

Greenhouse Gas Reporting and Third-Party Verification 2019 Rulemaking

Environmental Quality Commission
May 7, 2020
Teleconference

Introduction & Background

Goal

To improve the specificity of how emissions data are calculated, reported, and verified

Purpose

To allow the program to better support evolving climate policy discussions in Oregon and the policy work of the Office of Greenhouse Gas Programs

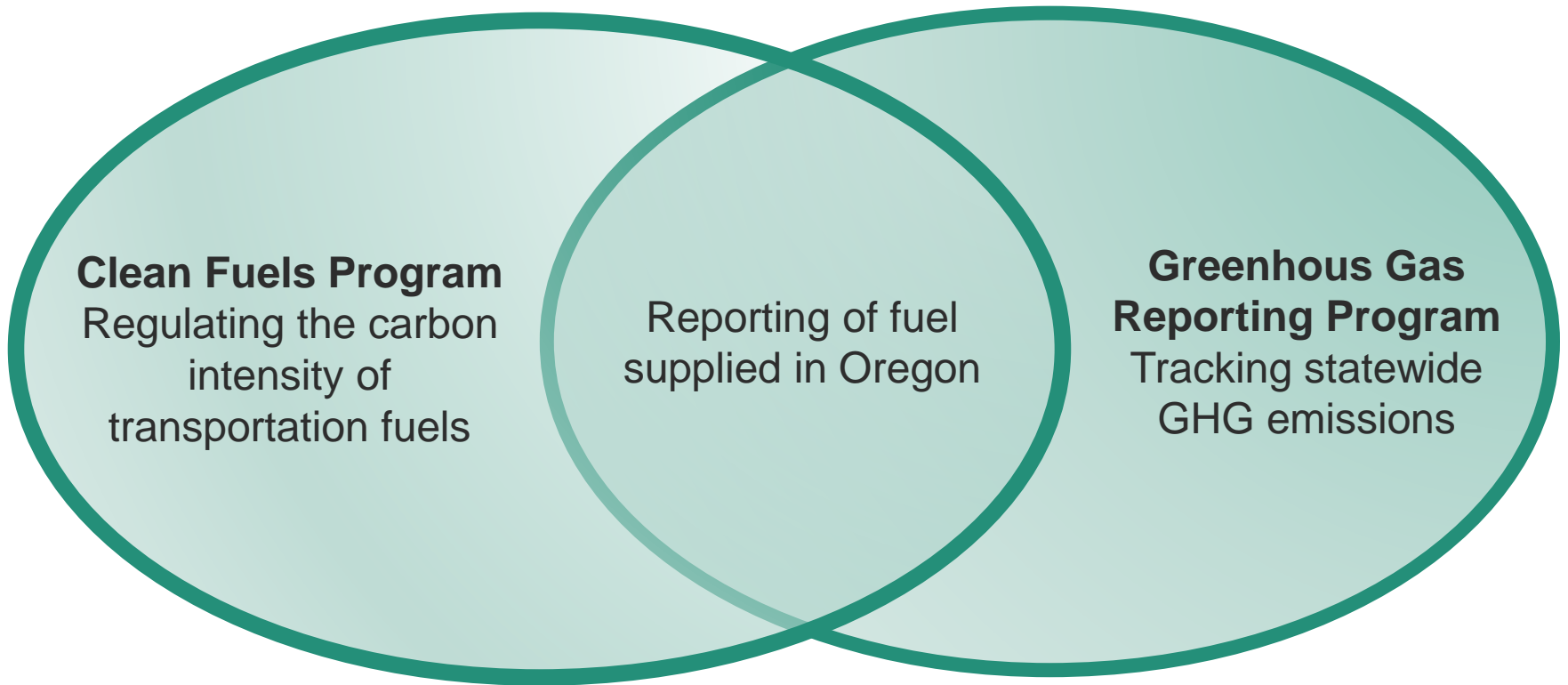
Guiding Principles

- Clarify requirements
- Rely on established methodologies and practices
- Create transparency in emissions calculations
- Ensure consistent treatment across regulated entities within each sector
- Streamline processes and reporting when possible
- Incorporate stakeholder feedback
- Collect comprehensive state specific data
- Ensure data is accurate and verified

Scope: Key Components

- Streamline the fuel supplier reporting requirements of the Greenhouse Gas Reporting Program (Division 215) and the Clean Fuels Program (Division 253)
- Modify the GHG Reporting Program (Division 215) to incorporate existing reporting and emissions accounting protocols into rule
- Propose third-party verification rules (Division 272) to require some data submitted to DEQ be verified by independent third-parties
- Amend Division 12 to establish or clarify enforcement criteria

Streamline Fuels Reporting



Modify Clean Fuels Program

The proposed amendments...

- **Identify** the overlap between the CFP and GHG
- **Clarify** the position holder in the CFP rules
- **Update** definitions needed to support rule amendments
- **Modify** the reporting tool to become the Oregon Fuels Reporting System

Modify Greenhouse Gas Reporting Program

The proposed amendments...

- **Reorganize** the rules to improve readability
- **Clarify** requirements for reporting, certification, submission and cessation
- **Update** definitions needed to support rule amendments
- **Modify** reporting deadlines and record retention timelines
- **Specify** the requirements for reporting of biomass-derived fuels

GHG RP Regulated Entities



Air Contamination Sources



Fuel Suppliers



Natural Gas Suppliers



Electricity Suppliers

Key Sector-Specific Amendments



- Clarifies reporting requirements for certain data elements addressing natural gas use and electricity generation
- Addresses reporting requirements for biomass-derived fuels



- Streamlines reporting requirements to allow all users to use one system to report
- Addresses reporting requirements for biomass-derived fuels



- Requires reporting of information on large end users
- Requires reporting identifying information for marketers
- Addresses reporting requirements for biomethane
- Requirements reporting of emissions from natural gas systems/pipelines



- Defines specified and unspecified power
- Provides specificity in emissions calculations including clarifying emission factors use
- Clarifies requirements for third-party reporting

Next Steps for GHG RP

GHG RP Implementation

Building Capacity

Recruiting additional GHG technical staff

Streamlining

Developing the Oregon Fuels Reporting System

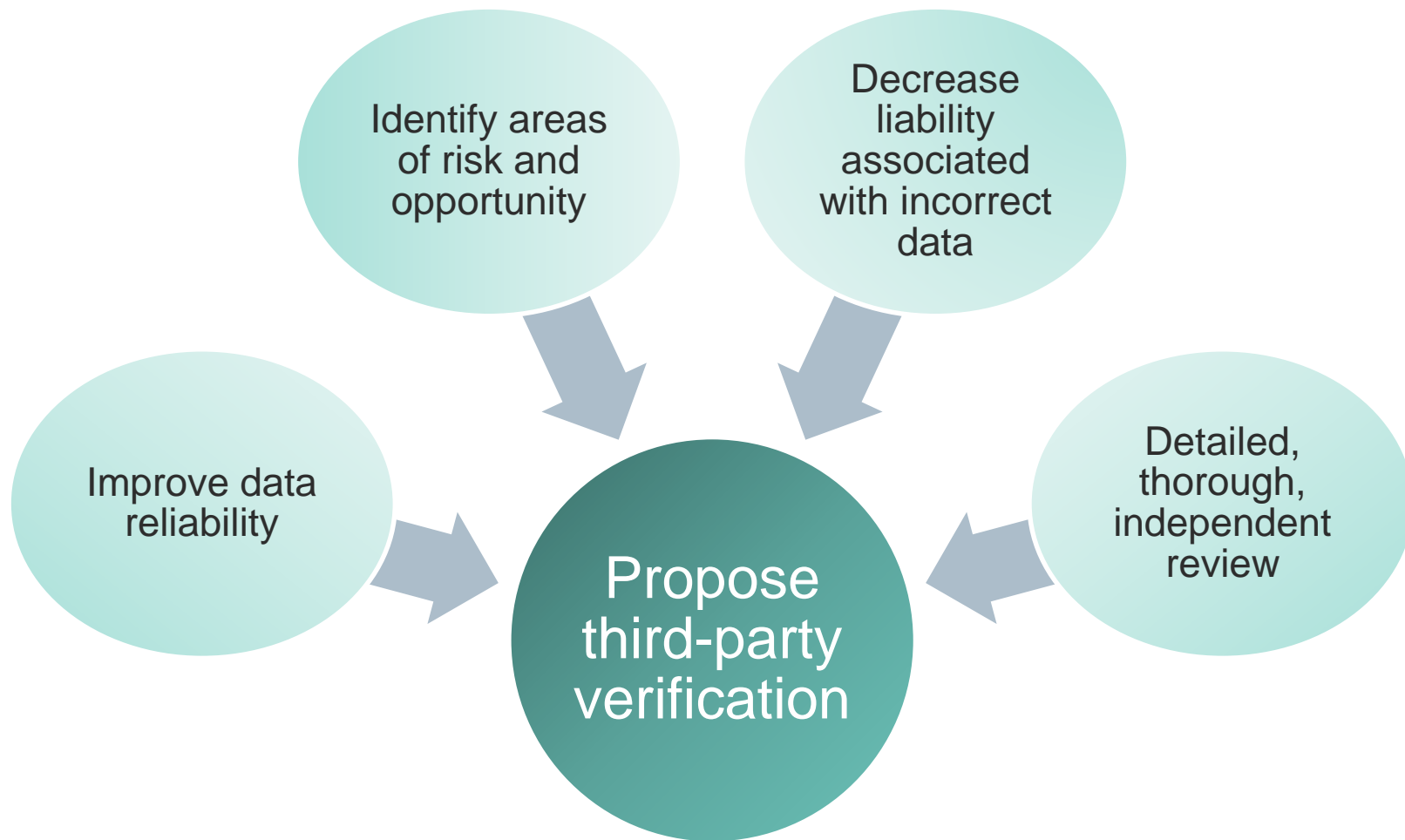
Modernizing

Transitioning natural gas, electricity and stationary source reporting into EDMS

Engaging

Develop new guidance and trainings for regulated entities

Why Require Third-Party Verification?



Key 3PV Requirements

For Responsible Entities

- Responsible for ensuring the requirements of the new division are met
- Beginning in 2022, engage the services of a DEQ-approved verification body to perform verification

For Verification Bodies/Verifiers

- Submit complete application materials to DEQ and take any DEQ-required tests
- Agree to perform verifications and maintain approval in accordance with the proposed new division

For DEQ

- Approve verification bodies and verifiers
- Review submitted materials and notify entities when verification services may begin/proceed/not proceed

Next Steps for 3PV

3PV Implementation

- **Building Capacity**
Recruiting Program Administrator
- **Communicate** new requirements to regulated entities and eligible verifiers
- **Approve** verifiers that meet the necessary requirements to provide services
- **Review** required documents and verification statements starting in 2022 for 2021 data

Amend Enforcement Provisions

- Consistent with other regulatory programs administered by DEQ
- Classifies certain violations and clarifies enforcement criteria for GHG RP and CFP
- Establishes enforcement criteria for third-party verification

GHG2019 Rulemaking Process

Advisory Committee Meetings

- September 2019 RAC 1: Context, background, and initial draft rules
- November 2019 RAC 2: Updated draft rules and presentation of Fiscal Impacts Analysis
- Numerous meetings with stakeholders

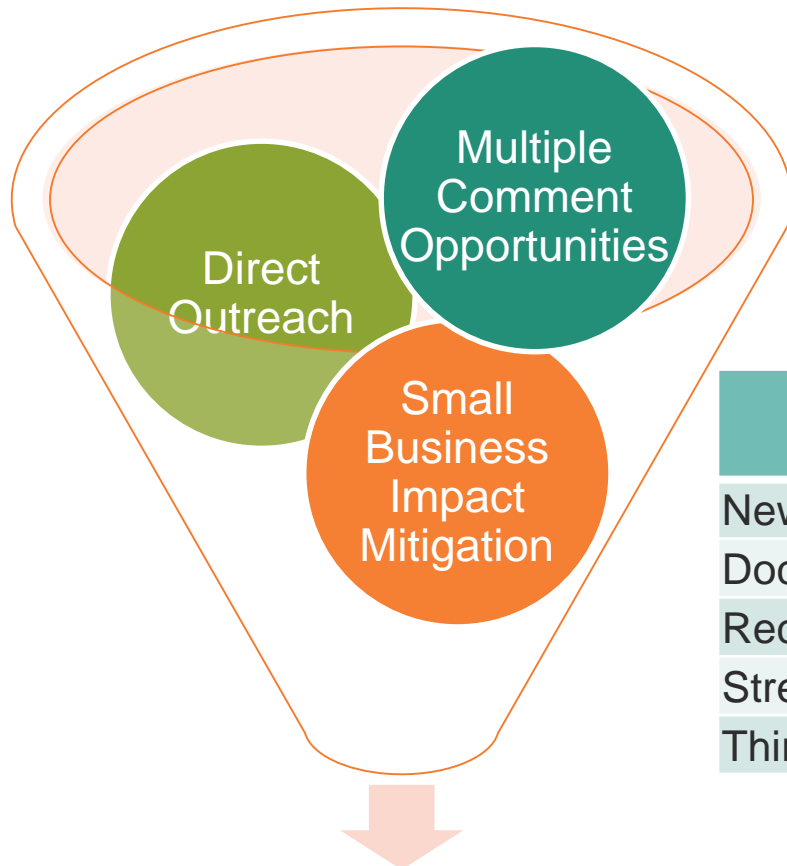
Public Notice

- Dec. 19, 2019, through Jan. 28, 2020
- 18 individual comment letters were submitted

Public Hearing

- Jan. 16, 2020: 1 public hearing
- No oral comments

Fiscal Impacts to Regulated Entities



Fiscal Impacts Statement

Topic(s)	Fiscal Impact to Regulated Entities
New Reporting	Low to Moderate
Documentation	
Records Retention	
Streamlining Fuels Reporting	Cost Benefit
Third-Party Verification	Wide Range

Key Comments from Stakeholders

Comment	DEQ Response
Delay the start of certain new recordkeeping requirements (proposed to be 2021)	The current proposal is to start the new recordkeeping requirements in 2022.
Do not require records to be retained for 7 years (currently 5 years)	The current proposal is to keep records for 7 years to align with verifier requirements for those subject to third-party verification but for those not, records only need to be retained for 5 years.
Align as much of the proposed rules with existing practices, such as EPA's natural gas large end-user threshold	The current proposal modifies the rule language to align with many existing practices.
Supportive of DEQ's alignment with many of California's definitions and requirements (such as emissions factors)	Thank you for the comment.
Delay the start of third-party verification requirements (proposed to be 2021 of 2020 data)	The current proposal is to begin third-party verification of 2021 data in 2022.

Questions?

Rulemaking Webpage:

<https://www.oregon.gov/deq/Regulations/rulemaking/Pages/rGHG2019.aspx>

Primary Rulemaking Contact:

Elizabeth Elbel

elbel.elizabeth@deq.state.or.us

Subject Matter Leads:

GHG Reporting Program

Elizabeth Elbel

elbel.elizabeth@deq.state.or.us

Third-Party Verification

Lauren Slawsky

slawsky.lauren@deq.state.or.us

Clean Fuels Program

Cory-Ann Wind

wind.cory@deq.state.or.us

Recommendation

DEQ recommends that the Environmental Quality Commission adopt the proposed rules and rule amendments in Attachments A1 through A4 as part of Chapter 340 of the Oregon Administrative Rules.