



CARB AB 32 Cost of Implementation Reporting and Verification Frequently Asked Questions (FAQs)

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The California Air Resources Board (CARB) is providing this Frequently Asked Questions (FAQ) document to give guidance to entities required to pay fees under CCR sections 95200-95207 (Cost of Implementation, COI). The COI Regulation is available here, <http://www.arb.ca.gov/cc/adminfee/feeregfro2014.pdf>.

COI fees are assessed on approximately 250 sources of greenhouse gas (GHG) emissions based on data reported by the sources (into the on-line tool Cal e-GGRT) as required under the Mandatory Reporting Regulation (MRR). Guidance on MRR reporting is available here: <http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/guidance.htm>.

This guidance document clarifies COI and MRR requirements; it neither creates nor modifies any legal requirements, and cannot do so. This document will be updated as needed.

1 Producers and Importers of Transportation Fuels

1.1 What is the applicability threshold for transportation fuel producers and importers under COI?

COI fees are based on annual volumes of produced and/or imported finished transportation fuels: California gasoline, CARBOB plus the designated amount of oxygenate, and California diesel. They apply to volumes of fuels that, when combusted, would result in emissions of 25,000 metric tons or more of carbon dioxide equivalent.

1.2 The refinery I represent consolidates all rack sales information at the corporate office. How can I report annual volumes of fuel sold from the individual refinery?

Consistent with data reported in previous years under the COI Regulation, the corporate entity can report consolidated volumes of finished California gasoline, California diesel, and/or CARBOB plus designated oxygenate that are intended for sale in California. To do this under the new configuration in Cal e-GGRT, the corporate entity can designate one refinery to report on behalf of the corporate entity and only that refinery would enter the fuel volumes into Cal e-GGRT. If this is not feasible, then the corporate entity can disaggregate the data to the refinery-level and report this amount under each separate

refinery's Cal e-GGRT account. Reporters should specify which approach they are using in the comments section of Subpart A. Additionally, reporters should attach documentation to their GHG Report describing which refinery is reporting on behalf of the corporate entity along with the corporate entity CARB ID number by using the "additional attachments" upload button located in the Subpart A module of Cal e-GGRT.

1.3 Does the COI fee regulation apply to produced and/or imported California gasoline, California diesel, and/or CARBOB that leaves the refinery and/or terminal rack but is not distributed for use in California?

Under the COI fee Regulation, fuel only meets the definitions of "California gasoline," "California diesel," or "CARBOB" if it is suitable for sale in California (Cal. Code of Regulations, Title 13, sections 2260(a) and (2282(b))). Under the fee regulation, there is a presumption that the fuel is used in California, and must be reported as distributed for use in California and is subject to COI fees, unless the producer/importer has objective evidence that the fuel is exported from California, or that the fuel does not meet the necessary specifications for use in California vehicles. Verification bodies should review bills of lading, contracts, shipment records, and other records to verify whether fuel has been exported from California.

1.4 In previous years, I reported aggregated quantities of produced and/or imported finished transportation fuels distributed for use in California, at the corporate level. This information was entered in the COI Fee module. Now that the Fee Module is obsolete, how is this information entered into Cal e-GGRT?

As discussed in Question 1.2. of this document, the corporate entity may choose one refinery to report aggregated volumes of finished transportation fuel produced and/or imported for use in California on behalf of the entire corporation. Required data for refineries are entered into the Cal e-GGRT "Subpart Y Additional Production" workbook, as shown in the excerpt below.

Producers of Transportation Fuels, Data Entry View:

Cost of Implementation (COI) Fees Data [section 95113(m)]			
Product	Volume (bbl)	Volume of Oxygenate Associated with CARBOB Produced/Imported (bbl)	
CARBOB* produced for use in California			
CARBOB* imported for use in California			
Finished California gasoline** produced for use in California			
Finished California gasoline** imported for use in California			

Product	Volume (bbl)	Volume of Biodiesel Associated with Fuel (bbl)	Volume of Renewable Diesel Associated with Fuel (bbl)
California Diesel*** produced for use in California			
California Diesel*** imported for use in California			

* As defined by "California reformulated gasoline blendstock for oxygenate blending" in section 95202 of the AB 32 Cost of Implementation Fee Regulation
 ** As defined by "California gasoline" in section 95202 of the AB 32 Cost of Implementation Fee Regulation
 *** As defined by "California diesel" in section 95202 of the AB 32 Cost of Implementation Fee Regulation

Historically, refineries have not reported blended biodiesel and renewable diesel volumes as separate from California diesel for the purposes of COI. As required by section 95121(d)(8) of MRR, the biodiesel and/or renewable diesel volume blended with California diesel by the refiner must be reported separately. Also, please note transportation fuel volumes are now reported in barrels. This is the same information that was previously reported by the corporate entity within the Fees Module. For comparison purposes, a screenshot of the former (now obsolete) Fees Module inputs for gasoline and diesel is provided below.

Producers and Importers of Transportation Fuel, Obsolete Fees Module Data Entry View:

PRODUCERS AND IMPORTERS OF CA GASOLINE AND CA DIESEL

CA Gasoline Produced (gallons)

CA Gasoline Imported (gallons)

CA Diesel Produced (gallons)

CA Diesel Imported (gallons)

CARBOB Produced or Imported

CARBOB Blend Produced (Gallons)	CARBOB Blend Imported (Gallons)	Intended Oxygenate Percentage	Delete
No CARBOB blends found.			
+ ADD a CARBOB Blend			

1.5 The refinery I represent stores some finished product outside of the refinery site. Since these volumes of finished transportation fuels leave the refinery gate, are they subject to COI fees even if they are being stored and not offered for sale?

Finished transportation fuels are subject to COI fees when they are distributed for use or can be used in California. The corporation can report finished fuel when it leaves the bulk transfer system as it is distributed across the terminal rack.

1.6 The refinery I represent produces CARBOB onsite and blends it with oxygenate offsite to produce finished California gasoline. Where do I report the quantity of designated oxygenate in Cal e-GGRT?

Designated oxygenate is reported by the refinery operator regardless of where the blending with oxygenate occurs. As defined in Title 13 section 2260, CARBOB is a product that "is intended to be, or is represented as, a product that will constitute California gasoline upon the addition of a specified type and percentage (or range of percentages) of oxygenate to the product after the product has been supplied from the production or import facility at which it was produced or imported." Therefore, the reported quantity of designated oxygenate refers to the percentage designated by the producer at the time of production rather than the actual volume of oxygenate that is blended with the CARBOB downstream of the refinery. Currently, CARB would expect the designated oxygenate percentage in most cases to be approximately equal to 11.11 volume percent (i.e., a ratio of 1 part ethanol to 9 parts CARBOB to create a gasoline blend that is 10 volume percent ethanol). The quantity is reported using the Cal e-GGRT workbook "Subpart Y Additional Production Data" in the Cost of Implementation Fee section, as the volume of oxygenate associated with CARBOB produced/imported (see screenshot in answer to Question 1.7 of this document).

1.7 What is required to be reported under sections 95121(d)(7) and (d)(8) of MRR, and does this requirement overlap with any other COI reporting requirements?

Data reported under MRR sections 95121(d)(7) and (d)(8) is used for the purpose of determining COI fees for position holders and/or importers that are importing or producing finished transportation fuels. This data is reported in the Cal e-GGRT "Suppliers of Transportation Fuels Calculation and Reporting Tool" workbook. An excerpt of the workbook entry fields is shown below.

Suppliers of Transportation Fuels, Data Entry View:

41	Non-emissions data required by Sections 95121(d)(7) and (8)	For AB 32 Cost of Implementation Fee purposes, all fuel suppliers, except for refiners that report pursuant to section 95113(m), must report the following data pursuant to section 95121(d)(7) and (8)	
42		[Quantity] Volume of fuel imported from outside of California for use in California (barrels).	[Percentage] For CARBOB, the designated percentage of oxygenate must be reported
43	Imported Fuels		
44	CARBOB*		
45	California Gasoline**		
46	California diesel fuel***		
47	Biodiesel		
48	Renewable Diesel		
49	Blended Biomass Diesel Fuels	[Quantity] Volume of fuel blended with California diesel for use in California (barrels).	
50	Biodiesel		
51	Renewable Diesel		
52	* As defined by "California gasoline blendstock for oxygenate blending" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		
53	** As defined by "California gasoline" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		
54	*** As defined by "California diesel" in section 95202 of the AB 32 Cost of Implementation Fee Regulation		

Note that refiners must report produced and imported fuel volumes for COI purposes pursuant to section 95113(m) of MRR, using the data entry view shown in answer 1.4.

1.8 The fuel distributor I represent mixes only a portion of produced and imported biofuels (>=99%) at the terminal rack for distribution as California diesel. How do we report the volume of biofuels that are mixed with diesel and distributed as California diesel, while ensuring we aren’t charged a fee on the pure biofuels distributed for use in California?

Most biofuels distributed for use in California are blended with California diesel at less than 20% of the total fuel volume. If biofuel is blended into California diesel then it adds to the total volume of California diesel distributed. COI fees are assessed on the total volume of California diesel distributed. Fuel suppliers that import pure biofuels must report the entire quantity of imported biofuels required under MRR section 95121, Suppliers of Transportation Fuels, under the workbook section called “Imported Fuels [Quantity].” See data entry view in answer 1.7. above. However, only the portion of biofuels that are blended with diesel for distribution as California diesel are reported in the cell called “Blended Biomass Diesel Fuels [Quantity]” and are subject to COI fees.

1.9 Will COI data reported pursuant to section 95113(m) of MRR for refineries, and 95121(d) of MRR for transportation fuel suppliers be subject to verification?

COI data is subject to review for reasonableness as part of a conformance check by verifiers. To establish conformance the verifier will check that the emissions data report

contains the required information, and that a reasonable method was used to quantify the data.

1.10 The fuel distributor I represent is being charged a COI fee from their fuel supplier. Why are we being charged a fee?

CARB does not provide guidance on how, or if, the COI fuel fee for California diesel can be passed through to biofuel distributors. For more information on the COI fuel fee rates, please refer to CARB's website

<http://www.arb.ca.gov/cc/adminfee/historicaldata.htm>

2 Petroleum and Natural Gas System Operators, and Suppliers of Natural Gas

2.1 What is the applicability threshold for oil and natural gas producers and natural gas suppliers that report under COI?

For oil and gas producers, COI fees are based on annual volumes of produced associated and natural gas that are consumed or combusted on-site, and result in emissions of 25,000 metric tons or more of carbon dioxide equivalent. For intrastate pipeline (within California) owner/operators or public/publicly-owned utilities that supply natural gas, COI fees are based on the annual volume of natural gas delivered, that, if completely combusted, oxidized, or used in other processes by the aggregate total of all end users, would result in emissions of greater than or equal to 25,000 metric tons of carbon dioxide equivalent. Please note, COI fees are assessed downstream to the end users of natural gas received by interstate pipelines (i.e. imported from outside of California).

2.2 The facility I am reporting for combusts associated gas and natural gas produced from on-site oil wells in addition to processed natural gas that is transported by pipeline into the facility. Are all the emissions from the on-site combustion of these fuels subject to COI fees?

Only emissions from the consumption or combustion of associated and natural gas that are produced from on-site wells are subject to COI fees per section 95201(a)(1)(D)-(E). The COI Regulation assesses a fee upstream to the natural gas suppliers at the point of delivery, so purchased natural gas quantities can be excluded for COI reporting.

2.3 As an oil and gas production facility operator, how can I report emissions from produced natural gas and associated gas consumed or combusted on-site as separate from purchased natural gas?

All emission sources from the combustion of associated field or natural gas must be included in the emissions reported for COI. This includes emissions from system sources such as venting and flaring, as well as from general stationary sources. For COI fees determination only, the reporter may subtract any volume of purchased natural gas delivered by an intrastate or interstate pipeline using a system-wide mass balance approach, as was reported in previous years under COI using the Fee Module. This is in addition to reporting general combustion emissions under the requirements of MRR Subpart C, and the system-wide emissions reporting for Petroleum and Natural Gas Emissions under the requirements of MRR sections 95150 to 95158. The new data entry view available for reporting COI only associated gas emissions using Cal e-GGRT is shown below.

Operator of Oil and Gas Production Facility, Data Reporting View:

4) COST OF IMPLEMENTATION FEES: ASSOCIATED GAS EMISSIONS

Enter the CO₂e emissions for all associated gas combustion at the facility. Include all combusted associated gas produced at the facility and combusted associated gas received from other facilities. Do not include combustion emissions from purchased pipeline quality natural gas received by an intrastate pipeline. The emissions entered in this field are not included in any facility total emissions and are only used for fees.

Emissions from Associated Gas Combusted On-Site: Units:(metric tons CO₂e, NOT included in emissions totals)

2.4 Is the facility I represent required to pay COI fees on associated and natural gas if it is produced from wells located in an adjacent facility then transported by pipeline into the facility I represent for combustion?

If the upstream natural gas supplier meets the definition in MRR of an intrastate pipeline owner or operator (from inside of California), then they will be assessed a COI fee as a natural gas supplier for the natural gas delivered to their end users. However, if the produced associated gas is simply swapped or transferred from one facility to another and is not delivered by an intrastate pipeline operator, then the facility that consumes or combusts the natural and associated gas will be assessed a COI fee. The term, “to consume on-site” means to consume at a facility; this definition does not limit COI from assessing fees on the combustion of associated and natural gas produced from wells owned or operated within another facility, then transferred to the reporting facility for combustion.

2.5 The facility I represent has an electricity generation unit (EGU) that only supplies power to my facility and a few neighboring facilities. Is the natural gas used to power this unit subject to the COI fees?

COI excludes natural gas deliveries to grid-dedicated, stand-alone electricity generating facilities (EGF) in California that deliver electricity to the California transmission and distribution system. Grid-dedicated, stand-alone electricity generating facilities are assessed COI fees on the emissions associated with electricity generation. The EGU at the facility described in the question above does not meet this definition, and natural gas used to power this system is subject to COI fees. Fees are assessed to the natural gas supplier if delivered by an intrastate pipeline or Local Distribution Company (LDC), or are assessed to the EGF directly if received from an interstate pipeline owner/operator (from outside of California).

2.6 The facility I represent has a cogeneration unit supplying power to on-site equipment; are the fossil fuels used to power this unit subject to COI fees?

COI fees are assessed on the quantity of fossil fuels used for combustion in the cogeneration facility at the fuel supplier level. Even if the facility has only one cogeneration unit out of several operating electricity generation units, the entire facility is classified as a cogeneration facility for purposes of the COI. The COI fee is assessed to the fuel supplier on the quantity of natural gas delivered to the cogeneration facility unless the natural gas is delivered by an interstate pipeline (see answer to Question 2.4 in this document).

2.7 The facility I represent receives natural gas from an intrastate pipeline and supplies a portion of this natural gas to end users. How can I report this information so that I am not charged a fee on the natural gas quantities that are passed-through my facility from the intrastate pipeline to an end user?

Under the COI Regulation, all owners or operators of intrastate pipelines are assessed fees on the aggregate quantity of natural gas delivered to all end users, excluding deliveries to EGFs. In this case, the reporter can exclude the quantity of natural gas delivered by the intrastate pipeline by reporting it as "pass-through" to downstream end users using Subpart A of Cal e-GGRT, as shown in the two screenshots below.

Pass-Through Data Reporting View 1:

ARB #1 - Training (ARB ID: 100000)
Sections 95100-95108 (Subpart A): Facility Reporting Information (2014)
[Select Facility](#) » [Facility or Supplier Overview](#) » [Subpart A](#) » [Add/Edit Natural Gas Supplied](#)

NATURAL GAS SUPPLIED TO DOWNSTREAM USERS OUTSIDE OF FACILITY BOUNDARY.
 Report any natural gas acquired by the facility that is supplied (passed-through) to downstream users outside of the facility boundary. Report the facility name(s) and the annual MMBtu delivered. * denotes a required field

NATURAL GAS SUPPLIED

Name of facility receiving * pass-through natural gas

Natural Gas Supplied * MMBtu

CaLeGGRT RY2014.R.13 | A-natural-gas-supplied

Pass-Through Data Reporting View 2:

NATURAL GAS SUPPLIED TO DOWNSTREAM USERS OUTSIDE OF FACILITY BOUNDARY [95115(I)]

Name of Facility Receiving Pass-Through Natural Gas	Thermal Energy Provided or Sold (MMBtu)	Delete
ACME Generation	5000	

[+ ADD Natural Gas Supplied](#)

2.8 Will COI data reported pursuant to section 95152 of MRR for oil and gas producers and 95122 for natural gas suppliers be subject to verification?

COI data is subject to verifier review for conformance. Verifiers use a risk-based approach to data sampling to inform their professional judgment of reasonable assurance that reported data are in conformance with MRR. To establish conformance, the verifier will check that the emissions data report contains the required information and that a reasonable method was used to quantify the fuels.

3 Operators of Petroleum Refineries

3.1 Where can I report refinery fuel gas emissions as separate from natural gas emissions using Cal e-GGRT?

For COI fee determination only, purchased natural gas combustion emissions should be excluded from refinery fuel gas combustion emissions. For refineries to report refinery

fuel gas emissions separately (for the purposes of COI), use Cal e-GGRT “Subpart Y Additional Production Data” workbook, as shown in the excerpt below. This is an additional requirement to reporting all combustion emissions within Subpart C; reporting entities must not exclude purchased natural gas combustion emissions when reporting in Subpart C.

Petroleum Refinery, Refinery Fuel Gas (COI Only) Reporting Data View:

Cost of Implementation (COI) Fees Data: Refinery Fuel Gas [section 95204(f)(5) - COI Regulation]

Enter the CO₂e emissions for all refinery fuel gas combusted or consumed at the facility. Do not include emissions from pipeline quality natural gas combustion (see section 95204(f)(5) for removing the natural gas). The emissions entered in this field are not included in any facility total emissions and are only used for fees calculations.

Refinery Fuel Gas Combusted or Consumed On-Site (excluding natural gas)	Emissions (metric tons CO ₂ e)*
Refinery Fuel Gas Emissions	

*value NOT included in emissions totals for GHG report

4 Operators of Merchant Hydrogen Plants

4.1 How do merchant hydrogen plant operators report refinery fuel gas emissions separately from natural gas emissions using Cal e-GGRT?

For reporting under the COI Regulation only, purchased natural gas combustion emissions should be excluded from refinery fuel gas combustion emissions. For merchant hydrogen plants (i.e., those that are not owned or operated by an integrated refinery operation) any combustion emissions from refinery fuel gas consumption must be separately identified and reported for COI purposes (excluding purchased natural gas). To report refinery fuel gas emissions separately for the purposes of COI, the data are entered in the “OTHER FACILITY REPORTING INFO” section in Subpart P within Cal e-GGRT, as shown in the screenshot below. This is an additional requirement to reporting all combustion emissions within Subpart C; reporting entities must not exclude purchased natural gas combustion emissions when reporting in Subpart C, as this data is required under MRR.

Merchant Hydrogen Plant, Refinery Fuel Gas (COI Only) Reporting Data View:

COST OF IMPLEMENTATION (COI) FEES DATA: REFINERY FUEL GAS [SECTION 95204(F)(5) - COI REGULATION]

For Merchant Hydrogen facilities only, enter the CO2e emissions for all refinery fuel gas combusted or consumed at the facility. Do not include emissions from pipeline quality natural gas combustion (see section 95204(f)(5) for removing the natural gas). The emissions entered in this field are not included in any facility total emissions and are only used for fees calculations. Therefore, all combustion emissions must also be reported in Subpart C.

Refineries with integrated hydrogen production do not complete this section and should leave it blank. For refineries, the COI refinery fuel gas facility emissions are entered in the Subpart Y Additional Production Data and Solomon energy Intensity Index workbook.

Emissions from Refinery Fuel Gas Combusted or Consumed On-Site for Merchant Hydrogen Facility (excluding natural gas) * (metric tons CO2e) **

*Merchant hydrogen facilities only; not to be completed by refineries

** Emissions value is NOT included in emissions totals for GHG report; COI use only