

California Regulation for the
Mandatory Reporting of Greenhouse Gas Emissions

Electric Power Entities

Reporting for Electricity Retail Providers and
Marketers under Section 95111

March 26, 2013

10:00 am to 12:00 pm

Webinar Registration: <https://www1.gotomeeting.com/register/436129808>

Presentation Slides Available Here:

<http://www.arb.ca.gov/cc/reporting/gbg-rep/guidance/guidance-training.htm>

Outline

- Mandatory Reporting Regulation (MRR) Key Sections
- Regulatory Updates
- Guidance (ACS, Specified Source)
- Cal e-GGRT Reporting Tool & Workbook
- Q&A
- Info Resources

About This Presentation

- Assumes Electric Power Entities are familiar with:
 - The 2011 reporting process
 - Use of Cal e-GGRT
 - MRR Requirements
- 2012 regulatory updates effective 1/1/2013 are addressed, as well as updates to Workbook 1
- This Webinar will include brief walk-throughs of portions of the updated CY 2012 Workbook 1

MRR Key Sections

Associated with Section 95111 Reporting

Key sections of the MRR pertaining to power entities

- Reporting requirements – § 95111
- Applicability – § 95101(d)
- Definitions – § 95102 (numerous)
- Cessation of reporting – § 95101(h)(4)
- Inventory documentation – § 95105(d)

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Key sections of the power entities requirements

- General requirements –§ 95111(a)
- Calculating GHG emissions –§ 95111(b)
- Requirements for claims of specified sources of electricity and for eligible renewable energy resources in the Renewable Portfolio Standard (RPS) adjustment –§ 95111(g)
- Additional requirements:
 - Retail providers–§ 95111(c)
 - Multi-jurisdictional retail providers – § 95111(d)
 - WAPA and DWR – § 95111(e)
 - Asset-controlling suppliers – § 95111(f)

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Key sections of the emissions calculations

- Unspecified sources –§ 95111(b)(1)
- Specified sources –§ 95111(b)(2)
- Asset-controlling suppliers –§ 95111(b)(3)
- Multi-jurisdictional retail providers – § 95111(b)(4)
- Emission covered under Cap-and-Trade – § 95111(b)(5)

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Regulatory Updates

2012 Update to MRR

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Links on MRR 2012 Update

- MRR effective January 1, 2013 clean copy, http://www.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr_2012_clean.pdf
- MRR Update Rulemaking -- Mandatory Reporting, Fee Regulation and Cap And Trade <http://www.arb.ca.gov/regact/2012/ghg2012/ghg2012.htm>
- Brief Summary of MRR Implementation (two-page), <http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/implementation.pdf>
- Attachment 1, sortable spreadsheet listing revisions to MRR, www.arb.ca.gov/cc/reporting/ghg-rep/guidance/implementation.xlsx

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Major §95111 Updates

| Regulation Amendment | Regulation Section | Guidance on Reporting 2012 Data in 2013 |
|---|--------------------|---|
| Specified Emission Factors One Year Lag | 95111(b)(2) | Clarified that there is a year lag in the use of the specified source emission factor |
| ACS Calculations Two Year Lag | 95111(b)(3) | Clarified that there is a two year lag in the use of the ACS system emission factor |
| Registration of Specified Sources | 95111(g)(1)(M) | Detailed additional information that must be reported for specified sources |
| Meter Data Retention Requirement | 95111(g)(1)(N) | Must retain meter generation data for claimed power for verification purposes |

- Sortable spreadsheet – sort on “95111”
- Clarifications to MRR

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Reporting Topics

1. ACS Emission Factor for CY 2012
2. Additional Information on ACS
3. Written Confirmations
4. Specified Source & Environmental Attributes
5. Renewable Energy Credits (RECs)
6. Meter Data & Mid-C Hydro
7. Guidance Applicability

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1. Asset Controlling Supplier (ACS)

Emission Factor for CY 2012

- Bonneville Power Administration (BPA)
 - Only ACS for Data Year 2012 (Reported in 2013)
 - System Emission Factor = 20% of 0.428 MT CO₂e per MWh
 - 0.0856 MT CO₂e per MWh
- For CY 2013, BPA and Powerex have been certified as ACS for reporting in 2014
- ACS factors for CY2012 and CY2013 posted, <http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep-power/acs-power.htm>

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2. Additional Information on ACS

- **Tagging** - Physical Path table on e-tag is specific to ACS: generation control area (GCA), purchasing-selling entity (PSE), and source of generation and first point of receipt/point of delivery shown as POR/POD
- **BPA Path Outs** – ACS power may originate in BPA service territory (which extends beyond the BPA control area) where BPA has additional resources. Excess power originally procured under BPA federal mandate but no longer needed due to changed conditions
- **Transmission Loss Factor** – ARB will require that all ACS power claimed as a specified source must utilize the transmission loss factor, in order to reflect delivery from the ACS system to California

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3a. Written Confirmations Must Follow Verbal or Electronic Deals

1. Written Confirmations (for all transactions) provide greater certainty for market participants when reporting transactions, §95102(a)(351), §95131(b)(6)
 - Contract agreements (WSPP, EEI, or ISDA) can be used for this purpose
2. Following a given trade day, written confirms are developed and sent, not by traders during the trading process, but by middle office/trade record staff
 - This does not inhibit or restrict transactions on real time desks or short-term trading desks

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3b. Written Confirmations Must Follow Verbal or Electronic Deals

3. Written confirmations for specified power are a subset of a seller's total volume of verbally confirmed transactions
 - Can opt to claim power as unspecified
4. Market participants are expected to work out the details of the exact form of any written confirmations consistent with the enabling agreements
 - No further ARB guidance expected at this level of detail

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4a. Specified Source Guidance *Facilities & Units*

- **Guidance Posted** to all EPEs on 2/8/2013, http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep-power/specified_source_guidance.pdf
- **Specified Source**
 - One facility with one or more units within that facility
 - May not include more than one facility
 - Designation of multiple facilities as one [under one name] does not meet the definition, unless the facilities are considered one project for FERC hydroelectric licensing purposes
 - However, a power contract that includes multiple specified sources is acceptable to use when claiming a specified source
 - Must be able to verify that the power is from the identified specified source

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4b. Specified Source Guidance

Environmental Attributes

- **Environmental Attributes**

1. A Renewable Energy Credit ("REC") includes all renewable and environmental attributes associated with the production of electricity from an eligible renewable energy resource
2. "Renewable Energy Credit" or "REC" means a certificate of proof, issued through the accounting system established by the **California Energy Commission** pursuant to Public Utilities Code Section 399.13, that one megawatt hour of electricity was generated and delivered by an eligible renewable energy resource. § 95102(a)(245)
3. Section 95852(b)(3)(D) of the cap-and-trade program states, "*If RECs were created for the electricity generated and reported pursuant to MRR, then the RECs must be retired and verified pursuant to MRR.*"
4. If no RECS, then no environmental attributes; and therefore, no REC retirement requirements

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5a. Renewable Energy Credits (RECs)

From Eligible Resources

- **Specified Source Claims**

- **Conformance:** Serial #'s submitted, Retire RECs.
- **Non-Conformance:** Serial #'s submitted, RECs not retired. However, emission factor still valid

- **RPS Adjustment**

- 2012 data reported in 2013: Serial #'s submitted, indicate intent to retire, and verify
- 2013 data reported in 2014: 2013 RECs must be retired by July 15, 2014 in order to claim the RPS adjustment

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5b. Renewable Energy Credits (RECs)

Not From Eligible Resources

- **Specified Source Claims**

- When power is NOT from an Eligible Renewable Energy Resource, RECs are not required

- **RPS Adjustment**

- Power from a Non-Eligible Renewable Energy Resource does not have RECs, and no RPS adjustment is allowed

- **California's Renewables Portfolio Standard (RPS) Participating Facilities – aka, Eligible Renewable Energy Resources,**
http://www.energy.ca.gov/portfolio/documents/list_RPS_certified.html

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5c. No REC Banking for RPS Adjustments

1. **No Carry Forward of Pre-Compliance Obligation RECs**

- Pre-2013 RECs cannot be used to claim RPS Adjustments in 2013 emission years and beyond

2. **RECs must be claimed in the same calendar year as generated**

- e.g., RECs created in March 2012 can only be used to claim an RPS Adjustment in CY2012 as reported in 2013

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6a. Generation Meter Data

Implementation, Reporting, & Verification

- **Requirements** - §95111(g)(1)(N) *For verification purposes, retain meter generation data to document that the power claimed by the reporting entity was generated by the facility or unit at the time the power was directly delivered.*
- **Implementation** – Specified Source: Lessor of Generation or Scheduled Imports within an Hour. ACS Power: Meter data not required as ACS power is not tied to a particular source
- **Reporting** - For each specified import line item in Workbook 1, *“Have you retained the meter data, and verified that the reported imported imports were generated by this resource.” Yes/No. EPEs are not required to submit meter data with annual June 1 GHG filings*
- **Verification** - Verifiers (and ARB) may request meter data or other verification data on an audit basis, or if anomalies are identified

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6b. Generation Meter Data

Mid-Columbia Hourly Coordination Agreement (MCHCA)

- **Coordinates Mid-C Hydro** – Optimizes operation of seven dams among Chelan, Douglas, and Grant PUDs and BPA
<http://www.wpuda.org/publications/connections/hydro/River%20Riders.pdf>
- **Dams** - Grand Coulee and Chief Joseph, the two federal BPA dams, along with Wells (Douglas PUD), Rocky Reach and Rock Island (Chelan PUD), and Wanapum and Priest Rapids (Grant PUD)
- **Allocation** – Sum of all allocated generation cannot be greater than actual generation
- **Delivery** – Matching of generation with delivery may not always occur due to MCHCA project optimization. ARB accepts MCHCA as a means to tie allocation to meter data to meet 95111(g)(1)(N) and specified source requirements

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7. Guidance Applicability

- **ACS Contract Provisions**
 - Because the regulatory provisions became effective on January 1, 2013, BPA unspecified can be claimed as ACS power for 2012 data reported in 2013, consistent with 2011 data reporting requirements.
- **Written Confirmations for ACS and Specified Source Power**
 - January 1, 2013 forward

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Verification Applicability

- 95103(f)--Verification is required if either applies:
 - EPE is an electricity importer or exporter in the current reporting year (95102(a)(140) and 95102(a)(141))
 - EPE was electricity importer/exporter and does not meet cessation of reporting requirements (95101(h)(4))
- Wheels are not considered an import or export (separate category)
- Retail providers that are not importers/exporter do not require verification if retail sales are listed as non-confidential
- Section 95111(c)(3) or (4) reporting does not solely trigger the verification requirement for retail providers

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Cal e-GGRT

Section 95111

Reporting

Workbook 1

Changes to Workbook 1

1. **“QE Adjust” tab:** Qualified Export (QE) adjustment in Section 95852(b)(5)
2. **“Imported on Behalf of Retail Providers” Field Set:** Whether a reported line item was imported by a third party on behalf of a retail provider. Section 95111(c)(3)
3. **“Generation Providing Entity” (GPE) Field Set**
4. **“Renewable Energy Credit (REC) and Meter Data” Field Set**
5. **“Retail Provider” tab:** Implements Sections 95111(c)(3)(C) and 95111(c)(4). Data on high-emitting GHG facilities owned by retail providers and associated replacement generation. Last year, used Spec Imports tab with limited detail. Data collected will show MT CO₂e Imported (and Not Imported) from Owned-High GHG Facilities, as well as MT CO₂e from Replacement Generation

Changes to Workbook 1 (cont’d)

6. **“RPS Adjustment” Field Set:** In the RPS Adjust tab, threshold fields determine eligible line items: From an eligible resource? Rights or contract to procure? REC Retirement Status? Delivery Type? Assumes RECs are retired on or before June 1 filing or within 45 days thereof.
7. **Upload Excel File:** EPE must upload Excel file as well as XML file
8. **Facility Reg Info:** EPE must fill out Facility Reg Info tab to match all Spec Sources in Spec Import tab
9. **First Deliverer:** All EPEs must answer the question, “Are you the first deliverer, Yes or No?”, by line item
10. **Total vs. Covered:** Total Emissions and Covered Emissions will populate data fields on the EPE Overview Page

RECs for Specified Sources

Column 1 is threshold test for REC reporting as tabulated in Column 2.

Column 3 has four choices for REC Status.

Column 4 based on REC Status input. If Column 1 “Yes” then zero emission factor is valid. If Column 4 “No” then Non-Conformance.

| Renewable Energy Credit (REC) and Meter Data – Field set in Spec Imports Tab | | | | | | | | |
|---|--|--------------------------------------|---|---|--|---|---|---|
| Is the power from an Eligible Renewable Energy Resource, per Section 95802(a)(1)(N) | RECs must be Retired and Verified per Section 95802(b)(3)(D) | Status of RECs in WREGIS Subaccount? | Compliance with REC Retirement Requirements | Date RECs Retired in WREGIS Subaccount? | REC Serial Numbers must be uploaded into Cal e-GGRT to comply with 95111(g)(1)(M)(1). Will this data be included with your filing? | If REC Serial Numbers will not be uploaded to Cal e-GGRT, please explain. | For verification purposes, retain meter generation data to document that the power claimed by the reporting entity was generated by the facility or unit at the time the power was directly delivered, per 95111(g)(1)(N). Have you retained this data? | If meter generation data has not been retained or is otherwise unavailable or inaccessible for verification purposes, please explain. |
| Yes | Yes | Retired in WREGIS | Yes | 5/1/13 | Yes | | Yes | |
| No | No | Will Be Retired Later | No | 11/2/14 | Yes | | Yes | |
| Yes | Yes | Uncertain, Did Not Buy RECs | No | | Yes | | Yes | |
| Yes | Yes | Uncertain, Sold the RECs | No | | Yes | | Yes | |

RECs in RPS Adjustment

The first three columns and the fifth are threshold tests.

Columns 6-9 tabulate data entered. Zeros pass a threshold and 1's do not.

All possible field values are shown in the four rows.

RPS ADJUSTMENT REQUIREMENTS – Field Set from Workbook 1 In the RPS Adjustment Tab

| ELIGIBLE RESOURCE | RIGHTS | REC STATUS | REC DATE | DELIVERY | ELIGIBLE RESOURCE | RIGHTS | REC STATUS | DELIVERY | ELIGIBLE RPS ADJUSTMENT |
|--|--|---|---|--|--|--|---|--|------------------------------|
| Is the power from an Eligible Renewable Energy Resource, per Section 95802(a) (1)(N) | Electricity Importer Must Have Either of the following: 95852(4)(A) | RECs must be used to comply with California RPS requirements during the same year in which the RPS adjustment is claimed, per 95852(1)(B) | Date RECs Retired in WREGIS Subaccount? | No RPS adjustment may be claimed for an eligible renewable energy resource when its electricity is directly delivered, per 95852(4)(D) | Is the power from an Eligible Renewable Energy Resource, per Section 95802(a) (1)(N) | Electricity Importer Must Have Either of the following: 95852(4)(A) | RECs must be used to comply with California RPS requirements during the same year in which the RPS adjustment is claimed, per 95852(1)(B) | No RPS adjustment may be claimed for an eligible renewable energy resource when its electricity is directly delivered, per 95852(4)(D) | Eligible for RPS Adjustment? |
| Yes | Ownership or Contract Rights | Retired in WREGIS | 5/2/13 | Not Directly Delivered to CA | 0 | 0 | 0 | 0 | Eligible |
| Yes | On Behalf of Owner or Contracted Party | Will Be Retired Later | | Not Directly Delivered | 0 | 0 | | | |
| No | Neither | Uncertain, Did Not Buy RECs | | Not Directly Delivered | 1 | 1 | 1 | 1 | No |
| Yes | Ownership or Contract Rights | Uncertain, Sold the RECs | | Not Directly Delivered | 0 | 0 | 1 | | No |

Workbook 1 Demonstration Walk-Through

Q & A

Information Resources

For More Information

- GHG Reporting Website
 - <http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep.htm>
- Reporting Guidance
 - <http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/guidance.htm>
- Tool Training: Registration, Subparts
 - <http://www.arb.ca.gov/cc/reporting/ghg-rep/tool/ghg-tool.htm>
- Cal e-GGRT Main Help Page
 - <http://www.ccdsupport.com/confluence/display/calhelp/Home>
- Email reporting tool questions to: ghgreport@arb.ca.gov

Key Reporting Dates

| Date | Activity |
|-----------------|--|
| February 1 | Regulatory deadline: Due date for electric power entities to register specified facilities outside California |
| February 12 | Public release of Cal e-GGRT |
| April 10 | Regulatory deadline: Reporting deadline for facilities and suppliers of fuels and carbon dioxide, except when subject to abbreviated reporting |
| June 3 | Regulatory deadline: Reporting deadline for electric power entities and those subject to abbreviated reporting |
| July 15 | Regulatory deadline: Deadline for corrections to RPS Adjustment data required for electric power entity data reports |
| September 3 | Regulatory deadline: Final verification statements due (emissions data and product data) |

GHG Reporting Contacts

| Subject Matter | Contact |
|---|--|
| GHG Mandatory Reporting (General) | Dave Edwards , Manager 916.323.4887 dedwards@arb.ca.gov |
| Electric Power Entities (Importers, Exporters, Retail Providers, Electricity Marketers) under Section 95111 | Wade McCartney 916.327.0822 wmccartn@arb.ca.gov |
| Greenhouse Gas Report Verification | Renee Lawver , Manager 916.322.7062 rlawver@arb.ca.gov |
| Chief – Greenhouse Gas Emission Inventory Branch | Richard Bode , Chief 916.323-8413 rbode@arb.ca.gov |

Q & A

Thank You