

California Climate Action Registry

In late September 2000, California Governor Gray Davis signed SB 1771 to create a voluntary state greenhouse gas emissions registry, the California Climate Action Registry (Registry). The founding vision for the registry is to help California become the most energy efficient economy in the world. Companies that participate in the registry will receive access to information about energy efficiency service providers and offerings, as well as an opportunity to measure, verify, and report greenhouse gas emissions. Participation in the registry allows companies to develop a baseline that the state would defend under any future regulatory regime. In September 2001, the California legislation passed technical changes to the law that authorized the Registry. These changes were carried in SB 527, and are expected to be signed by the Governor. At the time of this writing (10/1/01), the Governor has not yet acted on the bill.

Enabling Legislation

Summary

SB 1771 mandated the development of the California GHG registry. SB 1771 was made into law on September 30, 2000, and further amended through SB 527 (2001). It requires the Secretary of the Resources Agency to establish the [California Climate Action Registry](#) as a public benefit nonprofit corporation at which California entities can voluntarily record and register greenhouse gas emissions of California entities after 1990. The law requires the registry to perform various functions, including adopting standards for reporting and certifying annual emissions, adopting a list of approved third-party organizations qualified to provide technical advise and certify emissions results, maintaining a record of all emissions results, encouraging California organizations to participate, and recognizing, publicizing, and promoting entities that participate in the registry. Participation in the Registry is purely voluntary, however, the legislation does place minimum participation requirements on companies that choose to participate in the program. These minimum requirements are described below.

Reporting Entity

To be eligible to participate in the program, the California registry requires entity-wide reporting of operations within California. It does not allow individual facility or project reporting. The registry defines participation eligibility as follows:

The basic unit of participation in the registry shall be an entity in its entirety, such as a corporation or other legally constituted body, any city or county, and each state government agency. The registry shall not record emissions baseline reductions for individual facilities or projects except to the extent they are included in an entity's emissions reporting.

Scope of Accounting System

The California registry requires reporting of all material emissions within the state and allows national or worldwide emissions reporting.

Participants shall report emissions from all of their applicable sources in the state when they initially register. Participants may, and are encouraged to register, at any time, emissions from all applicable sources based in the U.S. In addition, participants with operations outside the U.S. are encouraged to register their total worldwide emissions baselines and annual emissions results. Within three years the registry shall review and report to the Legislature with a recommendation on whether the registry should require, rather than encourage, participants to report all of their emissions in the U.S., not just California emissions.

The California registry requires reporting of CO₂ emissions immediately upon joining the Registry. Reporting of the other GHGs is optional for the first three years after a participant joins the registry and required thereafter. Registrants are required to report all emissions in terms of mass units of CO₂ equivalents. Participants must also report industry-specific efficiency metrics if and when adopted by the registry.

Inventory Boundary Issues

The California registry requires participants to report direct and indirect emissions and defines the two as follows:

Direct emissions include those emissions from applicable sources that are under management control of a participating entity, influenced by the participant's operations, including onsite combustion, fugitive non-combustion emissions, and vehicles owned and operated by the participant.

Indirect emissions that are required to be reported by participants are those emissions embodied in net electricity and steam imports, including offsite steam generation and district heating and cooling.

While the law requires reporting of these emissions sources, participants are encouraged to report other emissions sources based upon guidance to be provided by the registry.

The California registry has the following provisions to revise baseline emissions to reflect in- or outsourcing, significant shifts in operations in or out of state, and any changes in vertical integration that occur:

To ensure that reported emissions reflect actual emissions, participants that outsource production or services shall report emissions associated with the outsourced activity, and remove these emissions from their emissions baseline. The subcontracted entity, if it voluntarily chooses to participate in the registry

shall report emissions associated with the outsourced activities it has taken over. Participants shall attest at least once each year that the entity has not outsourced any emissions, or that if it has, that all emissions associated with the outsourced activity have been reported and subtracted from the entity's baseline emissions.

To prevent changes in vertical integration within corporations from leading to apparent emissions reductions when in fact no reductions have occurred, the registry shall treat mergers, acquisitions, and divestitures as follows:

The emissions baselines of any merged or acquired entity shall be added together, and the registry shall treat the resulting entity as if it had been one corporation from the beginning.

In divestitures, the emissions baselines of the affected corporations shall be split, with the effect that the registry shall treat them as if they had been separate corporations from the beginning. If the divested corporation is purchased by another firm, the registry shall treat that purchase as a merger with the purchasing corporation. If the divested corporation remains a separate entity after the divestiture, its registry baseline shall reflect the emissions associated with the entity's operations before the divestiture. Corporations that divest operations may allocate certified emissions achieved prior to the divestiture among the divesting and the divested entities, and the registry shall adjust their baselines accordingly.

Any adjustments for changes in vertical integration shall be verified in the annual emissions certifications required for recordation of emissions results.

Quantification Tools

The registry will adopt protocols and procedures that facilitate recognition in future regulatory regimes. The legislation directs the following:

To support the estimation, calculation, reporting and certification of emissions in a consistent format, the registry shall adopt standardized forms that all participants shall use to calculate, report, and certify emissions, unless an alternative format is reviewed and recommended by the State Energy Resources Conservation and Development Commission and the State Air Resources Board, and adopted by the registry, and deemed to be consistent with the goals and intent of this chapter. In cooperation with the State Energy Resources Conservation and Development Commission, the registry shall review commonly available emissions tracking software to determine whether existing software packages are able to generate reports for the registry.

Verification/Certification

California requires 3rd party certification demonstrating the following:

- An evaluation of whether the participant has a program, consistent with registry-approved procedures and protocols, in place for preparation and submittal of the information reported.

- Check during certification, the reasonableness of the emissions information being reported for a random sample of estimates or calculations.

Summarize its review in a report to the board of directors, or equivalent governing body, of the participating entity, attesting to the existence of a program that is consistent with registry-approved procedures and protocols and the reasonableness of the reported emissions results and noting any exceptions, omissions, limitations, or other qualifications to their representations.

[Full Text of SB 1771](#)

[Full Text of SB 527](#)

Rules and Regulations

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Links

[California Climate Action Registry](#)

[SB 1771](#)

[SB 527](#)

