

Instructions for Application for Limited Exemption of Emissions from Qualified Thermal Output

OVERVIEW

Pursuant to section 95852(j) of the Cap-and-Trade Regulation (Regulation), two types of facilities may be eligible for a limited exemption of emissions from qualified thermal output: (1) facilities with one or more cogeneration units that have emissions that would not exceed the Cap-and-Trade Program inclusion threshold but for the emissions associated with thermal output produced on-site by cogeneration, and (2) district heating facilities that serve multiple end users, all of which would have emissions that would not exceed the Cap-and-Trade Program inclusion threshold if they produced the emissions that are produced by the district heating facility in the process of serving that end user. The Application for Limited Exemption of Emissions from Qualified Thermal Output (Application) is a Microsoft Excel workbook that may be used by facilities to apply to the California Air Resources Board (CARB) for the limited exemption of emissions from qualified thermal output.

The Application contains the following tabs:

- The “Cogeneration Application” tab is where facilities with one or more cogeneration units input data and information to complete the application for the limited exemption of emissions from qualified thermal output.
- The “District Heating Application” tab is where facilities with a central plant input data and information to complete the application for the limited exemption of emissions from qualified thermal output.

Full text of the [Regulation](#) is available on the Cap-and-Trade Program website. These instructions and the Application are provided for clarity and convenience only. The use of the Application to request Limited Exemption for Qualified Thermal Output is optional. The instructions and Application do not have the force of law, do not establish new requirements, and in no way supplant, replace, or amend any of the legal requirements of the Regulation.

BACKGROUND

Section 95852(j)(4) of the Regulation was amended during the 2018 Cap-and-Trade Regulation rulemaking process to change the deadline for submitting applications for the limited exemption of emissions from qualified thermal output from September 2, 2014 to September 2, 2020. CARB is making the Application available to facilitate submitting data and information to apply for the limited exemption prior to the updated deadline.

Application requirements are established in section 95852(j) of the Regulation. Sections 95112(a)(5)(A), 95112(a)(5)(C), and 95131(b)(8)(F)(3) of the [Regulation for](#)

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[the Mandatory Reporting of Greenhouse Gas Emissions \(MRR\)](#) set the requirements for how some information in this form must be reported.

SUBMITTING COMPLETED FORMS

The information requested in the Application must be received by CARB no later than September 2, 2020. If using the Application, CARB requests that entities email the following information to David.Allgood@arb.ca.gov:

1. An Excel version of the completed Application;
2. A PDF version of the completed Application that includes the signature of the primary account representative or an alternate account representative; and
3. Any necessary supplemental information.

Hard copies are not required. If you choose to submit a hard copy Application, please mail the signed and dated hard copy to:

California Air Resources Board
Attn: David Allgood
Climate Change Program Evaluation Branch, 6th Floor
1001 "I" Street
Sacramento, CA 95814

DETAILED INSTRUCTIONS FOR COGENERATION FACILITIES

Step-by-step instructions to complete each section of the "Cogeneration Application" tab of the Application workbook are provided in this section.

Questions may be directed to: David.Allgood@arb.ca.gov or (916) 445-8238.

1. In box 1, enter the legal entity name used in the Compliance Instrument Tracking System Service (CITSS) for the Cap-and-Trade Program.
2. In box 2, enter the mailing address for the facility as it appears in CITSS.
3. In box 3, enter the facility's CARB ID. The CARB ID is a unique number assigned by CARB under the Mandatory Reporting Regulation (MRR).
4. In box 4, enter the entity's CITSS ID.
5. Complete boxes 5 through 8 separately for each row 1 through 4, as appropriate. Row 1 is for thermal energy used on-site for industrial processes, row 2 is for thermal energy used on-site for heating, row 3 is for thermal energy used on-site for cooling, and row 4 is for thermal energy sold and used off-site. Enter information in the row(s) that best describe(s) the use(s) of qualified thermal output. If heating or cooling is used on-site to drive an industrial process, report the associated thermal output in row 1. The information input in these rows is similar to the information required by MRR section 95112(a)(5)(C).

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In box 5, enter the NAICS code(s) that best describe(s) the activity(ies) for which the qualified thermal output is used. Entering information in box 5 is optional.

6. In box 6, select either “Yes” or “No” from the dropdown menu to identify whether thermal output used on-site is in support of, or part of, an electricity generation or cogeneration system. In order to be considered qualified thermal output, thermal output used on-site must not be in support of, or part of, an electricity generation or cogeneration system. Instead, it must serve a separate activity, which should be the activity described by the NAICS code in box 5, if box 5 is completed.
7. In box 7, enter the amount of qualified thermal output (MMBtu) in each calendar year 2008-2013.
8. In box 8, identify the causes of any differences between information reported on this application and information previously reported pursuant to MRR. For example, there may be different information reported due to changes in MRR reporting requirements. Enter “Not Applicable” if there are no differences. Additional information may be attached to the submitted application as needed to explain any differences.
9. In box 9, select “Yes” or “No” from the dropdown menu to identify whether the cogeneration unit(s) burn(s) any fuel that does not have covered emissions. For example, a facility with a cogeneration unit that combusts some eligible biofuel would select “Yes.”
10. If “No” is selected in box 9, leave box 10 blank. If “Yes” is selected in box 9, enter in box 10 the amount of fossil fuel that was combusted in the cogeneration unit (MMBtu) and produced covered emissions for each calendar year 2008-2013.
11. If “No” is selected in box 9, leave box 11 blank. If “Yes” is selected in box 9, enter in box 11 the total amount of fuel that was combusted in the cogeneration unit(s) (MMBtu) for each calendar year 2008-2013. For example, the total amounts of fuel entered in box 11 should include fossil fuels that were combusted and biofuels that were combusted but did not produce covered emissions.

For each year 2008-2013, the workbook will automatically calculate values for “Percent of Total Fuel Combusted with Covered Emissions,” “Annual Qualified Thermal Output (MMBtu),” and “GHG Emissions from Qualified Thermal Output (MT CO₂e).” If “Yes” is selected in box 9, the “Percent of Total Fuel Combusted with Covered Emissions” will show the box 10 entry divided by the box 11 entry for each year. If “No” is selected in box 9, the “Percent of Total Fuel Combusted with Covered Emissions” will be 100% for each year.

“Annual Qualified Thermal Output (MMBtu),” will show the sum of entries in box 7 multiplied by the “Percent of Total Fuel Combusted with Covered Emissions” for each year. These calculations follow the requirements of section 95852(j)(4)(A)

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of the Regulation. “GHG Emissions from Qualified Thermal Output (MT CO₂e)” will show the “Annual Qualified Thermal Output (MMBtu)” multiplied by the default emission factor for qualified thermal output, 0.06244 MT CO₂e/MMBtu. This result is the emissions attributed to qualified thermal output calculated pursuant to section 95852(j)(1)(A) of the Regulation.

12. In row 12, enter the amount of covered emissions in metric tons of carbon dioxide equivalent (MT CO₂e) for each calendar year 2008-2013. The amounts entered in box 12 should match the covered emissions reported pursuant to MRR for each year.

For each year 2008-2013, the spreadsheet will automatically calculate values for “Total Remaining Covered Emissions (MT CO₂e)” pursuant to section 95852(j)(2) of the Regulation by subtracting “GHG Emissions from Qualified Thermal Output (MT CO₂e)” from the value entered in box 12 for “Total Covered Emissions (MT CO₂e).”

The answer to the question “Are Emissions Below 25,000 MT CO₂e Every Year?” will automatically read “Yes” if “GHG Emissions from Qualified Thermal Output (MT CO₂e)” and “Total Remaining Covered Emissions (MT CO₂e)” are each less than 25,000 MTCO₂e for all relevant years during the period 2008-2013. Otherwise, the answer will automatically read “No.” If either “GHG Emissions from Qualified Thermal Output (MT CO₂e)” or “Total Remaining Covered Emissions (MT CO₂e)” are greater than or equal to 25,000 MTCO₂e for any year during the period 2008-2013, then the facility is not eligible for the limited exemption of emissions from qualified thermal output pursuant to section 95852(j) of the Regulation.

13. The attestation at the bottom of the application must be signed and dated by an authorized representative for the facility, preferably a CITSS authorized representative, and the signed and dated attestation must be included in the Application submission. Electronic and handwritten signatures are accepted.

DETAILED INSTRUCTIONS FOR DISTRICT HEATING FACILITIES

Step-by-step instructions to complete each section of the “District Heating Application” tab of the Application workbook are provided in this section.

Questions may be directed to: David.Allgood@arb.ca.gov or (916) 445-8238.

1. In box 1, enter the legal entity name used in the Compliance Instrument Tracking System Service (CITSS) for the Cap-and-Trade Program.
2. In box 2, enter the mailing address for the facility as it appears in CITSS.
3. In box 3, enter the facility's CARB ID. The CARB ID is a unique number assigned by CARB under the Mandatory Reporting Regulation (MRR).
4. In box 4, enter the entity's CITSS ID.

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5. In box 5, select “Yes” from the dropdown menu if the facility, at a central plant, produces hot water, steam, and/or chilled water that is distributed through underground pipes to buildings and facilities connected to the system that are not part of the same facility. Otherwise, select “No.” Only facilities that meet this description are considered district heating facilities under the Cap-and-Trade Regulation.
6. In box 6, select either “Yes” or “No” from the dropdown menu to identify whether the facility produces electricity. Only facilities that do not produce electricity are considered district heating facilities under the Cap-and-Trade Regulation.

For each facility that receives qualified thermal output from the district heating facility, complete boxes 7 through 10. Use a separate row for each receiving facility. The information requested in these rows reflects the requirements of section 95852(j)(4)(B) of the Regulation and is similar to the information required by MRR section 95112(a)(5)(A). Eight rows are provided. Please leave rows that are not needed blank. If more than eight rows are needed, please add additional rows following the existing format. Be sure to add rows between existing rows so that automatic calculations in the workbook continue to function correctly. Adjust row heights so that all text is visible when the application is printed. Do not delete any rows, even if they are not needed.

7. In box 7, enter the recipient facility's legal name.
8. In box 8, enter the recipient facility's mailing address.
9. In box 9, enter the amount of qualified thermal output (MMBtu) provided to each recipient facility in each calendar year 2008-2013. “Qualified thermal output” is defined in section 95802(a) of the Regulation.
10. In box 10, identify the causes of any differences between information reported in box 9 and information previously reported pursuant to MRR. For example, there may be different information reported due to changes in MRR reporting requirements. Enter “Not Applicable” if there are no differences. Additional information may be attached to the submitted application as needed to explain any differences.

The “Total Qualified Thermal Output Provided (MMBtu)” by the district heating facility is automatically calculated for each year 2008-2013.

The answer to the question “Emissions Below 25,000 MT CO₂e for Each Recipient Every Year?” will automatically read “Yes” if the emissions attributed to the qualified thermal output provided to each recipient in every relevant year is less than 25,000 MT CO₂e. Otherwise the answer will automatically read “No.” Emissions attributed to provided qualified thermal output are calculated by multiplying the amount of provided qualified thermal output (MMBtu) by 0.06244 MT CO₂e/MMBtu, pursuant to

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section 95852(j)(2)(A) of the Regulation. If the emissions attributed to qualified thermal output provided to any recipient facility is greater than or equal to 25,000 MTCO₂e in any year during the period 2008-2013, then the district heating facility is not eligible for the limited exemption of emissions from qualified thermal output pursuant to section 95852(j) of the Regulation.

11. The attestation at the bottom of the application must be signed and dated by an authorized representative for the facility, preferably a CITSS authorized representative, and the signed and dated attestation must be included in the Application submission. Electronic and handwritten signatures are accepted.