

Public Workshop

Proposed Amendments to AB 32 Cost of Implementation Fee Regulation

California Air Resources Board
Office of Climate Change
January 21, 2011

Introduction

Workshop Objectives

- Provide background on the Regulation
- Provide background on proposed amendments
- Provide ARB staff's summary of proposed amendments
- Describe regulatory process and anticipated schedule

Regulation Background

- AB 32 authorizes ARB to collect a fee to fund program
- Fee used for two purposes:
 1. *Loan repayment*
 2. *Fund current program*

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Regulation Status

- | | |
|-----------|---|
| Jan. 2011 | Affected Entities report 2008 and 2009 emissions and fuel amounts to ARB using the GHG Reporting Tool |
| Mar. 2011 | Fee invoices sent to Affected Entities for 2010/11 fiscal year |
| May 2011 | Affected Entities remit fee |

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Affected Entities

- Natural gas (gas utilities, pipeline owners and operators, and end users receiving natural gas from an interstate pipeline)
- Producers and importers of transportation fuels
- Oil refineries
- Cement manufacturers
- Electricity producers and importers
- Facilities that combust coal, petroleum coke, catalyst coke, or refinery gas

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Why Amend the Regulation?

- Consistency with recent amendments to ARB's Regulation for Mandatory Reporting of Greenhouse Gas Emissions (MRR)
 - Support the State's Cap-and-Trade regulation
 - Consistency with US EPA's reporting requirements
- Clarify some regulation language

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Proposed Amendments

- Applicability
- Revised definitions
- New definitions
- Deleted definitions
- Calculation of fees
- Reporting

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Proposed Amendments

Electricity

- Sections revised to align with MRR regarding what electricity is covered
 - 95201(a)(4)
 - 95201(b)
- Section added to clarify which fuels are covered
 - 95201(c)

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Proposed Amendments

- Revised definitions include:
- Asset controlling supplier
 - Associated gas
 - Cogeneration facility
 - Delivered electricity
 - Electricity fee rate
 - Electricity generating facility
 - Electricity importers
 - Emissions
 - End user
 - Facility
 - Fossil fuel
 - Fuel
 - Generating unit
 - Imported electricity
 - Marketer
 - Inter and intrastate pipeline
 - Natural gas
 - Operational control
 - Operator
 - Petroleum refinery
 - Point of delivery
 - Process emissions
 - Purchasing-selling entity
 - Refinery gas
 - Retail provider
 - Source
 - Specified source of electricity
 - Unspecified source of electricity

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Proposed Amendments

- New definitions include:
- Biomass
 - Cogeneration unit
 - Consumption
 - Consumed on-site
 - EIA (Energy Information Administration)
 - Electricity delivered in California
 - Electricity generating unit
 - Gross generation
 - Linked jurisdiction
 - MMBtu
 - Multi-jurisdictional retail provider
 - NERC E-Tag
 - Oxygenate
 - Produced on-site
 - Radiative forcing
 - Thermal energy
 - Useful thermal output
 - Wholesale sales

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Proposed Amendments

Deleted definitions include:

- Asset owning supplier
- Producer
- Production facility

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Proposed Amendments

Subsections revised or added to reflect new/amended definitions and use of the new electricity emission factors beginning Jan. 1, 2011

- 95203(b)
- 95203(e)
- 95203(f)
- 95203(g)
- 95203(h)
- 95203(j)

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Proposed Amendments

Subsections revised to provide additional entity information and align with MRR

- 95204(b)
- 95204(c)

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Timeline* for Regulation Amendment

- Feb. 3, 2011 Public comments due
- Mar. 2011 Release Initial Statement of Reasons (ISOR)
- Apr. 2011 Board consideration
- Jan. 2012 Amended regulation goes into effect

*Tentative

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Questions or Comments?

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