>62,447</u>	<u>61,560</u>	<u>59,476</u>
<u>City of Banning</u>	<u>38,581</u>	<u>38,159</u>	<u>37,112</u>	<u>36,055</u>	<u>34,989</u>	<u>34,542</u>	<u>33,460</u>	<u>32,368</u>	<u>31,902</u>	<u>30,793</u>
<u>City of Biggs</u>	<u>2,795</u>	<u>2,726</u>	<u>2,594</u>	<u>2,463</u>	<u>2,333</u>	<u>2,267</u>	<u>2,155</u>	<u>2,042</u>	<u>1,993</u>	<u>1,878</u>
<u>City of Burbank</u>	<u>572,818</u>	<u>571,290</u>	<u>562,290</u>	<u>553,356</u>	<u>544,626</u>	<u>540,529</u>	<u>413,255</u>	<u>287,032</u>	<u>282,753</u>	<u>273,331</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>City of Cerritos</u>	<u>26,066</u>	<u>25,852</u>	<u>25,130</u>	<u>24,543</u>	<u>23,957</u>	<u>23,741</u>	<u>23,095</u>	<u>22,444</u>	<u>22,161</u>	<u>21,500</u>
<u>City of Colton</u>	<u>109,201</u>	<u>108,010</u>	<u>105,323</u>	<u>102,623</u>	<u>99,907</u>	<u>98,975</u>	<u>96,209</u>	<u>93,362</u>	<u>92,138</u>	<u>89,247</u>
<u>City of Corona Dept. of Water & Power</u>	<u>43,645</u>	<u>43,118</u>	<u>42,047</u>	<u>40,825</u>	<u>39,748</u>	<u>39,351</u>	<u>38,165</u>	<u>36,968</u>	<u>36,448</u>	<u>35,233</u>
<u>City of Glendale</u>	<u>438,169</u>	<u>436,728</u>	<u>428,337</u>	<u>419,730</u>	<u>411,183</u>	<u>406,742</u>	<u>335,705</u>	<u>265,431</u>	<u>261,223</u>	<u>251,964</u>
<u>City of Healdsburg</u>	<u>20,986</u>	<u>20,724</u>	<u>20,256</u>	<u>19,685</u>	<u>19,214</u>	<u>19,095</u>	<u>18,295</u>	<u>17,707</u>	<u>17,458</u>	<u>16,861</u>
<u>City of Industry</u>	<u>11,938</u>	<u>11,832</u>	<u>11,570</u>	<u>11,306</u>	<u>11,039</u>	<u>10,928</u>	<u>10,657</u>	<u>10,384</u>	<u>10,267</u>	<u>9,990</u>
<u>City of Lodi</u>	<u>116,168</u>	<u>114,782</u>	<u>111,917</u>	<u>109,138</u>	<u>106,344</u>	<u>105,530</u>	<u>101,269</u>	<u>97,997</u>	<u>96,600</u>	<u>93,278</u>
<u>City of Lompoc a Municipal Corporation</u>	<u>36,365</u>	<u>35,792</u>	<u>34,740</u>	<u>33,660</u>	<u>32,603</u>	<u>32,128</u>	<u>31,067</u>	<u>30,082</u>	<u>29,661</u>	<u>28,661</u>
<u>City of Moreno Valley</u>	<u>47,450</u>	<u>47,030</u>	<u>45,989</u>	<u>44,939</u>	<u>43,879</u>	<u>43,434</u>	<u>42,358</u>	<u>41,272</u>	<u>40,810</u>	<u>39,707</u>
<u>City of Needles</u>	<u>6,953</u>	<u>6,788</u>	<u>6,510</u>	<u>6,082</u>	<u>5,800</u>	<u>5,767</u>	<u>5,411</u>	<u>5,049</u>	<u>4,934</u>	<u>4,561</u>
<u>City of Oakland Acting By and Through Its Board of Port Commissioners</u>	<u>23,436</u>	<u>23,354</u>	<u>22,916</u>	<u>22,504</u>	<u>22,055</u>	<u>21,959</u>	<u>21,177</u>	<u>20,615</u>	<u>20,384</u>	<u>19,813</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>City of Palo Alto</u>	<u>167,771</u>	<u>162,988</u>	<u>154,859</u>	<u>146,764</u>	<u>138,189</u>	<u>133,797</u>	<u>127,404</u>	<u>120,480</u>	<u>117,526</u>	<u>110,496</u>
<u>City of Rancho Cucamonga</u>	<u>24,559</u>	<u>24,342</u>	<u>23,803</u>	<u>23,260</u>	<u>22,711</u>	<u>22,481</u>	<u>21,924</u>	<u>21,362</u>	<u>21,122</u>	<u>20,552</u>
<u>City of Riverside Public Utilities</u>	<u>1,060,927</u>	<u>1,056,559</u>	<u>1,039,042</u>	<u>1,015,558</u>	<u>1,000,815</u>	<u>991,145</u>	<u>799,554</u>	<u>609,032</u>	<u>601,432</u>	<u>583,388</u>
<u>City of Roseville</u>	<u>341,483</u>	<u>342,046</u>	<u>334,821</u>	<u>326,772</u>	<u>319,452</u>	<u>317,415</u>	<u>305,678</u>	<u>297,677</u>	<u>295,636</u>	<u>287,271</u>
<u>City of Shasta Lake</u>	<u>65,092</u>	<u>64,709</u>	<u>64,004</u>	<u>62,828</u>	<u>61,618</u>	<u>61,269</u>	<u>59,577</u>	<u>58,394</u>	<u>58,095</u>	<u>56,858</u>
<u>City of Ukiah</u>	<u>30,101</u>	<u>29,715</u>	<u>28,749</u>	<u>27,732</u>	<u>26,858</u>	<u>26,333</u>	<u>25,448</u>	<u>24,577</u>	<u>24,201</u>	<u>23,316</u>
<u>City of Vernon, Vernon Gas & Electric</u>	<u>365,766</u>	<u>362,830</u>	<u>353,029</u>	<u>342,878</u>	<u>332,947</u>	<u>327,688</u>	<u>317,692</u>	<u>308,141</u>	<u>304,095</u>	<u>294,385</u>
<u>City of Victorville</u>	<u>24,531</u>	<u>24,331</u>	<u>23,783</u>	<u>23,083</u>	<u>22,528</u>	<u>22,325</u>	<u>21,711</u>	<u>21,092</u>	<u>20,824</u>	<u>20,195</u>
<u>Eastside Power Authority</u>	<u>1,206</u>	<u>1,134</u>	<u>957</u>	<u>778</u>	<u>597</u>	<u>573</u>	<u>575</u>	<u>578</u>	<u>580</u>	<u>582</u>
<u>Golden State Water Company (Bear Valley Electric Service)</u>	<u>44,894</u>	<u>44,649</u>	<u>43,482</u>	<u>42,631</u>	<u>41,455</u>	<u>40,867</u>	<u>39,855</u>	<u>38,833</u>	<u>38,397</u>	<u>37,360</u>
<u>Gridley Electric Utility</u>	<u>6,517</u>	<u>6,392</u>	<u>6,118</u>	<u>5,846</u>	<u>5,573</u>	<u>5,451</u>	<u>5,162</u>	<u>4,900</u>	<u>4,787</u>	<u>4,521</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Imperial Irrigation District</u>	<u>1,199,715</u>	<u>1,208,295</u>	<u>1,200,777</u>	<u>1,187,233</u>	<u>1,174,397</u>	<u>1,175,503</u>	<u>1,139,580</u>	<u>1,121,820</u>	<u>1,121,083</u>	<u>1,102,097</u>
<u>Kirkwood Meadows PUD</u>	<u>2,226</u>	<u>2,236</u>	<u>2,216</u>	<u>2,197</u>	<u>2,178</u>	<u>2,191</u>	<u>2,157</u>	<u>2,123</u>	<u>2,118</u>	<u>2,082</u>
<u>Lassen Municipal Utility District</u>	<u>33,810</u>	<u>33,365</u>	<u>32,316</u>	<u>31,403</u>	<u>30,330</u>	<u>30,012</u>	<u>29,048</u>	<u>28,020</u>	<u>27,589</u>	<u>26,544</u>
<u>Liberty Utilities (CalPeco Electric) LLC</u>	<u>189,367</u>	<u>188,590</u>	<u>185,284</u>	<u>181,575</u>	<u>177,489</u>	<u>175,880</u>	<u>171,165</u>	<u>167,293</u>	<u>165,928</u>	<u>161,944</u>
<u>Los Angeles Department of Water & Power</u>	<u>10,440,249</u>	<u>10,278,898</u>	<u>9,920,930</u>	<u>9,569,498</u>	<u>9,653,515</u>	<u>9,622,159</u>	<u>7,644,667</u>	<u>5,737,260</u>	<u>5,668,683</u>	<u>5,492,192</u>
<u>Merced Irrigation District</u>	<u>134,002</u>	<u>134,112</u>	<u>132,626</u>	<u>130,630</u>	<u>128,256</u>	<u>127,984</u>	<u>124,326</u>	<u>122,118</u>	<u>121,799</u>	<u>119,445</u>
<u>Modesto Irrigation District</u>	<u>714,695</u>	<u>713,743</u>	<u>700,645</u>	<u>686,193</u>	<u>673,058</u>	<u>669,670</u>	<u>647,298</u>	<u>632,626</u>	<u>629,343</u>	<u>613,909</u>
<u>Pacific Gas and Electric Company</u>	<u>17,599,777</u>	<u>17,460,185</u>	<u>16,921,166</u>	<u>16,757,499</u>	<u>21,426,107</u>	<u>23,023,113</u>	<u>22,260,374</u>	<u>21,597,094</u>	<u>21,308,651</u>	<u>20,636,456</u>
<u>PacifiCorp</u>	<u>551,045</u>	<u>550,696</u>	<u>544,824</u>	<u>529,519</u>	<u>523,766</u>	<u>518,466</u>	<u>508,806</u>	<u>502,973</u>	<u>501,766</u>	<u>474,261</u>
<u>Pasadena Water and Power</u>	<u>662,521</u>	<u>647,114</u>	<u>640,632</u>	<u>635,705</u>	<u>618,698</u>	<u>608,140</u>	<u>445,968</u>	<u>284,257</u>	<u>280,319</u>	<u>270,998</u>
<u>Pittsburg Power Company</u>	<u>5,215</u>	<u>5,171</u>	<u>5,036</u>	<u>4,901</u>	<u>4,766</u>	<u>4,723</u>	<u>4,572</u>	<u>4,419</u>	<u>4,357</u>	<u>4,202</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Plumas-Sierra Rural Electric Cooperative</u>	<u>30,445</u>	<u>29,699</u>	<u>28,229</u>	<u>26,757</u>	<u>25,391</u>	<u>24,508</u>	<u>23,467</u>	<u>22,277</u>	<u>21,765</u>	<u>20,557</u>
<u>Power and Water Resources Pooling Authority</u>	<u>101,080</u>	<u>98,833</u>	<u>94,340</u>	<u>89,848</u>	<u>85,355</u>	<u>83,109</u>	<u>78,616</u>	<u>74,123</u>	<u>71,877</u>	<u>67,384</u>
<u>Redding Electric Utility</u>	<u>155,878</u>	<u>155,281</u>	<u>151,053</u>	<u>146,233</u>	<u>141,257</u>	<u>140,090</u>	<u>132,667</u>	<u>127,652</u>	<u>126,384</u>	<u>121,139</u>
<u>Sacramento Municipal Utility District (SMUD)</u>	<u>2,809,902</u>	<u>2,792,687</u>	<u>2,721,959</u>	<u>2,650,543</u>	<u>2,574,500</u>	<u>2,547,876</u>	<u>2,455,270</u>	<u>2,386,459</u>	<u>2,369,293</u>	<u>2,297,289</u>
<u>San Diego Gas & Electric Company</u>	<u>6,766,147</u>	<u>6,737,256</u>	<u>6,586,708</u>	<u>6,435,664</u>	<u>6,279,487</u>	<u>6,208,750</u>	<u>6,023,536</u>	<u>5,857,961</u>	<u>5,782,142</u>	<u>5,615,045</u>
<u>Silicon Valley Power (SVP), City of Santa Clara</u>	<u>771,858</u>	<u>761,415</u>	<u>735,843</u>	<u>710,042</u>	<u>684,010</u>	<u>672,959</u>	<u>646,526</u>	<u>619,858</u>	<u>608,355</u>	<u>581,278</u>
<u>Southern California Edison Company</u>	<u>25,183,597</u>	<u>24,999,282</u>	<u>24,357,709</u>	<u>23,681,594</u>	<u>23,035,309</u>	<u>22,687,800</u>	<u>21,942,596</u>	<u>21,240,462</u>	<u>20,907,873</u>	<u>20,201,590</u>
<u>Stockton Port District</u>	<u>6,945</u>	<u>6,900</u>	<u>6,768</u>	<u>6,635</u>	<u>6,503</u>	<u>6,293</u>	<u>6,254</u>	<u>6,103</u>	<u>6,040</u>	<u>5,886</u>
<u>Surprise Valley Electrification Corp.</u>	<u>2,770</u>	<u>2,790</u>	<u>2,811</u>	<u>2,831</u>	<u>2,852</u>	<u>2,873</u>	<u>2,894</u>	<u>2,915</u>	<u>2,937</u>	<u>2,958</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Truckee Donner Public Utilities District</u>	<u>53,342</u>	<u>53,088</u>	<u>52,168</u>	<u>51,234</u>	<u>50,287</u>	<u>50,001</u>	<u>49,183</u>	<u>48,183</u>	<u>47,850</u>	<u>46,820</u>
<u>Turlock Irrigation District</u>	<u>447,309</u>	<u>446,613</u>	<u>437,740</u>	<u>427,721</u>	<u>415,607</u>	<u>413,210</u>	<u>395,766</u>	<u>384,284</u>	<u>381,645</u>	<u>369,576</u>
<u>Valley Electric Association, Inc.</u>	<u>3,162</u>	<u>3,114</u>	<u>2,875</u>	<u>2,770</u>	<u>3,101</u>	<u>3,049</u>	<u>2,847</u>	<u>2,789</u>	<u>2,782</u>	<u>2,719</u>
<u>WAPA - Sierra Nevada Region</u>	<u>224,481</u>	<u>220,784</u>	<u>208,828</u>	<u>194,591</u>	<u>180,305</u>	<u>174,523</u>	<u>156,853</u>	<u>142,228</u>	<u>136,488</u>	<u>121,550</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Alameda Municipal Power</u>	<u>71,138</u>	<u>65,199</u>	<u>60,891</u>	<u>55,522</u>	<u>50,417</u>	<u>46,676</u>	<u>42,697</u>	<u>38,655</u>	<u>34,795</u>	<u>31,060</u>
<u>Anza Electric Cooperative, Inc.</u>	<u>16,006</u>	<u>15,023</u>	<u>14,263</u>	<u>13,327</u>	<u>12,418</u>	<u>11,706</u>	<u>10,833</u>	<u>9,970</u>	<u>9,136</u>	<u>8,314</u>
<u>City and County of San Francisco, SF Public Utilities Commission</u>	<u>23,910</u>	<u>23,095</u>	<u>22,246</u>	<u>21,327</u>	<u>20,292</u>	<u>19,359</u>	<u>18,448</u>	<u>17,499</u>	<u>16,542</u>	<u>15,546</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>City of Anaheim, Public Utilities Department</u>	<u>1,441,826</u>	<u>1,348,991</u>	<u>1,274,773</u>	<u>1,181,625</u>	<u>1,093,792</u>	<u>1,022,926</u>	<u>712,042</u>	<u>428,905</u>	<u>391,675</u>	<u>355,157</u>
<u>City of Azusa</u>	<u>66,534</u>	<u>61,945</u>	<u>58,524</u>	<u>54,184</u>	<u>49,991</u>	<u>46,981</u>	<u>43,147</u>	<u>39,346</u>	<u>35,698</u>	<u>32,143</u>
<u>City of Banning</u>	<u>34,676</u>	<u>32,266</u>	<u>30,479</u>	<u>28,199</u>	<u>25,997</u>	<u>24,351</u>	<u>22,321</u>	<u>20,333</u>	<u>18,428</u>	<u>16,573</u>
<u>City of Biggs</u>	<u>2,432</u>	<u>2,208</u>	<u>2,054</u>	<u>1,850</u>	<u>1,658</u>	<u>1,526</u>	<u>1,366</u>	<u>1,212</u>	<u>1,067</u>	<u>929</u>
<u>City of Burbank</u>	<u>530,854</u>	<u>502,585</u>	<u>477,175</u>	<u>447,949</u>	<u>419,592</u>	<u>395,502</u>	<u>283,502</u>	<u>181,741</u>	<u>165,032</u>	<u>148,756</u>
<u>City of Cerritos</u>	<u>23,620</u>	<u>22,104</u>	<u>20,815</u>	<u>19,377</u>	<u>17,986</u>	<u>16,924</u>	<u>15,591</u>	<u>14,279</u>	<u>13,017</u>	<u>11,781</u>
<u>City of Colton</u>	<u>98,668</u>	<u>91,948</u>	<u>86,997</u>	<u>80,764</u>	<u>74,737</u>	<u>70,297</u>	<u>64,700</u>	<u>59,159</u>	<u>53,832</u>	<u>48,625</u>
<u>City of Corona Dept. of Water & Power</u>	<u>39,327</u>	<u>36,568</u>	<u>34,631</u>	<u>32,018</u>	<u>29,634</u>	<u>27,852</u>	<u>25,568</u>	<u>23,329</u>	<u>21,179</u>	<u>19,084</u>
<u>City of Glendale</u>	<u>401,919</u>	<u>379,176</u>	<u>359,584</u>	<u>335,985</u>	<u>313,099</u>	<u>294,064</u>	<u>227,814</u>	<u>167,270</u>	<u>151,515</u>	<u>136,205</u>
<u>City of Healdsburg</u>	<u>18,877</u>	<u>17,526</u>	<u>16,648</u>	<u>15,398</u>	<u>14,288</u>	<u>13,485</u>	<u>12,216</u>	<u>11,135</u>	<u>10,098</u>	<u>9,088</u>
<u>City of Industry</u>	<u>10,870</u>	<u>10,175</u>	<u>9,637</u>	<u>8,975</u>	<u>8,333</u>	<u>7,830</u>	<u>7,233</u>	<u>6,645</u>	<u>6,077</u>	<u>5,519</u>
<u>City of Lodi</u>	<u>104,487</u>	<u>97,137</u>	<u>91,981</u>	<u>85,426</u>	<u>79,083</u>	<u>74,471</u>	<u>67,618</u>	<u>61,623</u>	<u>55,873</u>	<u>50,274</u>
<u>City of Lompoc a Municipal Corporation</u>	<u>32,751</u>	<u>30,341</u>	<u>28,590</u>	<u>26,382</u>	<u>24,278</u>	<u>22,701</u>	<u>20,774</u>	<u>18,946</u>	<u>17,192</u>	<u>15,482</u>
<u>City of Moreno Valley</u>	<u>43,204</u>	<u>40,445</u>	<u>38,304</u>	<u>35,675</u>	<u>33,122</u>	<u>31,123</u>	<u>28,751</u>	<u>26,412</u>	<u>24,154</u>	<u>21,936</u>
<u>City of Needles</u>	<u>5,756</u>	<u>5,123</u>	<u>4,872</u>	<u>4,276</u>	<u>3,847</u>	<u>3,630</u>	<u>3,183</u>	<u>2,754</u>	<u>2,351</u>	<u>1,970</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>City of Oakland Acting By and Through Its Board of Port Commissioners</u>	<u>20,285</u>	<u>18,995</u>	<u>18,025</u>	<u>16,791</u>	<u>15,568</u>	<u>14,676</u>	<u>13,327</u>	<u>12,155</u>	<u>11,031</u>	<u>9,936</u>
<u>City of Palo Alto</u>	<u>145,720</u>	<u>131,598</u>	<u>122,250</u>	<u>109,902</u>	<u>97,836</u>	<u>89,633</u>	<u>80,381</u>	<u>71,166</u>	<u>62,471</u>	<u>54,195</u>
<u>City of Rancho Cucamonga</u>	<u>22,362</u>	<u>20,934</u>	<u>19,826</u>	<u>18,465</u>	<u>17,143</u>	<u>16,109</u>	<u>14,881</u>	<u>13,671</u>	<u>12,502</u>	<u>11,354</u>
<u>City of Riverside Public Utilities</u>	<u>979,900</u>	<u>925,563</u>	<u>878,757</u>	<u>819,063</u>	<u>768,205</u>	<u>722,473</u>	<u>547,319</u>	<u>387,047</u>	<u>352,747</u>	<u>319,173</u>
<u>City of Roseville</u>	<u>305,836</u>	<u>288,054</u>	<u>274,058</u>	<u>254,635</u>	<u>236,488</u>	<u>222,959</u>	<u>203,101</u>	<u>186,228</u>	<u>169,876</u>	<u>153,769</u>
<u>City of Shasta Lake</u>	<u>59,231</u>	<u>55,572</u>	<u>53,267</u>	<u>49,832</u>	<u>46,466</u>	<u>43,854</u>	<u>40,395</u>	<u>37,325</u>	<u>34,333</u>	<u>31,360</u>
<u>City of Ukiah</u>	<u>27,026</u>	<u>25,097</u>	<u>23,571</u>	<u>21,632</u>	<u>19,904</u>	<u>18,497</u>	<u>16,919</u>	<u>15,382</u>	<u>13,911</u>	<u>12,482</u>
<u>City of Vernon, Vernon Gas & Electric</u>	<u>292,101</u>	<u>273,194</u>	<u>257,996</u>	<u>238,723</u>	<u>220,331</u>	<u>205,776</u>	<u>188,783</u>	<u>172,479</u>	<u>156,807</u>	<u>141,503</u>
<u>City of Victorville</u>	<u>22,214</u>	<u>20,784</u>	<u>19,706</u>	<u>18,209</u>	<u>16,898</u>	<u>15,901</u>	<u>14,643</u>	<u>13,406</u>	<u>12,215</u>	<u>11,049</u>
<u>Eastside Power Authority</u>	<u>757</u>	<u>562</u>	<u>498</u>	<u>477</u>	<u>456</u>	<u>435</u>	<u>415</u>	<u>394</u>	<u>372</u>	<u>350</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Golden State Water Company (Bear Valley Electric Service)</u>	<u>40,877</u>	<u>38,397</u>	<u>36,216</u>	<u>33,842</u>	<u>31,292</u>	<u>29,283</u>	<u>27,052</u>	<u>24,851</u>	<u>22,727</u>	<u>20,640</u>
<u>Gridley Electric Utility</u>	<u>5,683</u>	<u>5,192</u>	<u>4,857</u>	<u>4,406</u>	<u>3,977</u>	<u>3,684</u>	<u>3,287</u>	<u>2,925</u>	<u>2,582</u>	<u>2,254</u>
<u>Imperial Irrigation District</u>	<u>1,091,517</u>	<u>1,037,934</u>	<u>999,536</u>	<u>941,855</u>	<u>885,884</u>	<u>841,746</u>	<u>772,937</u>	<u>717,367</u>	<u>662,820</u>	<u>608,183</u>
<u>Kirkwood Meadows PUD</u>	<u>2,020</u>	<u>1,917</u>	<u>1,843</u>	<u>1,744</u>	<u>1,646</u>	<u>1,573</u>	<u>1,467</u>	<u>1,361</u>	<u>1,258</u>	<u>1,154</u>
<u>Lassen Municipal Utility District</u>	<u>30,202</u>	<u>27,975</u>	<u>26,343</u>	<u>24,380</u>	<u>22,348</u>	<u>20,990</u>	<u>19,221</u>	<u>17,449</u>	<u>15,753</u>	<u>14,108</u>
<u>Liberty Utilities (CalPeco Electric) LLC</u>	<u>172,421</u>	<u>162,183</u>	<u>154,323</u>	<u>144,143</u>	<u>133,977</u>	<u>126,026</u>	<u>116,181</u>	<u>107,058</u>	<u>98,210</u>	<u>89,467</u>
<u>Los Angeles Department of Water & Power</u>	<u>9,663,127</u>	<u>9,014,071</u>	<u>8,393,560</u>	<u>7,712,958</u>	<u>7,410,394</u>	<u>7,013,287</u>	<u>5,226,150</u>	<u>3,631,573</u>	<u>3,304,625</u>	<u>2,984,857</u>
<u>Merced Irrigation District</u>	<u>125,651</u>	<u>118,661</u>	<u>113,662</u>	<u>106,642</u>	<u>99,509</u>	<u>94,211</u>	<u>86,683</u>	<u>80,230</u>	<u>73,916</u>	<u>67,617</u>
<u>Modesto Irrigation District</u>	<u>660,490</u>	<u>620,969</u>	<u>591,492</u>	<u>551,585</u>	<u>514,058</u>	<u>485,272</u>	<u>443,947</u>	<u>408,645</u>	<u>374,312</u>	<u>340,329</u>
<u>Pacific Gas and Electric Company</u>	<u>15,560,105</u>	<u>14,430,173</u>	<u>13,643,885</u>	<u>12,880,004</u>	<u>11,505,102</u>	<u>16,430,498</u>	<u>15,040,145</u>	<u>13,749,247</u>	<u>12,508,749</u>	<u>11,297,145</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>PacifiCorp</u>	<u>506,834</u>	<u>478,349</u>	<u>455,886</u>	<u>412,791</u>	<u>388,913</u>	<u>362,382</u>	<u>334,264</u>	<u>314,433</u>	<u>292,868</u>	<u>255,383</u>
<u>Pasadena Water and Power</u>	<u>615,678</u>	<u>571,389</u>	<u>540,888</u>	<u>499,246</u>	<u>459,563</u>	<u>428,563</u>	<u>298,094</u>	<u>179,280</u>	<u>162,774</u>	<u>146,678</u>
<u>Pittsburg Power Company</u>	<u>4,655</u>	<u>4,337</u>	<u>4,110</u>	<u>3,810</u>	<u>3,521</u>	<u>3,313</u>	<u>3,033</u>	<u>2,760</u>	<u>2,498</u>	<u>2,243</u>
<u>Plumas-Sierra Rural Electric Cooperative</u>	<u>26,670</u>	<u>24,241</u>	<u>22,470</u>	<u>20,198</u>	<u>18,145</u>	<u>16,554</u>	<u>14,959</u>	<u>13,312</u>	<u>11,754</u>	<u>10,267</u>
<u>Power and Water Resources Pooling Authority</u>	<u>88,415</u>	<u>80,601</u>	<u>75,124</u>	<u>67,939</u>	<u>61,114</u>	<u>56,354</u>	<u>50,239</u>	<u>44,395</u>	<u>38,910</u>	<u>33,718</u>
<u>Redding Electric Utility</u>	<u>135,822</u>	<u>126,108</u>	<u>119,980</u>	<u>110,353</u>	<u>100,997</u>	<u>94,962</u>	<u>84,752</u>	<u>76,532</u>	<u>68,637</u>	<u>60,965</u>
<u>Sacramento Municipal Utility District (SMUD)</u>	<u>2,505,625</u>	<u>2,337,324</u>	<u>2,216,614</u>	<u>2,054,523</u>	<u>1,894,702</u>	<u>1,778,704</u>	<u>1,620,659</u>	<u>1,482,478</u>	<u>1,348,763</u>	<u>1,217,340</u>
<u>San Diego Gas & Electric Company</u>	<u>6,158,322</u>	<u>5,790,776</u>	<u>5,483,706</u>	<u>5,106,568</u>	<u>4,737,642</u>	<u>4,446,420</u>	<u>4,086,231</u>	<u>3,746,475</u>	<u>3,419,463</u>	<u>3,099,232</u>
<u>Silicon Valley Power (SVP), City of Santa Clara</u>	<u>660,892</u>	<u>615,292</u>	<u>582,321</u>	<u>536,773</u>	<u>491,946</u>	<u>459,538</u>	<u>416,425</u>	<u>376,956</u>	<u>339,275</u>	<u>302,812</u>
<u>Southern California Edison Company</u>	<u>22,855,754</u>	<u>21,386,325</u>	<u>20,210,282</u>	<u>18,719,789</u>	<u>17,306,090</u>	<u>16,175,822</u>	<u>14,811,555</u>	<u>13,509,477</u>	<u>12,262,370</u>	<u>11,048,893</u>

<u>Utility</u>	<u>Annual Allocation to Each Electrical Distribution Utility</u>									
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Stockton Port District</u>	<u>6,334</u>	<u>5,948</u>	<u>5,650</u>	<u>5,282</u>	<u>4,926</u>	<u>4,507</u>	<u>4,256</u>	<u>3,916</u>	<u>3,587</u>	<u>3,264</u>
<u>Surprise Valley Electrification Corp.</u>	<u>2,659</u>	<u>2,567</u>	<u>2,474</u>	<u>2,379</u>	<u>2,282</u>	<u>2,184</u>	<u>2,088</u>	<u>1,987</u>	<u>1,884</u>	<u>1,776</u>
<u>Truckee Donner Public Utilities District</u>	<u>48,702</u>	<u>45,824</u>	<u>43,585</u>	<u>40,807</u>	<u>38,095</u>	<u>35,962</u>	<u>33,536</u>	<u>30,984</u>	<u>28,502</u>	<u>26,041</u>
<u>Turlock Irrigation District</u>	<u>401,027</u>	<u>375,304</u>	<u>358,324</u>	<u>333,178</u>	<u>307,216</u>	<u>289,699</u>	<u>262,195</u>	<u>239,462</u>	<u>217,469</u>	<u>195,871</u>
<u>Valley Electric Association, Inc.</u>	<u>2,852</u>	<u>2,645</u>	<u>2,346</u>	<u>2,152</u>	<u>2,314</u>	<u>2,159</u>	<u>1,901</u>	<u>1,754</u>	<u>1,610</u>	<u>1,467</u>
<u>WAPA-Sierra Nevada Region</u>	<u>182,222</u>	<u>162,901</u>	<u>152,758</u>	<u>133,686</u>	<u>115,744</u>	<u>105,437</u>	<u>87,297</u>	<u>72,361</u>	<u>58,492</u>	<u>45,623</u>

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.
Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95893. Allocation to Natural Gas Suppliers for Protection of Natural Gas Ratepayers.

Table 9-6: Minimum Annual Percentage Consignment Requirements for Natural Gas Utilities for 2021 and Subsequent Years

<u>Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030 and beyond</u>
<u>Minimum Percentage Consigned</u>	<u>55%</u>	<u>60%</u>	<u>65%</u>	<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>100%</u>

<u>Year</u>	<u>2021-2030</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Minimum Percentage Consigned</u>	100%. Staff may propose post-2020 consignment requirements as part of this rulemaking process. Any change proposed will be circulated for a 15-day public comment period									

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code. Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95894. Allocation to Legacy Contract Generators for Transition Assistance.

- (c) Allocation to Legacy Contract Generators with an Industrial Counterparty. If the counterparty (or entity in a direct corporate association with the counterparty) is a covered entity or opt-in covered entity that is in a sector listed in Table 8-1 ~~or Table 8-3, as applicable according to compliance period~~, the following formulae apply based on the type of generation facility:

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code. Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95910. Auction of California GHG Allowances.

(a) Timing of the Allowance Auctions.

~~(1) In 2012, an auction will held on November 14.~~

~~(2) Beginning in 2013 and through 2014, the auctions shall be conducted on the twelfth business day in California or a jurisdiction operating an External GHG ETS to which California has linked pursuant to subarticle 12 of the second month of each calendar quarter.~~

~~(3) Beginning in 2015, auctions~~ Auctions shall be conducted on the schedule pursuant to Appendix C. The schedule may be adjusted by a maximum of 4 business days from the dates listed in Appendix C.

(d) Auction of Consigned Allowances.

(2) When the Executive Officer withdraws compliance instruments from ~~accounts closed pursuant to section 95835~~ 1(e), ~~from~~ accounts containing allowances in excess of the holding limit pursuant to section 95920(b)(5), or ~~from~~ accounts suspended or revoked pursuant to section 95921(g)(3):

(B) If, after review, the Executive Officer determines that any the withdrawn ARB offset credits, or offset credits issued from a GHG ETS to which California has linked pursuant to subarticle 12, remaining in the entity's accounts are valid, the Executive Officer will remove the offset credits from any holding or compliance account needed to fulfill the entity's compliance obligation. If offset credits remain in the entity's compliance account thereafter, the Executive Officer will return them to the entity's holding account. , or ARB will transfer the remaining offset credits pursuant to 95831(b)(3), retire them and consign, withdraw a similar number of current budget year allowances from the Auction Holding Account, and consign those allowances to the next Current Auction ~~in place of the retired ARB offset credits.~~

(C) The Executive Officer will retire any withdrawn allowances issued by ARB or by a GHG ETS to which California has linked pursuant to subarticle 12 that have no vintage, offer an equal similar number of current budget year vintage allowances from the Auction Holding Account, and consign those allowances to the next Current Auction in place of the retired allowances that have no vintage.

(D) The Executive Officer will retain in the Auction Holding Account any withdrawn allowances that have a vintage that is later than the current budget year, offer an equal similar number of current budget year vintage allowances from the Auction Holding Account, and consign those allowances to the next Current Auction in place of the retained future vintage allowances.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95911. Format for Auction of California GHG Allowances.

(c) Method for Setting the Auction Reserve Price.

(3) The Auction Administrator will calculate the Auction Reserve Price using the following procedure:

(C) The auction administrator shall set the exchange rate as the most recently available non-daily ~~closing~~ **buying** rate for U.S. and Canadian dollars as published by the Bank of Canada, and shall announce the exchange rate prior to the opening of the auction window.

(d) Auction Purchase Limit.

(2) Purchase Limit Values.

(B) The purchase limit for voluntarily associated entities or direct corporate associations comprised entirely of these entities is four percent of the allowances offered for auction at the Current and Advance Auctions. ~~The purchase limit for these entities is and 25 percent at the Advance Auctions effective with auctions beginning in 2018.~~

(3) Auction Purchase Limits for Members of a Direct Corporate Association.

(B) For voluntarily associated entities that are part of a corporate association containing covered entities, opt-in covered entities, or electrical distribution utilities, the total purchase limit assigned to voluntarily associated entities within the corporate association must be less than or equal to four percent of the allowances to be auctioned at Current and Advance Auctions ~~only.~~

- (f) If the quantity of bids accepted by the Auction Administrator is less than the number of allowances offered for sale then some allowances will remain unsold.
- (1) If allowances remain unsold at auction, the Auction Administrator will fulfill winning bids with allowances from consignment **and other** sources in the following order:

(D) Allowances designated by ARB for auction pursuant to section 95910(c)(1)(B) and (c)(2)(B) and ~~(c)(2)(C) Allowances redesignated to the auction pursuant to section 95911(f)(3)~~ Allowances designated by ARB for auction pursuant to section 95910(c)(1)(B) and (c)(2)(B) and (C).

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95912. Auction Administration and Participant Application.

- (j) Auction participants must provide a bid guarantee to the financial services administrator at least 12 days prior to the auction.
- (1) The bid guarantee must be in one or a combination of the following forms:

- (B) An irrevocable letter of credit ~~issued by a financial institution with a United States banking license~~; or
- (C) A bond ~~issued by a financial institution with a United States banking license~~; or
- (D) All forms of bid guarantee must be in a form that may be accepted by the financial services administrator based on consistent with U.S. banking laws and bank practices.
- ~~(D) A Surety Bond issued by an institution named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.~~

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code and Section 16428.8, Government Code.

§ 95913. Sale of Allowances from the Allowance Price Containment Reserve.

- (d) Timing of Reserve Sales.
- (1) ~~The first Reserve sale will be conducted on March 8, 2013.~~
- (2) ~~Subsequent Reserve sales through 2014 shall be conducted on the first business day six weeks after each quarterly allowance auction scheduled pursuant to section 95910.~~
- (3) ~~Beginning in 2015, Reserve sales shall be conducted pursuant to the schedule in Appendix C.~~

(A) Except for the Reserve sale immediately preceding the compliance obligation instrument surrender **deadline** on November 1, a Reserve sale will only be offered if the Current Auction held in the preceding quarter resulted in a settlement price greater than or equal to 60% of the lowest Reserve tier price. Beginning in 2021, the first, second, ~~three~~ and final Reserve ~~Ssales~~ **Ssales** scheduled for each year will only be ~~offered~~~~take place~~ if the Current Auction held in the preceding quarter ~~resulted~~ in an **auction** settlement price greater than or equal to 60% of the Reserve Sale Price.

(g) At least 12 days before the scheduled sale, an entity intending to participate in a Reserve sale must submit to the financial services administrator a bid guarantee, payable to the financial services administrator, in an amount greater than or equal to the sum of the maximum value of the bids to be submitted by the entity.

(2) The bid guarantee must be in one or a combination of the following forms:

(B) An irrevocable letter of credit ~~issued by a financial institution with a United States banking license~~; or

(C) A bond ~~issued by a financial institution with a United States banking license~~; or

(D) All forms of bid guarantee must be in a form that may be accepted by the financial services administrator ~~based on consistent with U.S. banking laws~~ and bank practices.

~~(D) A Surety Bond issued by an institution named in the current list of "Surety Companies Acceptable in Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department.~~

(k) Operation of the Reserve After 2020.

(2) Determination of the Reserve Sale Price.

(A) Beginning in 2021, each year ARB will set a U.S. dollar Base Reserve Sale Price equal to the annual auction reserve price determined for that year pursuant to section 95911(c)(3)(A), plus a fixed dollar amount. In 2021, this fixed dollar amount will equal \$60.:

In 2021 the fixed dollar amount will equal the difference between the highest Reserve tier price determined in 2020 and the Annual Auction Reserve Price determined in 2020, increased by the rate of inflation for 2020 as measured by the most recently available twelve months of the Consumer Price Index for all Urban

Consumers. In each subsequent year the fixed dollar amount will be the previous year's fixed dollar amount adjusted for the rate of inflation as measured by the most recently available twelve months of the Consumer Price Index for all Urban Consumers.

(B) The Canadian dollar Base Reserve Sale Price for the corresponding year, as determined by the governments of the Canadian Provinces that have linked their GHG ETS with California pursuant to subarticle 12, will be converted into U.S. dollars using as an exchange rate the most recently available daily closing buying rate for U.S. and Canadian dollars as published by the Bank of Canada.

(l) This provision only applies to the Reserve sale immediately preceding the compliance obligation instrument surrender deadline on November 1. Pursuant to sections 95870(i)(1) and 95871(h)(1), allowances will be made available at the Reserve Sale Price if the amount of accepted bids exceeds the number of allowances available in the Reserve.

(4) The allowances defined in sections 95870(i)(1) and 95871(h)(1) will be sold beginning with the latest vintage and then the preceding vintages, from latest to most recent, until all accepted bids are filled or until all the allowances defined in section 95870(i)(1) and 95871(h)(1) have been sold.

The allowances defined in section 95870(i)(1) and 95871(h)(1) that are sold pursuant to this section shall first reduce the quantity of allowances defined in section 95871(b) if available and then will reduce the quantity of allowances defined in section 95871(h)(2).

(m) At least 12 days before the scheduled sale, an entity intending to participate in a Reserve sale must submit to the financial services administrator a bid guarantee, payable to the financial services administrator, in an amount greater than or equal to the sum of the maximum value of the bids to be submitted by the entity.

(2) The bid guarantee must be in one or a combination of the following forms:

(B) An irrevocable letter of credit ~~issued by a financial institution with a United States banking license~~; or

(C) A bond ~~issued by a financial institution with a United States banking license~~.

(D) All forms of bid guarantee must be in a form that may be accepted by the financial services administrator consistent with U.S. banking laws and bank practices.

(n) Sale Operations.

(2) The reserve sale administrator will only accept a bid for a bundle of 1,000 allowances:

(B) If acceptance of the bid would not result in a total value of accepted bids for an ~~covered~~ entity greater than the value of the bid guarantee submitted by the ~~covered~~ entity pursuant to section 95913(g).

(3) Filling Accepted Bids.

(A) For a Reserve sale not occurring immediately preceding the compliance instrument surrender on November 1, the Reserve sale will

continue until either all allowances made available pursuant to sections 95870(a), ~~and~~ 95871(a), and 95911(g) are sold from the Reserve or all the accepted bids are filled.

(B) For a Reserve sale immediately preceding the compliance obligation instrument surrender **deadline** on November 1, **the Reserve sale will continue until all accepted bids are filled or the allowances made available pursuant to sections 95870(a), 95870(i)(1), 95871(a), and 95871(h)(1), and 95911(g) are sold.**

(C) If the sum of bids accepted by the ~~R~~reserve ~~S~~sale ~~A~~administrator is greater than the number of allowances in the Reserve, the ~~R~~reserve ~~S~~sale ~~A~~administrator will calculate the number of allowances distributed to each bidding entity by multiplying the bidding entity's share of the total number of accepted bids by the number of allowances in the Reserve, rounding the number to the nearest whole number. **To distribute any remaining allowances, the Reserve Sale Administrator will assign a random number to each entity bidding in the Reserve sale. Beginning with the lowest random number, the Reserve Sale Administrator will assign one allowance to the last bundle purchased by each entity until the remaining allowances have been assigned.**

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code and Section 16428.8, Government Code.

§ 95914. Auction Participation and Limitations.

(c) Disclosure of Auction Participation Information.~~Non-disclosure of Bidding Information.~~

(1) Except as provided in section 95914(c)(2), all entities registered into the Cap-and-Trade Program pursuant to section 95830, their direct and indirect corporate associations, and~~or~~ consultants and advisors as identified in

section 95923 shall not release any of the following information regarding auction participation or reserve sale participation, as applicable:

- (B) Bidding strategy; at ~~past or future~~ any auctions, including the specification of an auction settlement price or range of potential auction settlement prices at which an entity is willing to buy or sell allowances;

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95920. Trading.

- (d) The holding limit will be calculated for allowances qualifying pursuant to section 95920(c)(1) as the sum of:

- (2) Limited Exemption from the Holding Limit.

- (B) ~~On January 1, 2017, the~~ **The limited exemption will be calculated** **Calculation of the limited exemption** for entities already registered as of January 1, 2017 as covered entities or opt-in covered entities. **The limited exemption for these entities is as** the sum of **the emissions contained in the three most recent annual emissions data reports that have received a positive or qualified positive emissions data verification statement for emissions for which the entity now has that generated** a compliance obligation pursuant to section 95851, **plus the amount of emissions in the oldest emissions report for which the entity now has a compliance obligation, and less the amount of any annual compliance obligations already due in the current compliance period.** ~~If ARB has received only two such reports from an entity, then the~~

~~**limited exemption for the entity will equal the sum of the emissions contained in the reports received plus the amount of emissions contained in the most recent report. If ARB has received only one such report from an entity, then the limited exemption for the entity will equal three times the emissions contained in that report.**~~ On July 1, 2014 the limited exemption will be calculated as the sum of the annual emissions data reports received in 2012 and 2013 that have received a positive or qualified positive emissions data verification statement for emissions that generate a compliance obligation pursuant to section 95851(a). On November 2, 2014 the limited exemption will be increased by the amount of emissions contained in the emissions data report received in 2014 that have received a positive or qualified positive emissions data verification statement for emissions that generate a compliance obligation pursuant to section 95851(a).

- (D) ~~Beginning in 2015, the~~The limited exemption will be increased on November 2 of each year by the amount of emissions that generate a compliance obligation pursuant to section 95851(a), (b), (c), and (d) that are included in the emissions data report received that year that have received a positive or qualified positive emissions data verification statement.
- (E) If ARB has assigned emissions to an entity, for any year, in the absence of a positive or qualified positive emissions data verification statement, ~~the calculation of~~ the limited exemption will be calculated using the assigned emissions. If the emission reports scheduled to be used to increase the limited Exemption are not available at the time of a scheduled increase and ARB has not assigned emissions to the entity, the limited Exemption will be increased by the amount of the most recently received report that has received a positive or qualified positive emissions data verification statement. If this procedure is

used, the ~~limited~~ ~~Exemption~~ will not be adjusted using data in the reports scheduled to be received that year until the next scheduled change in the ~~limited~~ ~~Exemption~~.

- (F) ~~Beginning in 2015, on~~ **On November 2 of the calendar year following the end of a compliance period, the** ~~After ARB has evaluated an entity's surrender of compliance instruments pursuant to section 95856, an entity's~~ limited exemption will be reduced **to reflect any emissions obligation due during that calendar year by removing emissions contained in the annual emissions reports used to calculate** ~~from the calculation of the limited exemption, starting with the oldest report. Following an annual surrender deadline, the limited exemption will be reduced by the amount of the annual surrender obligation due that calendar year. Following a compliance period surrender deadline, the limited exemption is reduced, starting with the oldest emissions report used to calculate the limited exemption, by the amount of emissions contained in the~~ **The number of years of emissions reports reflecting to be removed from the limited exemption is the lesser of the number of years in the compliance period just completed and the number of years in the compliance period** ~~for which the entity had a compliance obligation was due that calendar year, including emissions carried over from a previous compliance period pursuant to section 95853(d), but not including any emissions already removed from the limited exemption following an annual surrender deadline. The limited exemption will be further reduced by the amount of any annual obligations due during the compliance period.~~ **by the sum of the entity's compliance obligation over that compliance period.**

- (f) Application of ~~the~~ Corporate Association **Provisions** Disclosure to the Holding Limit.

- (3) Entities that are part of a direct corporate association that choose to opt out of account consolidation pursuant to sections 95830(c)(1)(I) or 95835(a) or (b) 95833(f)(3) must allocate shares of the holding limit among themselves. This holding limit allocation results in each entity having a specified percentage share of the group's holding limit. The sum of the percentage shares allocated among the entities must sum to one hundred percent.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95921. Conduct of Trade.

- (a) Transfers of Compliance Instruments Between Accounts.

- (54) ~~An~~ Except for transfers between direct corporate associates disclosed pursuant to section 95833, an entity may not submit a transfer request to another registered entity without an existing written or recorded oral transaction agreement between the registered entities with that party authorizing a transfer.

- (c) ~~Information Requirements for Transfer Requests Through December 31, 2014.~~ Parties to the transfer request agree to provide documentation about the transaction agreement for which the transfer request was submitted ~~upon the~~ within five days of a request of the Executive Officer. ~~The following information must be reported to the accounts administrator as part of a transfer request before any transfer of allowances can be recorded on the tracking system:~~

- (1) The **required request for documentation may include the transaction agreement and related transaction confirmations that resulted in the transfer and** must be sufficient to verify the information entered by the account representative into the fields required for the transfer request.

(d) Transfers Involving Exchange Clearing Holding Accounts.

(3) A request to transfer compliance instruments to ~~or from~~ ~~from~~ an exchange clearing holding account does not require confirmation by an account representative of the destination account pursuant to section 95921(a)(1)(C).

~~(4) The entity **operating the account** receiving a transfer from an exchange clearing holding account is solely responsible for violations of the holding limit. If a transfer from an exchange clearing holding account results in a violation of the holding limit then the Executive Officer will prevent the receiving entity from transferring allowances to another entity until the Executive Officer has investigated and determined the cause of the violation. The accounts administrator will allow the entity to transfer allowances to its compliance account if the entity can accommodate them within its limited exemption. **If the exchange clearing holding account cannot complete a transfer to a destination account, the operator of the ECHA will notify ARB of the circumstances of the transfer within 3 calendar days of the failure to complete the transfer.**~~

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95922. Banking, Expiration, and Voluntary Retirement.

(d) Voluntary Retirement of Compliance Instruments.

(2) To voluntarily retire a compliance instrument, the registered entity submits a transaction report to the accounts administrator listing its account number, the ~~type and number of instruments to be retired, and~~ transfer request naming the ARB Retirement Account as the destination account.

(A) **For the sole purpose of a voluntary transfer to the Retirement Account, a** ~~The transfer request may be based on a transaction~~

agreement with an unregistered entity as long as that entity is not registered into an external GHG program or ETS, regardless of whether the external GHG program or ETS has a Retirement-Only Agreement with ARB.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95943. Linked External GHG ETS or External GHG Program.

- (b) Covered or opt-in entities may **only** use compliance instruments issued by an external GHG ETS to which the Board has approved a Retirement-Only Limited Linkage pursuant to sections 95941 and 95944 to meet their compliance obligation under this article.
- (c) Entities registered in an external GHG Program may arrange to retire California compliance instruments for purposes of compliance in their own external GHG program **only** if ARB has approved a Retirement-Only **Access** Agreement with the external GHG Program pursuant to section 95945.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.

§ 95985. Invalidation of ARB Offset Credits.

- (i) Requirements for Replacement of ARB Offset Credits for U.S. Forest Offset Projects Issued on or prior to July 1, 2014.

- (3) The Offset Project Operator identified in section 95985(e)(3) of an offset project that had ARB offset credits removed from the Forest Buffer Account pursuant to section 95985(g)(1)(A)3. or (g)(1)(B) must replace **50a**

percentage of the ARB offset credits removed from the Forest Buffer Account equal to the percentage of ARB offset credits retired from the Forest Buffer Account for unintentional reversals as of the date the Executive Officer makes the final determination of invalidation, rounding up to the next whole number, with a valid ARB offset credit or another approved compliance instrument pursuant to subarticle 4, within six months of notification by ARB pursuant to section 95985(g)(2). If the Offset Project Operator does not replace the required number of ARB offset credit within six months of notification by ARB pursuant to section 95985(g)(2), each unreplaced invalidated ARB offset credit will constitute a violation for that Offset Project Operator pursuant to section 96014.

NOTE: Authority cited: Sections 38510, 38560, 38562, 38570, 38571, 38580, 39600 and 39601, Health and Safety Code.

Reference: Sections 38530, 38560.5, 38564, 38565, 38570 and 39600, Health and Safety Code.
