Instructions for the University and Public Service Facility Use of Allocated Allowance Value Reporting Form

Contents

Instructions for the University and Public Service Facility Use of Allocated Allowance Value Reporting Form 1

Overview 2

Background 2

Detailed Instructions 3

Submitting Completed Forms 5

Cap-and-Invest Regulation Section 95891(d)(3) 7

Instructions for the University and Public Service Facility Use of Allocated Allowance Value Reporting Form

Overview

The California Air Resources Board (CARB) requires universities and public service facilities (U/PSF) to annually submit a report on their use of allocated allowance value in accordance with the Cap-and-Invest Regulation (effective April 1, 2019) (Regulation, formerly Cap-and-Trade). CARB provides a Microsoft Excel *workbook* to facilitate submitting this annual report. These instructions provide an overview of the reporting workbook and instructions for completing and submitting the report.

The workbook contains the following tabs:

- The "Use of Allowance Value Form" (Form) tab is where a U/PSF can input data and information to report on the amounts and uses of allocated allowance value.
- The "Narrative" tabs (Narrative A-F) are where a U/PSF can describe the nature and purpose of the expenditures listed on the Form tab, including how they comply with the Regulation. A separate Narrative tab should be completed for each distinct use of allocated allowance value.

The workbook allows users to:

- Report allocated allowance value received for the previous calendar year;
- Report allocated allowance value spent during the previous calendar year;
- Calculate the amount of unspent allocated allowance value remaining at the end of the previous calendar year;
- Provide CARB with the required information on how allocated allowance value was spent in conformance with the Regulation, including how the allocated allowance value was used to achieve GHG reductions; and
- Optionally report estimated greenhouse gas (GHG) emissions reductions associated with the uses of allocated allowance value.

Full text of the Regulation is available on the Cap-and-Invest Program website. These instructions and the workbook are provided for clarity and convenience only. The use of the workbook to fulfill the reporting requirements of the Regulation is optional. The instructions and workbook do not have the force of law, do not establish new requirements, and in no way supplant, replace, or amend any of the legal requirements of the Regulation.

Background

Each U/PSF may complete and submit to CARB the Form and Narrative tab(s) in the Excel workbook in order to report its use of allocated allowance value as required by the Regulation.

CARB allocates allowances to U/PSFs covered by the Cap-and-Invest Program for transition assistance. U/PSFs may use these allocated allowances directly for Cap-and-Invest Program

compliance, and they are required to spend an amount equal to the monetary value of the allocated allowances on projects that reduce GHG emissions and achieve additional environmental and economic benefits for California. Section 95891(d)(3) of the Regulation requires each U/PSF to report to CARB by June 30 of each calendar year (or the first business day thereafter if June 30 is not a business day) on the use of allocated allowance value during the prior calendar year (the Data Year). Each U/PSF must report the monetary value of allowances received during the Data Year based on the average market clearing price of the four Current Auctions held during the Data Year. Each U/PSF also must describe how its use of allocated allowance value meets the requirements of section 95891(d)(3) of the Regulation and the requirements of Assembly Bill 32 (AB 32; California Health and Safety Code (HSC) sections 38500 et seq.). Additional goals of AB 32 are spelled out in HSC section 38501(h), which states the legislative intent that GHG emissions reduction measures should be designed "in a manner that minimizes costs and maximizes benefits for California's economy, improves and modernizes California's energy infrastructure and maintains electric system reliability, maximizes additional environmental and economic co-benefits for California, and complements the state's efforts to improve air quality."

The Form can be used to report all allocated allowance value used during the Data Year. For example, in 2026, a U/PSF may use the Form to report both the use of vintage 2025 allocated allowance value and the use of any allocated vintage 2015-2024 allowance value that was not previously spent. Reports on the 2025 Data Year are due no later than June 30, 2026.

Detailed Instructions

Step-by-step instructions to complete each section of the "Use of Allowance Value Form" tab (Form) and "Narrative" tabs (Narrative) are provided in this section. Green cells accept user input, and pale orange cells either automatically calculate values based on user input or require no entry. If a box on the form does not apply to the U/PSF's use of allowance value, please leave the box blank.

Questions may be directed to: *allocation@arb.ca.gov*.

- In box 1, enter the U/PSF legal entity name used in the Compliance Instrument Tracking System Service (CITSS) for the Cap-and-Invest Program.
- In box 2, enter the U/PSF facility name used to report pursuant to the Mandatory Reporting Regulation.
- In box 3, enter the U/PSF's CARB ID number(s). The CARB ID is a unique number assigned by CARB under the Mandatory Reporting Regulation.
- Box 4 specifies that the Form is for the 2025 Data Year. No user entry required.
- In box 5, enter the total number of allowances that were allocated to the U/PSF for the Data Year (e.g., vintage 2025 allowances were allocated by October 24, 2024 for Data Year 2025).

- Box 6 shows the value of an allowance for the Data Year, which is calculated as the unweighted average market clearing price of the four Current Auctions held during the vintage year. No user entry is required.
- Box 7 automatically calculates the total monetary value of allocated allowances received for the Data Year based on the number of allocated allowances entered in box 5 and the average allowance value in box 6. No user entry is required.
- In box 8, if applicable, enter the total amount of allocated allowance value from prior Data Years 2015 through 2024 that remained unspent at the beginning of the Data Year (i.e., January 1, 2025).

Instructions for Boxes 9a-9h (Use of Allocated Allowance Value in Data Year)

For each use of allocated allowance value, complete boxes 9a through 9g to report the amount spent during the Data Year. If additional rows are needed, please insert them following the existing format. Please adjust the row heights, if necessary, so that all entered text entered is visible when the form is converted to PDF format.

Allocated allowance value that has been designated, encumbered, or otherwise reserved for spending on a specific use, but that has not yet been expended should <u>not</u> be reported as spent.

- In box 9a, no user input is required. This is a unique project identifier to connect the specific expenditure reported in each row to the description of the nature and purpose of the use in the Narrative tabs.
- In box 9b, select the appropriate category for the use of allocated allowance value from the drop-down menu.
- In box 9c, enter the total amount of allocated allowance value spent during the Data Year on the specific use as a positive number.
- In box 9d, briefly summarize the use of allowance value. A more detailed description of the nature and purpose of the expenditure, including its GHG reduction purpose, should be included in the corresponding Narrative tab(s).
- Optionally, in box 9e, enter the estimated lifetime GHG emissions reductions attributable to the use measured in metric tons of carbon dioxide equivalent ($MTCO_2e$). These estimates may be calculated using one of the GHG Benefits Estimation Tools provided by CARB on the *Electrical Distribution Utility and Natural Gas Supplier Allowance Allocation webpage*, under the "Reporting on Use of Allocated Allowance Value" section. If using a GHG Benefits Estimation Tool, the GHG reduction estimates can be found in pink output cells of those tools, labeled "Estimated Lifetime GHG Emission Reductions Attributable to Proceeds Use in Data Year ($MTCO_2e$)."

- In box 9f, *optionally* report the date the project is operational, which may be interpreted as the date that GHG emissions reductions begin to occur.
- In box 9g, if allowance value was previously used and reported to CARB for the same project, list the applicable data years that use of the allowance value was reported to CARB.
    - For example, for Data Year 2025 reporting, if a U/PSF used allowance value to fund an LED light conversion program during 2023-2025, the years 2023 and 2024 should be listed in box 9g.
- Box 9h will calculate the total allocated allowance value spent during the Data Year. No user input is required.

Instructions for Box 9i (Narrative Descriptions)

- In box 9i of the appropriate Narrative tab, describe the nature and purpose of the use of allocated allowance value, including how the use reduces GHG emissions and achieves additional environmental and economic benefits for California, in accordance with the requirements of AB 32 (California Health and Safety Code sections 38500 et seq.).
- Use a separate Narrative tab to describe each use of allocated allowance value during the Data Year with a distinct Project ID in box 9a. For example, provide a narrative description of the use of allocated allowance value with Project ID "B" in box 9a in the Narrative B tab.
- Additional materials or references may be submitted to CARB to supplement the narrative description. Please attach or include a link to any external material that is referenced and specify relevant page numbers.

Instructions for Final Review and Attestation

- Review the "Summary" table, which shows total previously unspent allocated allowance value carried into the Data Year (if applicable), total allocated allowance value received for the Data Year, and the total allocated allowance value spent during the Data Year. The total remaining balance of unspent allocated allowance value available for spending in future years is calculated from these values.
- The attestation at the bottom of the Form (below the "Summary" table) must be signed and dated by an authorized representative for the U/PSF, preferably a CITSS authorized representative, and the signed and dated attestation must be included in the Form submission to CARB. Electronic and handwritten signatures are accepted.

Submitting Completed Forms

The information that is required to be reported to CARB pursuant to section 95891(d)(3) of the Regulation must be received by CARB each year no later than June 30 of the year after

the Data Year (or the first business day thereafter if June 30 is not a business day). Reports on the use of allocated allowance value during the 2025 Data Year are due no later than June 30, 2026. CARB requests that U/PSFs that use the Form to fulfill the reporting requirements email the following information to *allocation@arb.ca.gov*:

1. An Excel version of the completed U/PSF Use of Allowance Value Reporting Form workbook;
2. A PDF version of the completed "Use of Allowance Value Form" tab of the U/PSF Use of Allowance Value Reporting Form workbook that includes the signature of an authorized representative for the U/PSF, preferably a CITSS authorized representative;
3. A PDF version of each completed Narrative tab; and
4. Any necessary supplemental information.

Per section 96021(b) of the Cap-and-Invest Regulation, a U/PSF submitting confidential information to CARB should clearly identify such information as "confidential."

Submitting hard copies to CARB is not required.

Cap-and-Invest Regulation Section 95891(d)(3)

This excerpt of the unofficial electronic version of the current Cap-and-Invest Regulation*, which is applicable to reporting on 2025 Use of Allocated Allowance Value is provided for reference and convenience*.

Section 95891(d)(3).

Reporting on the Use of Allowance Value. No later than June 30, 2016, and each calendar year thereafter, each university and public service facility shall submit a report to the Executive Officer describing the disposition of any allowance value from allowances from the previous budget year, and how the allowance value was used to achieve additional environmental and economic benefits for California. This report shall include:

(A) The monetary value of allowances received by the university or public service facility. The university or public service facility shall calculate the value of these allowances based on the average market clearing price of the four Current Auctions held in the same budget year from which the allowances are allocated; and

(B) How the university or public service facility's disposition of the monetary value of allowances complies with the requirements of California Health and Safety Code sections 38500 et seq.