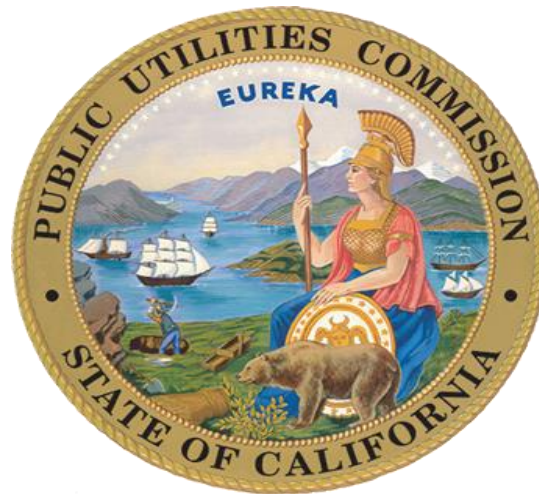




# California Public Utilities Commission

## SB 1371 – R.15-01-008 Gas Leak Abatement Workshop

### Retroactive Baseline Adjustments



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# Overview

- Background
- Goal
- Considerations for Retroactive Changes
- Drivers of Changes to Prior Year Amounts





## Background

2015 Baseline - 6,601 MMscf established by Commission decision

The June 2017 Commission decision (D.17-06-015) ordered that:

- “The Natural Gas Leak Abatement Program Annual Reporting Framework contained in Section 5.2 ... of this decision is adopted consistent with the process detailed below: The Commission’s Safety and Enforcement Division (SED), in consultation with the Air Resources Board (ARB), shall direct the annual report process...”

This is interpreted to include the consideration and evaluation of any changes to 2015 Baseline emissions based on new methods of emissions accounting, better record keeping and information as well as updated factors used for estimating emissions.





## Goal

Update Baseline balances – by determining why, what, and when to make applicable baseline adjustments.

- In the least disruptive manner
- Supportable and rational changes
- Continued focus on emissions reduction





## Considerations – Timing Issues

- Timing issues – one-time adjustment or whenever necessary?
- What is the best time to make Baseline changes in light of:
  - New discoveries
  - New information
  - New Methods
- Baseline changes over multiple years
  - Creates a moving target
  - Affects perception of improvements
  - Passage of too much time for retroactive adjustments
- How does compliance planning process affect retroactive changes?





## Considerations – Type & Size of Items

Retroactive change based on:

- Threshold for the size of the item relative to the respondent's emissions profile
- Size of all change items summed meet threshold
- Reason for the discrepancy (error, sensitivity, etc.)
- Change needed to improve comparability of data





## Considerations - EF Changes

Whether and by how much should any future changes to EFs be rationalized to the Baseline emissions?

- Confidence that new EFs reflect reasonably accurate emissions estimates
  - Current GTI study on DM&S and MSA leaks
  - 2016 Working Group Review of WSU & GTI
- Amount of change within underlying infrastructure
- Do new EF's reflect actual reductions in emissions?





# Drivers of Changes to Prior Year Amounts

Source of retroactive change candidates:

- New EFs
- Changes in methodology used to estimate emissions
- New information about infrastructure accounting
- Rectify errors







# Drivers of Changes to Prior Year Amounts

- New EFs
  - ❖ WSU and GTI
  - ❖ Wellhead EF
  - ❖ Recognition in Compliance Workshop that respondent specific EFs may be needed
  - ❖ Compliance mitigations change basis for existing EF
    - DM&S super emitter repairs skew population and EF no longer representative of population emissions profile





# Drivers of Changes to Prior Year Amounts

- Methodology Changes impacting accounting for emissions.
  - ❖ New data that changes calculation input values.
    - Amount of emissions used to estimate generic blowdowns versus better data capture of event-based emissions such as number of blowdowns and type of asset blown down.
  - ❖ Continuous refinement of surveyed/un-surveyed leaks calculation





# Drivers of Changes to Prior Year Amounts

- New information about infrastructure accounting
  - ❖ Verification, identification and re-classification of assets:
    - Component equipment
    - Identification of M&R station assets and re-categorization.
  - ❖ Changing definitions and interpretation
    - Dehydrators
    - Including Compressor Stations excluded due to MRR exemption (doesn't apply to SB1371)



# Drivers of Changes to Prior Year Amounts

## ➤ Rectify errors:

- ❖ Duplication of emissions
  - M&R Station components included in EF
- ❖ Figures incorrectly transferred to summary
- ❖ Use of unapproved reporting methods
  - Actual leaks reported versus population based





## Next Steps

1. Solicit comments on - What are the specific considerations for making retroactive 2015 Baseline adjustments?
2. Discuss to the extent possible:
  - Process and protocols for adjustment
  - Adjustment criteria
  - Timing of adjustments
  - Whether working group warranted
  - Next steps





## Next Steps

1. Review party comments
2. Finalize and Issue report templates
3. Outline Issues and Objectives for Working Group(s)
  - Organize Working Groups
4. Determine Need for Additional Workshops





## Next Steps

### Key Dates:

- January 31, 2019 – Workshop comments due
- February 7, 2019 – Reply comments due
- March 31, 2019 – Revised templates for 2018 NGLA reporting
- June 15, 2019 - Emissions Reports Due
- November 15, 2019 – Draft Joint Report Due





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