

November 2, 2021

The Honorable William C. Ferguson
President of the Senate
100 State Circle
Annapolis, MD 21401

The Honorable Adrienne M. Jones
Speaker of the House
100 State Circle
Annapolis, MD 21401

Dear President Ferguson and Speaker Jones:

Section 2-1204.2 of the Environment Article, Annotated Code of Maryland, requires that the Maryland Department of Transportation (MDOT) and the Maryland Department of the Environment (MDE) provide to the Maryland General Assembly an annual status report on a regional governmental initiative, agreement, or compact that limits or reduces greenhouse gas emissions from the transportation sector. The following information relates to the ongoing development of a regional policy for low-carbon transportation by the Transportation Climate Initiative (TCI).

On December 21, 2020, the Governors of Massachusetts, Connecticut, and Rhode Island, as well as the Mayor of the District of Columbia, announced the creation of the Transportation and Climate Initiative Program (TCI-P). Through a Memorandum of Understanding (MOU), the four participating jurisdictions committed to reducing greenhouse gas emissions from motor vehicles. The MOU established that the TCI-P is a multijurisdictional cap-and-invest program that will be made up of individual programs and the independent legal authority of each of the signing jurisdictions. The four signing jurisdictions will begin reporting on their emissions in 2022, and will begin compliance reporting in 2023. A copy of the MOU can be found here: transportationandclimate.org/sites/default/files/TCI%20MOU%2012.2020.pdf.

Maryland has remained engaged in the ongoing discussions relating to TCI as a collaborating jurisdiction and is committed to reducing air pollution, creating healthier communities, and investing in cleaner transportation options. A statement of the continued commitment by the states collaborating with TCI states can be found here: transportationandclimate.org/sites/default/files/TCI%20Next%20Steps%2012.20.pdf.

Public engagement has been encouraged and accepted on an ongoing basis. The TCI-P Public Input Portal has remained open for individuals, businesses, and organizations to submit comments on TCI-P and any related processes. On March 1, 2021, a Draft Model Rule was released as a template for each state to establish their own regulation and invited extensive public input. The Draft Model Rule can be found here: transportationandclimate.org/sites/default/files/TCI-P-Draft-Model-Rule-March-2021.pdf.

Public engagement has also included public workshops and webinars. On March 26, 2021, an informational webinar was released that included more information on logistical aspects of TCI-P, including environmental justice strategies, allowance auctions, market stability mechanisms, and how fuel-system participants would comply with proposed TCI-P requirements. A copy of the webinar can be found

here: transportationandclimate.org/tci-p-auction-webinar.

We encourage opportunities for regional partnerships that support our state's environmental and clean transportation progress. MDOT and MDE are committed to working together to examine best practices and lessons learned from the TCI process. Please let us know if we may be of further assistance.

Sincerely,



Ben Grumbles, Secretary
Maryland Department of the Environment



Gregory Slater, Secretary
Maryland Department of Transportation

TRANSPORTATION AND CLIMATE INITIATIVE PROGRAM

Memorandum of Understanding

WHEREAS, there is scientific consensus that Earth's climate is now changing faster than at any point in the history of modern civilization, primarily as a result of greenhouse gas (GHG) emissions from human activities; climate change has resulted in the increased frequency and severity of extreme weather events that have adversely impacted each Signatory Jurisdiction; and climate change poses a clear, present, and increasingly dangerous and costly threat to the health, safety, and welfare of the residents of every Signatory Jurisdiction; and

WHEREAS, the Signatory Jurisdictions have statutory obligations or otherwise have committed to mitigate the risks of climate change through strategies intended to reduce GHG emissions across all sectors; and the transportation sector is a significant contributor to GHG emissions in each Signatory Jurisdiction and accounts for approximately 42 percent of GHG emissions in the Signatory Jurisdictions; and

WHEREAS, the Transportation and Climate Initiative was founded in 2010 as a collaboration of states and the District of Columbia to develop strategies to reduce GHG emissions from the transportation sector; and more recently, these jurisdictions have been developing a multijurisdictional program to address the urgent need to reduce GHG emissions and other harmful pollutants generated by the transportation sector; and

WHEREAS, the Signatory Jurisdictions are committed to working with communities, businesses and labor to accelerate the transition to an equitable, safe, and affordable low-carbon transportation sector that will improve public health, create new economic opportunities, and provide enhanced mobility options for communities in each Signatory Jurisdiction; and

WHEREAS, the Signatory Jurisdictions recognize and are committed to working with and investing in communities that are overburdened by air pollution, vulnerable to the impacts of a changing climate, underserved by the existing transportation system, and disproportionately impacted by the COVID-19 pandemic.

NOW, THEREFORE BE IT RESOLVED, that the undersigned Signatory Jurisdictions, through this Memorandum of Understanding (MOU), express our mutual understanding and commitment to establish a multijurisdictional program consistent with this MOU, to be known as the Transportation and Climate Initiative Program (TCI-P), to achieve the goals described in this MOU; and

BE IT FURTHER RESOLVED, that the goals of TCI-P include:

- reducing carbon dioxide (CO₂) emissions from the transportation sector;
- improving air quality and public health, increasing resilience to the impacts of climate change, and providing more affordable access to clean transportation choices;
- promoting local economic opportunity and creating high quality jobs;
- maximizing the efficiency of the multijurisdictional program to ensure greater benefits;
- advancing equity for communities overburdened by pollution and underserved by the transportation system; and

BE IT FURTHER RESOLVED, that the Signatory Jurisdictions will seek to implement TCI-P as outlined herein.

1. TCI-P PROGRAM DESIGN AND SCHEDULE

A. Program Design. TCI-P is a multijurisdictional cap-and-invest program, consisting of individual programs adopted and implemented under the independent legal authority of each Signatory Jurisdiction, designed to ensure reductions in CO₂ emissions from the transportation sector. Each Signatory Jurisdiction, in its discretion, will seek to invest strategically in lower carbon transportation options and other investments to further the goals described in this MOU.

B. Program Schedule. The Signatory Jurisdictions will release a coordinated final Model Rule after providing for a public review and input period on a draft model rule. Each Signatory Jurisdiction commits to pursue any legal processes within its jurisdiction required to implement its individual program consistent with the Model Rule. The Signatory Jurisdictions intend that the first reporting period of TCI-P will commence as early as January 1, 2022, and the first compliance period of TCI-P will commence January 1, 2023 or at such later time as at least three jurisdictions have completed the legal processes required to implement their individual programs. The Signatory Jurisdictions intend to conduct one or more early CO₂ allowance auctions in 2022.

2. MODEL RULE FOR THE ESTABLISHMENT OF TCI-P

A. TCI-P Emissions Cap and TCI-P Participating Jurisdiction Emissions Budgets. The Model Rule shall establish a multijurisdictional base annual CO₂ emissions cap for TCI-P starting in 2023, which will be equal to the sum of the TCI-P participating jurisdictions' CO₂ emissions budgets. Beginning with the initial base annual CO₂ emissions budgets for 2023, the base annual CO₂ emissions budgets shall decline by 30 percent by 2032, by equal amounts each year. The 2023 base annual CO₂ emissions budgets shall be as follows:

Connecticut:	13,497,957 metric tons
District of Columbia:	877,715 metric tons
Massachusetts:	24,467,216 metric tons
Rhode Island:	3,291,658 metric tons

B. Affected Fuel and Compliance Entities. "Affected Fuel" shall include the fossil fuel components of motor gasoline and on-road diesel fuel delivered for final sale or consumption in a TCI-P participating jurisdiction. "State Fuel Suppliers" shall be required to obtain allowances to cover CO₂ emissions from the combustion of Affected Fuel and report such emissions. The primary regulated parties shall be Position Holders, namely those owners of Affected Fuel at fuel terminals. Other entities that deliver Affected Fuel will be regulated as State Fuel Suppliers only as necessary to ensure that all Affected Fuel is subject to an allowance holding obligation. State Fuel Suppliers and other fuel supply market participants may have other reporting or recordkeeping obligations.

C. Allowances, Allowance Auctions, and Market Stability Mechanisms. Each TCI-P participating jurisdiction shall originate CO₂ allowances and shall offer all such allowances for sale at auction, but may set aside or retire allowances to be used to achieve other TCI-P goals. The Model Rule shall include a cost containment reserve, an emissions containment reserve, and a minimum auction reserve price below which allowances will not be sold. Unless otherwise provided in this MOU, TCI-P participating jurisdictions shall accept for compliance with their individual programs allowances originated by other TCI-P participating jurisdictions.

D. Compliance and Flexibility Mechanisms. TCI-P shall include three-year compliance periods, allow for unlimited banking of CO₂ allowances for use in future compliance periods, and provide compliance alternatives, including the limited use of offsets to the extent consistent with applicable law.

3. INVESTMENTS, EQUITY, AND COMPLEMENTARY POLICIES

A. Investment of Proceeds from Auction of Allowances. Each TCI-P participating jurisdiction, in its discretion, will seek to invest the proceeds from the auction of CO₂ allowances to achieve TCI-P goals. Each Signatory Jurisdiction is committed to working collaboratively within its jurisdiction to invest, in a manner that reflects the population of overburdened and underserved communities, no less than 35 percent of the proceeds from the auction of allowances to ensure that overburdened and underserved communities benefit equitably from clean transportation projects and programs.

B. Equitable Processes. Each TCI-P participating jurisdiction will ensure that overburdened and underserved communities are able to provide meaningful input into decision making processes. Each Signatory Jurisdiction will establish and support an Equity Advisory Body (or bodies) composed of diverse stakeholder groups, with a majority of members being representatives of overburdened and underserved communities or populations, or designate an existing body that meets this description, to advise on decision making and equitable outcomes for TCI-P. The roles of an Equity Advisory Body include:

- (1) Developing criteria for defining overburdened and underserved communities, building on existing criteria and definitions, where applicable;
- (2) Providing recommendations for equitable investments of program proceeds and complementary policies that would achieve the requisite benefits for overburdened and underserved communities; and
- (3) Developing metrics for evaluating how investments of program proceeds demonstrably provide direct and meaningful benefits for overburdened and underserved communities.

C. Transparency. TCI-P participating jurisdictions will annually review and report the impacts of each jurisdiction's individual program, including with respect to equity. Each Signatory Jurisdiction will work with communities and with its Equity Advisory Body to assess the equity impacts of the program on an ongoing basis, including by monitoring air quality in communities overburdened by air pollution to ensure the effectiveness of policies and investments. Annual reports will specify how TCI-P proceeds are spent by each TCI-P participating jurisdiction and

include lists of projects and programs supported by TCI-P proceeds and the levels of investment received by each.

D. Complementary Policies. The Signatory Jurisdictions recognize that achieving long-term reductions in pollution from transportation will require a combination of policy approaches. Each Signatory Jurisdiction will consider a range of complementary policies to achieve additional emissions reductions, particularly in overburdened and underserved communities.

4. PROGRAM ADMINISTRATION AND REVIEW

A. Administrative Organization. The Signatory Jurisdictions will establish an Administrative Organization to provide administrative support and technical assistance to TCI-P participating jurisdictions. The Administrative Organization shall have no authority to adopt, implement, or enforce the requirements of any TCI-P participating jurisdiction's individual program. The Administrative Organization will be funded by TCI-P participating jurisdictions proportionally to their budgets subject to applicable appropriations processes.

B. Program Review. Within three years after program launch and regularly thereafter, the TCI-P participating jurisdictions will commence a comprehensive review of TCI-P to determine its effectiveness. As part of these reviews, TCI-P participating jurisdictions will consider additional reductions before or after 2032.

5. ADDITION OR WITHDRAWAL OF JURISDICTIONS


The Signatory Jurisdictions will work together to encourage other jurisdictions to participate in TCI-P with the goal of expanding the impact of the program. Any jurisdiction may withdraw at any time from TCI-P in a manner consistent with maintaining the integrity of the program.

[Signatures on following pages]

This Memorandum of Understanding of the Transportation and Climate Initiative Program signed as of this 21st day of December 2020.



THE STATE OF CONNECTICUT

By: 
Ned Lamont
Governor

This Memorandum of Understanding of the Transportation and Climate Initiative Program signed as of this 17th day of December 2020.



THE DISTRICT OF COLUMBIA

By: _____

Muriel Bowser
Mayor

A handwritten signature in black ink, appearing to read "Muriel Bowser", written over a horizontal line.

The Seal of the District of Columbia is hereby affixed, and this certificate is endorsed this seventeenth day of December in the year two-thousand twenty.

»

This Memorandum of Understanding of the Transportation and Climate Initiative Program signed as of this 21st day of December 2020.



THE COMMONWEALTH OF MASSACHUSETTS

By: *Charles D. Baker*

Charles D. Baker
Governor

This Memorandum of Understanding of the Transportation and Climate Initiative Program signed as of this 21st day of December 2020.

THE STATE OF RHODE ISLAND

By: 
Gina M. Raimondo
Governor





NEXT STEPS FOR THE TRANSPORTATION AND CLIMATE INITIATIVE

Climate change poses a clear and increasing threat to our communities, and as the transportation sector accounts for nearly 40 percent of greenhouse gas emissions across the region, bold action to reduce emissions is necessary. As signatories to the Memorandum of Understanding (MOU)¹ prepare to launch the Transportation and Climate Initiative Program (TCI-P), our Transportation and Climate Initiative (TCI) jurisdictions commit to continued collaboration and individual actions to equitably reduce air pollution, create healthier communities, and invest in cleaner transportation.

- All jurisdictions will continue to collaborate through TCI, including working with the TCI-P Signatory Jurisdictions to help develop a model rule and other clean transportation and emission reduction program elements that could be implemented within each jurisdiction.
- All jurisdictions will continue to analyze the long-term impacts of COVID-19 on transportation and pollution and ensure the TCI-P is designed to boost our economic recovery and facilitate the future of work in a post-pandemic world.
- All jurisdictions will conduct continued public outreach within our respective jurisdictions to ensure that emissions reductions, as well as the economic and public health benefits from future clean transportation investments, achieve equitable outcomes and directly benefit overburdened and underserved communities. All TCI jurisdictions will prioritize addressing the needs of overburdened and underserved communities and take steps to ensure that all communities are able to provide meaningful input to decision-making processes.
- Beyond the TCI-P, all jurisdictions will continue to collaborate on other state and regional strategies, including additional equitable emission reduction policies to advance our shared climate and transportation goals.

¹ The MOU was signed by Massachusetts, Connecticut, Rhode Island, and the District of Columbia, and is available at the following link: <https://www.transportationandclimate.org/sites/default/files/TCI%20MOU%2012.2020.pdf>

- Signatories to the MOU will continue to take the steps needed to implement the TCI-P, with emissions reporting beginning in 2022 and the first compliance period beginning in 2023. These TCI-P MOU Signatory Jurisdictions commit to collaborating closely with all non-signatory- jurisdictions to shape the program to reflect the evolving needs of the region and welcome other jurisdictions to join the TCI-P at any time.

Recognizing that addressing our significant climate and transportation challenges will require dedication and regional and national collaboration, the TCI jurisdictions look forward to continuing this productive partnership to combat climate change and protect public health while building a cleaner, more equitable, and resilient transportation system.

Participating Jurisdictions:

Connecticut
Delaware
District of Columbia
Maryland
Massachusetts
New Jersey
New York
North Carolina
Pennsylvania
Rhode Island
Vermont
Virginia

**TRANSPORTATION AND CLIMATE
INITIATIVE PROGRAM**

DRAFT Model Rule

March 1, 2021

A Note to the Reviewer

The Transportation and Climate Initiative (TCI-P) is a multijurisdictional program composed of individual programs adopted and implemented under the regulations of each participating jurisdiction. The TCI-P “Model Rule” serves as a common framework that each participating jurisdiction will use to develop its own regulations.

The Model Rule is drafted to accommodate the varying nomenclature and rulemaking requirements of participating jurisdictions. The draft Model Rule uses the following formatting conventions or “placeholders” to indicate where language may be modified to adopt and implement the rule in each jurisdiction.

Text in ALL CAPITAL LETTERS is used as a placeholder for the name of a participating jurisdiction or the administrative agencies within that jurisdiction. For example, in Massachusetts’ TCI-P Rule, the term “JURISDICTION fuel supplier” will be replaced with “Massachusetts fuel supplier”.

Text that is in **[brackets and bold]** is used to identify a possible approach that a jurisdiction may take to implement TCI-P pursuant to its own unique authority or as a placeholder for unique language from each participating jurisdiction.

[Public input on the draft model rule](#) will be most helpful to the jurisdictions if received on or before Friday, May 7, 2021. (Previously, input had been requested by April 1.)

TABLE OF CONTENTS

Subpart XX-1 General Provisions 5

XX-1.1 Purpose..... 5

XX-1.2 Definitions. 5

XX-1.3 Measurements, abbreviations, and acronyms. 22

XX-1.4 Applicability. 23

XX-1.5 Standard requirements for JURISDICTION fuel suppliers..... 25

XX-1.6 Standard requirements for reporting-only entities. 29

XX-1.7 Computation of time. 31

XX-1.8 Severability..... 31

Subpart XX-2 CO₂ Authorized Account Representative 31

XX-2.1 Authorization and responsibilities of the CO₂ authorized account representative..... 31

XX-2.2 CO₂ authorized alternate account representative. 33

XX-2.3 Changing the CO₂ authorized account representatives and the CO₂ authorized alternate account representative; changes in the owners and operators. ... 34

XX-2.4 Account certificate of representation. 36

XX-2.5 Objections concerning the CO₂ authorized account representative. 37

XX-2.6 Delegation by CO₂ authorized account representative..... 38

Subpart XX-3 Equity..... 41

XX-3.1 Equity investment commitment. 41

XX-3.2 Equity advisory body 42

XX-3.3 Equity review and reporting..... 42

Subpart XX-4 Compliance Certification..... 43

XX-4.1 Compliance certification report..... 43

XX-4.2 REGULATORY AGENCY’s action on compliance certifications..... 44

Subpart XX-5 CO₂ Allowance Allocations 44

XX-5.1 JURISDICTION Transportation and Climate Initiative Program base budget. 44

XX-5.2 Retirement of CO₂ allowances..... 45

XX-5.3 CO₂ allowance allocations. 45

Subpart XX-6 Emissions and Allowance Tracking System 47

XX-6.1 Emissions and Allowance Tracking System (EATS) accounts. 47

XX-6.2 Establishment of accounts. 48

XX-6.3 Emissions and Allowance Tracking System responsibilities of CO₂ authorized account representative..... 56

XX-6.4 Recordation of CO₂ allowance allocations. 56

XX-6.5 Compliance. 56

XX-6.6 Banking. 61

XX-6.7 Account error..... 61

XX-6.8 Closing of general accounts. 62

Subpart XX-7 CO₂ Allowance Transfers	62
XX-7.1 Submission of CO ₂ allowance transfers.....	62
XX-7.2 Recordation.....	63
XX-7.3 Notification of Recordation.....	64
Subpart XX-8 CO₂ Emissions Reporting	64
XX-8.1 CO ₂ emissions reporting requirements for JURISDICTION fuel suppliers. 64	64
XX-8.2 CO ₂ emissions data report contents and mechanism for JURISDICTION fuel suppliers.....	66
XX-8.3 Fuel shipment data reporting requirements, content and mechanism for JURISDICTION fuel suppliers and reporting-only entities.....	69
XX-8.4 Notification.....	73
XX-8.5 Confidentiality.....	74
Subpart XX-9 Reporting verification requirements	74
XX-9.1 Requirements for verification of CO ₂ emissions data reports.....	74
XX-9.2 Requirements for verification services.....	77
XX-9.3 Accreditation requirements for verification bodies, lead verifiers, and verifiers of CO ₂ emissions data reports.....	93
XX-9.4 Conflict of interest requirements for verification bodies.....	100
Subpart XX-10 Offsets	109
XX-10.1 Purpose.....	109
XX-10.2 Definitions.....	109
XX-10.3 General requirements.....	113
XX-10.4 Application process.....	117
XX-10.5 CO ₂ emissions offset project standards.....	120
XX-10.6 Accreditation of independent verifiers.....	138
XX-10.7 Award and Recordation of CO ₂ offset allowances.....	141
Subpart XX-11 CO₂ Allowance Auctions	144
XX-11.1 Purpose.....	145
XX-11.2 Implementation of allowance auctions.....	145
XX-11.3 Commencement, frequency and quantity of allowance auctions.....	145
XX-11.4 Auction format.....	147
XX-11.5 Participant eligibility and limitations.....	147
XX-11.6 Participation requirements.....	148
XX-11.7 Notice of auctions.....	151
XX-11.8 Auction reporting and transfer of CO ₂ allowances.....	152
XX-11.9 Auction and secondary market monitoring.....	152
XX-11.10 Anti-deceptive practices.....	153
XX-11.11 Publication of results.....	153

Part XX: TRANSPORTATION AND CLIMATE INITIATIVE PROGRAM

Subpart XX-1 General Provisions

XX-1.1 Purpose.

[Each participating jurisdiction may codify statement of purpose language as appropriate. Below is an example of one possible approach.]

This Part establishes the JURISDICTION component of the Transportation and Climate Initiative Program (TCI-P), which is designed to:

- (a) Reduce carbon dioxide (CO₂) emissions from the transportation sector;
- (b) Improve air quality and public health, increase resilience to the impacts of climate change, and provide more affordable access to clean transportation choices;
- (c) Promote local economic opportunity and create high quality jobs;
- (d) Maximize the efficiency of the multijurisdictional program to ensure greater benefits; and
- (e) Advance equity for communities overburdened by pollution and underserved by the transportation system, including expanding low-carbon and clean mobility options in urban, suburban, and rural communities, particularly for populations and communities that are disproportionately adversely affected by climate change and transportation pollution and currently underserved by the transportation system.

XX-1.2 Definitions.

Account Number. The number given by the REGULATORY AGENCY or its agent to each Emissions and Allowance Tracking System (EATS) account.

Adverse verification statement. A verification statement rendered by a verification body attesting that the verification body cannot say with reasonable assurance that the CO₂ emissions data reports are free of material misstatement or attesting that the CO₂ emission data reports contain correctable errors and thus are not in conformance with the requirement to fix such errors.

Allocate or allocation. The determination by the REGULATORY AGENCY of the number of CO₂ allowances to be recorded in an Allowance Tracking Sub-system account.

Allocation year. A calendar year for which the REGULATORY AGENCY allocates or awards CO₂ allowances pursuant to Subparts XX-5 and XX-10. The allocation year of each CO₂ allowance is reflected in the serial number given to the allowance pursuant to subdivision XX-6.4(b).

Allowance auction or auction. An auction in which the REGULATORY AGENCY offers CO₂ allowances for sale pursuant to Subpart XX-11.

Allowance Tracking Sub-system (ATS). A component of the EATS by which the REGULATORY AGENCY or its agent records allocations, deductions, and transfers of CO₂ allowance. ATS may also be used to track offset projects and allowance prices.

Auction Notice. An announcement and release of information related to an upcoming CO₂ allowance auction that occurs no later than 45 days prior to the date upon which each auction is conducted.

Aviation gasoline. A complex mixture of relatively volatile hydrocarbons, with or without small quantities of additives, blended to form a fuel suitable for use in aviation reciprocating engines and meeting ASTM Specification D910 or Military Specification

MIL-G-5572.

Award. The determination by the REGULATORY AGENCY of the number of CO₂ offset allowances to be recorded in the general account of a project sponsor pursuant to section XX-10.7. Award is a type of allocation.

Below-the-rack distributor or distributor. An owner of transportation fuel at the time such fuel is delivered for final sale or consumption in JURISDICTION.

Bidder. An entity qualified, pursuant to this Part, to participate in a CO₂ allowance auction.

Business day. Any day that is not a Saturday, Sunday, or Federal holiday.

CO₂ allowance. A limited authorization by the REGULATORY AGENCY or a participating JURISDICTION under the TCI-P to emit up to one metric ton of CO₂, subject to all applicable limitations contained in this Part.

CO₂ allowance deduction or deduct CO₂ allowances. The permanent withdrawal of CO₂ allowances by the REGULATORY AGENCY or its agent from a compliance account to account for the CO₂ emissions for a control period or an interim control period, determined in accordance with Subparts XX-6, XX-8, and XX-9, or for the forfeit or retirement of CO₂ allowances as provided by this Part.

CO₂ allowances held or hold CO₂ allowances. The CO₂ allowances recorded by the REGULATORY AGENCY or its agent, or submitted to the REGULATORY AGENCY or its agent for recordation, in accordance with Subparts XX-6 and XX-7, in an EATS account.

CO₂ allowance transfer deadline. Midnight of the June 1 occurring after the end of the relevant control period and each relevant interim control period or, if that June 1 is not a

business day, midnight of the first business day thereafter and is the deadline by which CO₂ allowances must be submitted for recordation in a JURISDICTION fuel supplier's compliance account in order to meet the CO₂ requirements of subdivision XX-1.5(b) for the control period and each interim control period immediately preceding such deadline.

CO₂ authorized account representative. The natural person who is authorized by the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, in accordance with Subpart XX-2, to represent and legally bind them in matters pertaining to this Part or, for a general account, the natural person who is authorized, under Subpart XX-6, to transfer or otherwise dispose of CO₂ allowances held in the general account.

CO₂ authorized alternate account representative. The alternate natural person who is authorized by the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, in accordance with Subpart XX-2, to represent and legally bind them in matters pertaining to this Part or, for a general account, the alternate natural person who is authorized, under Subpart XX-6, to transfer or otherwise dispose of CO₂ allowances held in the general account.

CO₂ budget emissions limitation. For a JURISDICTION fuel supplier, the metric tonnage equivalent, in CO₂ emissions in a control period or an interim control period, of the CO₂ allowances available for compliance deduction for the JURISDICTION fuel supplier for a control period or an interim control period.

CO₂ cost containment reserve allowance or CO₂ CCR allowance. A CO₂ allowance that is offered for sale at an auction by the REGULATORY AGENCY for the purpose of containing the cost of CO₂ allowances. CO₂ CCR allowances offered for sale at an auction are separate from and additional to CO₂ allowances allocated from the JURISDICTION TCI-P base budgets. CO₂ CCR allowances are subject to all applicable limitations contained in this Part.

CO₂ cost containment reserve trigger price, or CCR trigger price. The CCR trigger price is the minimum price at which CO₂ CCR allowances are offered for sale by the REGULATORY AGENCY at an auction. The CCR trigger price shall be \$12.00 per CO₂ allowance in calendar year 2023. Each calendar year thereafter, the CCR trigger price shall be as shown in Table 1.

Table 1. CO₂ CCR Trigger Price

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
\$12.00	\$13.43	\$15.02	\$16.81	\$18.80	\$21.04	\$23.54	\$26.34	\$28.19	\$30.16

CO₂ emissions. Metric tons of CO₂ released to the atmosphere from the combustion of transportation fuel as calculated pursuant to Subparts XX-8 and XX-9 based on the quantity of transportation fuel disbursed or delivered for final sale or consumption in JURISDICTION.

CO₂ emissions containment reserve allowance or CO₂ ECR allowance. A CO₂ allowance that is withheld from sale at an auction by the REGULATORY AGENCY for the purpose of additional CO₂ emission reductions in the event of lower than anticipated CO₂ emission reduction costs.

CO₂ emissions containment reserve trigger price or ECR trigger price. The price below which CO₂ allowances will be withheld from sale by the REGULATORY AGENCY at an auction. The ECR trigger price in calendar year 2023 shall be \$6.50. Each calendar year thereafter, the ECR trigger price shall be as shown in Table 2.

Table 2. CO₂ ECR Trigger Price

2023	2024	2025	2026	2027	2028	2029	2030	2031	2032

\$6.50	\$6.98	\$7.51	\$8.07	\$8.66	\$9.29	\$9.97	\$10.68	\$11.47	\$12.30
--------	--------	--------	--------	--------	--------	--------	---------	---------	---------

CO₂ emissions data report. The monthly report that each JURISDICTION fuel supplier must submit to the REGULATORY AGENCY or its agent in accordance with sections XX-8.1, XX-8.2, and XX-9.2.

CO₂ excess emissions. Any metric tonnage of CO₂ emissions during a control period that exceeds the CO₂ budget emissions limitation for the JURISDICTION fuel supplier.

CO₂ excess interim emissions. Any metric tonnage of CO₂ emissions during an interim control period multiplied by 0.50 that exceeds the CO₂ budget emissions limitation for the JURISDICTION fuel supplier.

CO₂ offset allowance. A CO₂ allowance that is awarded to the sponsor of a CO₂ emission offset project pursuant to section XX-10.7, or a corresponding regulation of another participating jurisdiction, and is subject to the relevant compliance deduction limitations of section XX-6.5(a)(3).

Compliance account. An Allowance Tracking Sub-System account, established by the REGULATORY AGENCY or its agent for a JURISDICTION fuel supplier under Subpart XX-6, that hold CO₂ allowances available for use by the JURISDICTION fuel supplier for a control period and each interim control period for the purpose of meeting the requirements of subdivision XX-1.5(b).

Conflict of interest. A situation in which, because of financial or other activities or relationships with other entities, an entity is unable or potentially unable to render an impartial verification statement of a potential or existing client's CO₂ emissions data reports, or the entity's objectivity in performing verification services is or might be otherwise compromised.

Conservative missing data parameter. A data element substituted for missing data and

known to result in reported CO₂ emissions that are at least as large as the amount of CO₂ emissions that actually occurred. For example, if the fuel quantity for a shipment is not known because it is not legible on a shipping document or because there is a discrepancy between the records of the position holder and the records of a below-the-rack distributor, a conservative missing data parameter for the fuel volume would be, at least, the maximum volume of fuel the vehicle that transported the fuel can hold.

Control period. A three-calendar-year time period.

The first control period is from January 1, 2023 to December 31, 2025, inclusive. Each subsequent sequential three-calendar-year period is a separate control period. The first two calendar years of each control period are each defined as an interim control period.

Conventional blendstock for oxygenate blending (CBOB). A petroleum product that, when blended with a specified type and percentage of oxygenate, is motor gasoline that is not certified to meet the requirements for reformulated gasoline in regulations promulgated by the U.S. Environmental Protection Agency under 40 CFR § 1090.220, as that section existed on December 4, 2020.

Correctable errors. Errors identified by the verification team that affect CO₂ emissions data in the submitted CO₂ emissions data reports and that result from a nonconformance with the requirements of this Part. Differences that, in the professional judgment of the verification team, are the result of differing but reasonable methods of truncation or rounding or averaging, where a specific procedure is not prescribed by this Part, are not considered errors and therefore do not require correction.

Deliver for final sale or consumption in JURISDICTION or Deliver to JURISDICTION.

Deliver transportation fuel to a filling station in JURISDICTION.

Disburse. With respect to a position holder, to cause the physical transfer of transportation fuel from a terminal at a rack.

Disburse for final sale or consumption in JURISDICTION or Disburse to JURISDICTION. Disburse transportation fuel that will be delivered for final sale or consumption in JURISDICTION, as reflected in the records of the terminal operator or in the shipping document issued at the time of disbursement. Unless such terminal operator records or shipping document demonstrates that the fuel will be delivered to storage at a facility that is not a filling station, the fuel shall be treated as transportation fuel that will be delivered to a filling station.

Emissions and Allowance Tracking System (EATS). A system comprised of the Allowance Tracking Sub-system, by which the REGULATORY AGENCY or its agent records allocations, deductions, and transfers of CO₂ allowances under the TCI-P, and the Emissions Tracking Sub-system, by which a JURISDICTION fuel supplier or reporting-only entity reports CO₂ emissions from the combustion of fossil fuel and other data as required in Subparts XX-8 and XX-9.

Emissions and Allowance Tracking System account. An account in EATS established by the REGULATORY AGENCY or its agent for purposes of reporting CO₂ emissions and data to the Emissions Tracking Sub-system, or recording the allocation, holding, transferring, or deducting of CO₂ allowances in the Allowance Tracking Sub-system.

Emissions Tracking Sub-system (ETS). A component of EATS by which the REGULATORY AGENCY or its agent tracks reported fuel shipment data and facilitates CO₂ emissions reporting by, for example:

- (1) Accepting fuel shipment data;
- (2) Sorting submitted fuel shipment data, such as by jurisdiction or JURISDICTION fuel supplier;
- (3) Creating draft distributor fuel shipment data reports and notifications using data from position holder reports;
- (4) Identifying discrepancies among fuel shipment data reports;

- (5) Creating draft CO₂ emissions data reports based on shipping document data;
- (6) Allowing for the electronic submission and certification of monthly fuel shipment data and CO₂ emissions data reports;
- (7) Managing accounts and users, including cases in which the same entity is a JURISDICTION fuel supplier or reporting-only entity and cases in which the same natural person is an electronic submission agent for multiple reporting entities; and
- (8) Facilitating the efficient completion of other administrative tasks.

Entity. A natural person, firm, association, partnership, business trust, corporation, limited liability company, company, government agency, or any other form of organization.

Filling station. Any facility or portion of a facility or vehicle from which transportation fuel is transferred into the fuel tank of a motor vehicle or other portable fuel tank and includes any temporary storage (at the facility or portion of the facility or in the vehicle) dedicated to holding that transportation fuel before such transfer.

Fuel shipment data report. The monthly report that each JURISDICTION fuel supplier must submit, and each reporting-only entity must or may submit, as applicable, to the REGULATORY AGENCY or its agent in accordance with section XX-8.3.

Full verification. All verification services specified in subdivisions XX-9.2(b) and (c) for verification of a JURISDICTION fuel supplier's CO₂ emissions data report(s).

General account. An account in the Allowance Tracking Sub-system of EATS, established under Subpart XX-6, that is not a compliance account.

Highway vehicle. Any vehicle self-propelled by motor and designed to carry a load over public highways, whether or not also designed to perform other functions, except if the

vehicle is specially designed mobile machinery for non-transportation functions or specially designed for off-highway transportation.

Identification number. The federal tax identification number, employer identification number (EIN), or other unique number, as specified by the REGULATORY AGENCY.

Interim control period. A one-calendar-year time period, during each of the first and second calendar years of each three-year control period. The first interim control period starts on January 1, 2023 and ends on December 31, 2023, inclusive. The second interim control period starts on January 1, 2024 and ends on December 31, 2024, inclusive. Each successive three-year control period will have two interim control periods, comprised of each of the first two calendar years of that control period.

Jurisdiction. A state, a Commonwealth, the District of Columbia, or other Territories of the United States.

JURISDICTION fuel supplier. An entity that is:

- (1) A position holder that on or after January 1, 2022:
 - i. Disburses transportation fuel to JURISDICTION from a reporting terminal, except as provided in subparagraph XX-8.1(b)(1)(i); or
 - ii. Disburses transportation fuel to JURISDICTION from a terminal that is not a reporting terminal and receives a notification that the fuel was delivered for final sale or consumption in JURISDICTION;or
- (2) A below-the-rack distributor that on or after January 1, 2022 is an owner of transportation fuel at the time such fuel is delivered for final sale and consumption in JURISDICTION, provided that the fuel:
 - i. Was disbursed to a jurisdiction other than JURISDICTION; or
 - ii. Was transported to JURISDICTION from another country by a means other than pipeline or waterborne vessel; or
 - iii. Was stored after disbursement at a location in the United States

- that is not a terminal; or
- iv. Was disbursed to JURISDICTION from a terminal that is not a reporting terminal and for which no notification is provided to the position holder that disbursed the fuel.

JURISDICTION Transportation and Climate Initiative Program. The regulation that JURISDICTION promulgated to implement its individual Transportation and Climate Initiative Program, namely, this Part.

Less intensive verification. The verification services specified in subdivisions XX-9.2(b) and (c) that may be provided in years between full verifications if the verifier can provide findings with a reasonable level of assurance. Such services are not required to include site visits and only require data checks and document reviews of the JURISDICTION fuel supplier's CO₂ emissions data reports based on the analysis and risk assessment in the most current sampling plan developed as part of the most current full verification.

Material misstatement. Any discrepancy, omission, misreporting, or aggregation of the three, identified in the course of verification services, that leads a verification team to believe that the total reported CO₂ emissions for a year contain errors greater than 5% in the CO₂ emissions data reports for the year.

Member. For the purposes of section XX-9.4, any employee or subcontractor of a verification body or related entities of the verification body and any individual with majority equity share in the verification body or its related entities.

Metric tonnage. The sum of all CO₂ emissions required to be reported under Subparts XX-8 and XX-9 for a control period or interim control period, provided that any remaining fraction of a metric ton of CO₂ emissions equal to or greater than 0.50 metric ton shall be deemed to equal one metric ton of CO₂ emissions and any fraction of a metric ton of CO₂ emissions less than 0.50 metric ton shall be deemed to equal zero metric tons of CO₂ emissions. A metric ton equals 1,000 kilograms or 2,204.62 pounds.

Minimum reserve price. The minimum reserve price in calendar year 2023 shall be \$2.50. Each calendar year thereafter, the minimum reserve price shall be 1.025 multiplied by the minimum reserve price from the previous calendar year, rounded to the nearest whole cent.

Motor gasoline. Any fuel, except for aviation gasoline, that:

- (1) Is commonly or commercially known as gasoline, including blendstocks CBOB and RBOB;
- (2) Is intended or used to power a vehicle or engine designed to operate on gasoline; or
- (3) Conforms to the specifications of ASTM D4814 and is made available for use in a vehicle or engine designed to operate on gasoline.

Net fuel quantity. Liquid product measured in U.S. gallons corrected to a temperature of 60° Fahrenheit or 15° Celsius and to a pressure of 14.7 pounds per square inch (psi) (i.e., net gallons).

Nonconformance. The failure to use the methods or emission factors specified in this Part to calculate CO₂ emissions or the failure to meet any other requirements of this Part.

Notification. A submission by a below-the-rack distributor informing a position holder that transportation fuel disbursed to JURISDICTION by the position holder is delivered for final sale or consumption in JURISDICTION.

On-road diesel fuel. Any fuel that is delivered to a filling station for use in a diesel-powered highway vehicle and:

- (1) Is commonly or commercially known as diesel fuel;
- (2) Is intended or used to power a vehicle or engine that is designed to operate using diesel fuel; or

- (3) Conforms to the specifications of ASTM D975 and is made available for use in a vehicle or engine designed to operate using diesel fuel.

Operator. An entity, including an owner, having operational control of a position holder, below-the-rack distributor, terminal operator, or other entity.

Owner.

- (1) *Owner of an entity.* An entity that owns a position holder, below-the-rack distributor, terminal operator, or other entity.
- (2) *Owner of a general account.* An entity that has an ownership interest with respect to any CO₂ allowances held in the general account and that is subject to the binding agreement for the CO₂ authorized account representative to represent that entity in accordance with Subpart XX-6.
- (3) *Owner of transportation fuel.* An owner is an entity that holds an ownership interest in such fuel.

Participating jurisdiction. A jurisdiction that has established a corresponding regulation as part of the TCI-P.

Position holder. An owner of transportation fuel at a terminal as reflected in the records of the terminal operator.

Positive verification statement. A verification statement rendered by a verification body attesting that the verification body can say with reasonable assurance that the CO₂ emissions data in the CO₂ emissions data reports are free of material misstatement and conform to the requirements of this Part.

Qualified positive verification statement. A verification statement rendered by a verification body attesting that the verification body can say with reasonable assurance that the CO₂ emissions data reports are free of material misstatement and do not contain any correctable errors, in conformance with the requirement to fix such errors,

but may include one or more other nonconformance(s) with the requirements of this Part that do not result in a material misstatement.

Reasonable assurance. A high degree of confidence that submitted data and statements are valid.

Rack. A mechanism capable of removing transportation fuel from a terminal into a means of transport other than pipeline or waterborne vessel.

Receive or receipt of. When referring to the REGULATORY AGENCY or its agent, to come into possession of a document, information, or correspondence (whether sent in writing or by authorized electronic transmission), as indicated in an official correspondence log, or by a notation made on the document, information, or correspondence, by the REGULATORY AGENCY or its agent in the regular course of business.

Recordation, record, or recorded. With regard to CO₂ allowances, the movement of CO₂ allowances by the REGULATORY AGENCY or its agent from one Allowance Tracking Sub-system account to another, for purposes of allocation, transfer, or deduction.

Reformulated blendstock for oxygenate blending (RBOB). A petroleum product that, when blended with a specified type and percentage of oxygenate, is motor gasoline that is certified to meet the requirements for reformulated gasoline under, and meets each of the standards and requirements in, regulations promulgated by the U.S. Environmental Protection Agency under 40 CFR §§1090.220 and 1090.1000(b), as those sections existed on December 4, 2020.

Related entity. For the purposes of section XX-9.4, any direct parent company, direct subsidiary, or sister company.

Reporting-only entity. An entity that is not a JURISDICTION fuel supplier and is:

- (1) A distributor subject to the notification requirement of section XX-8.4;
- (2) A distributor or position holder that is required to submit a fuel shipment data report pursuant to paragraph XX-8.3(a)(1) or (2);
- (3) A distributor or position holder that elects to create an EATS account for future use complying with the requirements for a JURISDICTION fuel supplier, complying with the notification requirement, or submitting a fuel shipment data report pursuant to paragraph XX-8.3(a)(4); or
- (4) An operator of a reporting terminal.

Reporting terminal. A terminal that is:

- (1) Located in JURISDICTION; or
- (2) Not located in JURISDICTION and whose operator elects to comply with the requirements of this Part applicable to operators of terminals located in JURISDICTION and submits a complete account certificate of representation under section XX-2.4 with respect to such terminal. Once the operator of a terminal not located in JURISDICTION submits such complete account certificate of representation, that terminal is a reporting terminal on the first day of the month following the submittal of such account certificate of representation and must comply with the requirements of this Part for that month and all subsequent months.

Reserve price. The minimum acceptable price for each CO₂ allowance in a specific auction. The reserve price at an auction is either the minimum reserve price or the CCR trigger price, as specified in Subpart XX-11.

Serial number. When referring to CO₂ allowances, the unique number assigned to each CO₂ allowance by the REGULATORY AGENCY or its agent under subdivision XX-6.4(c).

Specially designed for off-highway transportation. With regard to a vehicle:

- (1) Specially designed for the primary function of transporting a particular type of load other than over the public highway in connection with a construction, manufacturing, processing, farming, mining, drilling, timbering, or other operation similar to any one of such operations; and
- (2) Where, by reason of such special design, the use of such vehicle to transport such load over the public highways is substantially limited or substantially impaired.

Specially designed mobile machinery for non-transportation functions. With regard to a vehicle, consisting of a chassis:

- (1) To which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or other operation similar to any one of such operations if the operation of the machinery or equipment is unrelated to transportation on or off the public highways;
- (2) That has been specially designed to serve only as a mobile carriage and mount and, where applicable, a power source for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation; and
- (3) That, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

Submit. To send or transmit a document, information, or correspondence to the entity specified in accordance with the applicable regulation:

- (1) In person;

- (2) By United States Postal Service; or
- (3) By other means of dispatch or transmission and delivery including, but not limited to, electronic transmission and delivery.

Compliance with any “submission,” “service,” or “mailing” deadline shall be determined by the date of dispatch, transmission, or mailing and not the date of receipt.

Successor owner or operator. An entity that becomes an owner or operator of a JURISDICTION fuel supplier or reporting-only entity after the date the JURISDICTION fuel supplier or reporting-only entity initially registers in accordance with paragraph XX-1.5(a) or paragraph XX-1.6(a), as applicable.

Terminal. A storage and distribution facility located in the United States that is supplied by pipeline or waterborne vessel, and from which transportation fuel may be removed at a rack.

Transportation and Climate Initiative Program (TCI-P). The multijurisdictional cap-and-invest program, consisting of this Part and the corresponding regulations of other individual participating jurisdictions implemented under their independent legal authority, to reduce CO₂ emissions from transportation,

[Each participating jurisdiction may codify additional program definition language as appropriate. The language below is an example of one possible approach.]

and to invest proceeds from the program in measures designed to further reduce CO₂ emissions, provide incentives for low-carbon and more resilient transportation, and otherwise further the goals of TCI-P as further set forth in this Part.

Transportation fuel or fuel. Motor gasoline or on-road diesel fuel.

Undistributed CO₂ allowances. CO₂ allowances originally allocated to an account pursuant to section XX-5.3 that were not distributed.

Unsold CO₂ allowances. CO₂ allowances that have been made available for sale in an auction conducted by the REGULATORY AGENCY or its agent, but not sold.

Verification. A systematic, independent and documented process for evaluation of a JURISDICTION fuel supplier's CO₂ emissions data reports against the REGULATORY AGENCY's reporting procedures and methods for calculation and reporting CO₂ emissions.

Verification body. An entity accredited by the REGULATORY AGENCY to render a verification statement and provide verification services.

Verification services. Services provided for a JURISDICTION fuel supplier during verification as specified in section XX-9.2.

Verification team. Any natural person(s) working for a verification body, including all subcontractors, to provide verification services.

Verifier. A natural person accredited by the REGULATORY AGENCY to carry out verification services.

XX-1.3 Measurements, abbreviations, and acronyms.

Measurements, abbreviations, and acronyms used in this Part are as follows:

- (1) ATS: Allowance tracking sub-system
- (2) CO₂: carbon dioxide
- (3) CBOB: Conventional blendstock for oxygenate blending
- (4) CCR: Cost containment reserve
- (5) CFR: Code of Federal Regulations
- (6) EATS: Emissions and Allowance Tracking System
- (7) ECR: Emissions containment reserve
- (8) ETS: Emissions tracking sub-system

- (9) psi: pounds per square inch
- (10) RBOB: Reformulated blendstock for oxygenate blending
- (11) TCI-P: Transportation and Climate Initiative Program

XX-1.4 Applicability.

(a) Beginning January 1, 2022 JURISDICTION fuel suppliers shall be subject to the requirements of this Part. However, JURISDICTION fuel suppliers shall not be subject to the requirements of subdivisions XX-1.5(b) and (c) until January 1, 2023.

(b) Beginning January 1, 2022 reporting-only entities shall be subject to the requirements of section XX-1.6 and the sections referenced therein.

(c) Beginning January 1, 2022, verifiers and verification bodies shall be subject to Subpart XX-9 of this Part, and independent verifiers of offset projects shall be subject to Subpart XX-10 of this Part.

(d) Beginning January 1, 2022, project sponsors of offset projects shall be subject to Subpart XX-10 of this Part.

(e) *Demonstration of Non-Applicability.* If the REGULATORY AGENCY has determined that an entity may be subject to this Part, the REGULATORY AGENCY may require from an entity that is a position holder, a below-the-rack distributor, or operator of a reporting terminal a statement demonstrating that it is not subject to the requirements of this Part. Such demonstration must be provided to the REGULATORY AGENCY within 20 days of receipt of a request.

(f) *Cessation of TCI-P compliance and reporting requirements due to zero CO₂ emissions.* JURISDICTION fuel suppliers subject to this Part may qualify for cessation of compliance and reporting requirements if CO₂ emissions that such entities are required to report by this Part fall to zero metric tons and remain at zero metric tons for

the remainder of that control period and for an entire subsequent control period. JURISDICTION fuel suppliers must meet all the requirements of this Part until approved for cessation pursuant to this subdivision. If CO₂ emissions that are required to be reported under Subpart XX-8 exceed zero metric tons for any day after the cessation requirements have been met, the JURISDICTION fuel supplier shall again become subject to the requirements of this Part as specified in subdivision (a) of this section starting the first day of such non-zero CO₂ emissions.

- (1) JURISDICTION fuel suppliers whose CO₂ emissions fall to zero during any control period must continue to report CO₂ emissions until CO₂ emissions are zero for the remainder of that control period and an entire subsequent control period. JURISDICTION fuel suppliers must also verify their CO₂ emissions data reports for the first year in which they report zero CO₂ emissions for an entire year pursuant to Subpart XX-9, but not for any year thereafter in which they have zero reportable CO₂ emissions. JURISDICTION fuel suppliers must also meet all other applicable requirements of this Part prior to becoming eligible for cessation.
- (2) Any JURISDICTION fuel supplier that has met the cessation requirements set forth in this subdivision may submit a written application to the REGULATORY AGENCY or its agent requesting approval to cease its compliance and reporting requirements under this Part.
 - (i) Such application must include all information in a format prescribed by the REGULATORY AGENCY, including but not limited to:
 - (a) The reason for the reduction of CO₂ emissions to zero and whether the reduction to zero is expected to be temporary or permanent.
 - (b) Documentation that the JURISDICTION fuel supplier has complied with all requirements of this Part during all control periods and interim control periods for which the JURISDICTION fuel supplier was required to comply with any provision of this Part; such requirements include, but are not limited to, completion of all required CO₂ emissions and

fuel shipment data reporting, verification of CO₂ emissions data reports, and the holding of CO₂ allowances to meet the requirements of subdivisions XX-1.5(b) and (c).

- (c) A request that the JURISDICTION fuel supplier's reporting account be maintained, or that such account be closed if no further activity is expected.
 - (ii) JURISDICTION fuel suppliers may request that their compliance accounts be closed by the REGULATORY AGENCY once they are cleared of all CO₂ allowances.
 - (iii) The application must be submitted no later than 60 days after the end of the last year for which the entity is required to submit a CO₂ emissions data report under Subpart-XX-8.
 - (iv) The REGULATORY AGENCY may require submission of additional information relevant to the determination and shall make a determination on such application in its discretion.
- (3) JURISDICTION fuel suppliers that are approved for cessation of compliance and reporting requirements under this Part must maintain records required under paragraph XX-1.5(d)(1) and retain them for a period of 10 years following submission of the final CO₂ emissions data report to the REGULATORY AGENCY.

XX-1.5 Standard requirements for JURISDICTION fuel suppliers.

- (a) *Registration requirement.*
 - (1) JURISDICTION fuel suppliers shall register in accordance with paragraph (2) of this subdivision within 15 days after becoming a JURISDICTION fuel supplier.
 - (2) Each JURISDICTION fuel supplier shall register an authorized account representative in accordance with Subpart XX-2.1 and submit to the REGULATORY AGENCY or its agent a complete certificate of representation in accordance with Subpart XX-2.4.

(b) *CO₂ requirements.*

- (1) Each JURISDICTION fuel supplier shall hold CO₂ allowances available for compliance deductions under section XX-6.5, as of the CO₂ allowance transfer deadline, in the JURISDICTION fuel supplier's compliance account in an amount not less than the metric tonnage equivalent of the JURISDICTION fuel supplier's total CO₂ emissions for the control period, less the CO₂ allowances deducted to meet the requirements of paragraph (2) of this subdivision, with respect to the previous two interim control periods, as determined in accordance with Subparts XX-6, XX-8, and XX-9.
- (2) Each JURISDICTION fuel supplier shall hold CO₂ allowances available for compliance deductions under section XX-6.5, as of the CO₂ allowance transfer deadline, in the JURISDICTION fuel supplier's compliance account in an amount not less than the total CO₂ emissions for the interim control period multiplied by 0.50, as determined in accordance with Subparts XX-6, XX-8, and XX-9.
- (3) Each metric ton of CO₂ excess emissions shall constitute a separate violation of this Part and applicable JURISDICTION law.
- (4) Each metric ton of CO₂ excess interim emissions shall constitute a separate violation of this Part and applicable JURISDICTION law.
- (5) CO₂ allowances shall be held in, deducted from, or transferred among EATS accounts in accordance with Subparts XX-5, XX-6, and XX-7, and section XX-10.7.
- (6) A CO₂ allowance shall not be deducted, in order to comply with the requirements under paragraph (1) or (2) of this subdivision, for a control period or interim control period that ends prior to the year for which the CO₂ allowance was allocated. A CO₂ offset allowance shall not be deducted, in compliance with the requirements of paragraphs (1) or (2) of this subdivision, beyond the applicable percent limitations in paragraph

XX-6.5(a)(3).

- (7) A CO₂ allowance issued pursuant to this Part does not constitute a property right. No provision of the TCI-P or any provision of law shall be construed to limit the authority of the REGULATORY AGENCY or a participating jurisdiction to terminate or limit such authorization.

(c) *CO₂ excess emissions requirements.* If a JURISDICTION fuel supplier has CO₂ excess emissions in any control period, or CO₂ excess interim emissions for any interim control period, the JURISDICTION fuel supplier and the owners and operators of the JURISDICTION fuel supplier shall:

- (1) Forfeit the CO₂ allowances required for deduction under paragraph XX-6.5(d)(1), provided that CO₂ offset allowances may not be used to cover any part of such CO₂ excess emissions; and
- (2) Pay any fine, penalty, or assessment or comply with any other remedy imposed under paragraph XX-6.5(d)(2).

(d) *Recordkeeping and reporting requirements.*

- (1) *Recordkeeping.* Unless otherwise provided, each JURISDICTION fuel supplier shall keep in its possession, custody, and control each of the following documents for a period of 10 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 10 years, in writing by the REGULATORY AGENCY.

- (i) Copies of all account certificates of representation for the CO₂ authorized account representative for the JURISDICTION fuel supplier and all documents that demonstrate the truth of the statements in the certificates of representation, in accordance with section XX-2.4, provided that the certificates and documents shall be retained beyond such 10-year period until such documents are superseded because of the submission of a new account certificate of representation changing the CO₂ authorized account representative.

- (ii) Copies of all reports, compliance certifications, and other submissions and all records made or required under this Part.
 - (iii) Copies of all documents used to complete any submission under this Part or to demonstrate compliance with the requirements of this Part.
 - (2) *Certification.* The CO₂ authorized account representative of a JURISDICTION fuel supplier shall submit the compliance certifications in accordance with the requirements of Subpart XX-4.
 - (3) *Reporting.* The CO₂ authorized account representative of a JURISDICTION fuel supplier shall submit the reports and any other information using the EATS in accordance with the requirements of Subparts XX-8 and XX-9.
- (e) *Liability.*
- (1) Any provision of this Part that applies to a JURISDICTION fuel supplier (including a provision applicable to the CO₂ authorized account representative of a JURISDICTION fuel supplier) shall also apply to the owners and operators of the JURISDICTION fuel supplier.
 - (2) Any provision of this Part that applies to a JURISDICTION fuel supplier (including a provision applicable to the CO₂ authorized account representative of a JURISDICTION fuel supplier) shall also apply to any successor owner or operator of the JURISDICTION fuel supplier. This includes the provision in paragraph (b)(1) of this section requiring holding of CO₂ allowances in an amount not less than the supplier's total CO₂ emissions for the whole control period, less the CO₂ allowances deducted to meet the requirements of paragraph (b)(2) of this section, with respect to the previous two interim control periods, as determined in accordance with Subparts XX-6, XX-8, and XX-9, even if the CO₂ emissions occurred prior to the change in ownership. This also includes the provision in paragraph (b)(2) of this section requiring the holding of CO₂ allowances in an amount not less than the supplier's total CO₂ emissions for the whole

interim control period multiplied by 0.50, as determined in accordance with Subparts XX-6, XX-8, and XX-9, even if the CO₂ emissions occurred prior to the change in ownership.

(f) *Effect on other authorities.* No provision of this Part shall be construed as exempting or excluding the JURISDICTION fuel suppliers, and the owners and operators thereof and, to the extent applicable, the CO₂ authorized account representative of the JURISDICTION fuel supplier from compliance with any other provisions of applicable JURISDICTION law.

XX-1.6 Standard requirements for reporting-only entities.

(a) *Registration requirement.*

- (1) Reporting-only entities shall register in accordance with paragraph (2) of this subdivision.
- (2) Each reporting-only entity or entity that elects to become a reporting-only entity shall register by identifying itself and a CO₂ authorized account representative in accordance with section XX-2.1 and submit to the REGULATORY AGENCY a complete certificate of representation in accordance with section XX-2.4.

(b) *Recordkeeping and reporting requirements.*

- (1) Unless otherwise provided, each reporting-only entity shall keep in its possession, custody, or control each of the following documents for a period of 10 years from the date the document is created. This period may be extended for cause, at any time prior to the end of 10 years, in writing by the REGULATORY AGENCY.
 - (i) Copies of all of the certificates of representation for the CO₂ authorized account representative filed by a reporting-only entity and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with section XX-2.4,

provided that the certificate and documents shall be retained beyond such 10-year period until such documents are superseded because of the submission of a new certificate of representation changing the CO₂ authorized account representative.

- (ii) Copies of all reports and other submissions and all records made or required under this Part.
- (iii) Copies of all documents used to complete any submission under this Part or to demonstrate compliance with the requirements of this Part.

(2) *Reporting.* The CO₂ authorized account representative of a reporting-only entity shall submit the reports and any other information using the EATS in accordance with the requirements of Subpart XX-8.

(c) *Liability.*

(1) Any provision of this Part that applies to a reporting-only entity (including a provision applicable to the CO₂ authorized account representative of a reporting-only entity) shall also apply to the owners and operators of the reporting-only entity.

(2) Any provision of this Part that applies to a reporting-only entity (including a provision applicable to the CO₂ authorized account representative of a reporting-only entity) shall also apply to any successor owner or operator of the reporting-only entity, provided that such successor exists at the time of the deadline for complying with the provision as determined in accordance with Subpart XX-8, even if the reportable disbursement, deliveries, or other data occurred prior to the change in ownership.

(d) *Effect on other authorities.* No provision of this Part shall be construed as exempting or excluding the reporting-only entities, and the owners and operators thereof and, to the extent applicable, the CO₂ authorized account representative of the reporting-only entity from compliance with any other provisions of applicable JURISDICTION law.

XX-1.7 Computation of time.

- (a) Unless otherwise stated, any time period scheduled, under this Part, to begin on the occurrence of an act or event shall begin on the day the act or event occurs.

- (b) Unless otherwise stated, any time period scheduled, under this Part, to begin before the occurrence of an act or event shall be computed so that the period ends the day before the act or event occurs.

- (c) Unless otherwise stated, if a deadline or the final day of any time period, under this Part, falls on a day that is not a business day, the time period shall be extended to the next business day.

XX-1.8 Severability.

If any provision of this Part, or its application to any particular entity or circumstances, is held invalid, the remainder of this Part, and the application thereof to other entities or circumstances, shall not be affected thereby.

Subpart XX-2 CO₂ Authorized Account Representative

XX-2.1 Authorization and responsibilities of the CO₂ authorized account representative.

- (a) Except as provided under section XX-2.2, each JURISDICTION fuel supplier or reporting-only entity shall have one and only one CO₂ authorized account representative, with regard to all matters under this Part.

- (b) The CO₂ authorized account representative shall be selected by an agreement

binding on the JURISDICTION fuel supplier or reporting-only entity, and on each owner and operator thereof, and must act in accordance with the certificate of representation under section XX-2.4.

(c) Upon receipt by the REGULATORY AGENCY or its agent of a complete account certificate of representation under section XX-2.4, the CO₂ authorized account representative shall represent and, by his or her representations, actions, inactions, or submissions, legally bind the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, in all matters pertaining to this Part and in relation to all types of accounts created for the JURISDICTION fuel supplier or reporting-only entity pursuant to section XX-6.2, notwithstanding any agreement between the CO₂ authorized account representative and such JURISDICTION fuel supplier or reporting-only entity, and the owners or operators thereof. The JURISDICTION fuel supplier or reporting-only entity, and each owner, and operator thereof, shall be bound by any decision or order issued to the CO₂ authorized account representative by the REGULATORY AGENCY or a court.

(d) No EATS account shall be established for a JURISDICTION fuel supplier or reporting-only entity until the REGULATORY AGENCY or its agent has received a complete account certificate of representation under section XX-2.4 for a CO₂ authorized account representative. Each submission under this Part shall be submitted, signed, and certified by the CO₂ authorized account representative for each JURISDICTION fuel supplier or reporting-only entity on behalf of which the submission is made.

(e) Each such submission made in accordance with this Part shall include the following certification statement by the CO₂ authorized account representative, in a format prescribed by the REGULATORY AGENCY:

"I am authorized to make this submission on behalf of the JURISDICTION fuel supplier or reporting-only entity, and on behalf of the owners and operators thereof, for which the submission is made. I certify under penalty of law that I have personally examined, and

am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant civil or criminal penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(f) The REGULATORY AGENCY or its agent will accept or act on a submission made on behalf a JURISDICTION fuel supplier or reporting only entity, or on behalf of the owners and operators thereof, only if the submission has been made, signed, and certified in accordance with subdivision (e) of this section.

XX-2.2 CO₂ authorized alternate account representative.

(a) An account certificate of representation may designate one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative and that legally binds the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, in all matters pertaining to this Part and in relation to all types of accounts created for the JURISDICTION fuel supplier or reporting-only entity pursuant to section XX-6.2. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative.

(b) Upon receipt by the REGULATORY AGENCY or its agent of a complete account certificate of representation under section XX-2.4, any representation, action, inaction, or submission by the CO₂ authorized alternate account representative shall be deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

(c) Except in this section and subdivision XX-2.1(a) and sections XX-2.3, XX-2.4, XX-2.6, and XX-6.2, whenever the term “CO₂ authorized account representative” is used in this Part, the term shall be construed to include the CO₂ authorized alternate account representative.

XX-2.3 Changing the CO₂ authorized account representatives and the CO₂ authorized alternate account representative; changes in the owners and operators.

(a) *Changing the CO₂ authorized account representative.* The CO₂ authorized account representative may be changed at any time upon receipt by the REGULATORY AGENCY or its agent of a superseding complete account certificate of representation under section XX-2.4. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the REGULATORY AGENCY or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized account representative, the JURISDICTION fuel supplier or reporting-only entity, and the owners and operators thereof.

(b) *Changing the CO₂ authorized alternate account representative.* The CO₂ authorized alternate account representative may be changed at any time upon receipt by the REGULATORY AGENCY or its agent of a superseding complete account certificate of representation under section XX-2.4. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the REGULATORY AGENCY or its agent receives the superseding account certificate of representation shall be binding on the new CO₂ authorized alternate account representative, the JURISDICTION fuel supplier or reporting-only entity, and the owners and operators thereof.

(c) *Changes in the owners and operators.*

- (1) In the event a new owner or operator of a JURISDICTION fuel supplier or reporting-only entity is not included in the list of owners and operators submitted in the account certificate of representation, such new owner or operator shall be deemed to be subject to and bound by the account certificate of representation, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative of the JURISDICTION fuel supplier or reporting-only entity, and the decisions, orders, actions, and inactions of the REGULATORY AGENCY, as if the new owner or operator were included in such list.
- (2) Within 30 days following any change in the owners and operators of a JURISDICTION fuel supplier or reporting-only entity, including the addition of a new owner or operator, the CO₂ authorized account representative or CO₂ authorized alternate account representative shall submit a revision to the account certificate of representation amending the list of owners and operators to include the change as to the name of the owners and operators that are liable for compliance with applicable provisions of this Part, including but not limited to:
 - (i) Holding CO₂ allowances available for compliance deductions under section XX-6.5, as of the CO₂ allowance transfer deadline, in the JURISDICTION fuel supplier's compliance account in an amount not less than the metric tonnage equivalent of the JURISDICTION fuel supplier's total CO₂ emissions for the control period, less the CO₂ allowances deducted to meet the requirements of paragraph XX-1.5(c)(2), with respect to the previous two interim control periods, as determined in accordance with Subparts XX-6, XX-8, and XX-9; or
 - (ii) Reporting CO₂ emissions or other data as required in accordance with Subparts XX-8 and XX-9.

XX-2.4 Account certificate of representation.

(a) A complete account certificate of representation for a CO₂ authorized account representative or an CO₂ authorized alternate account representative shall include the following elements in a format prescribed by the REGULATORY AGENCY:

- (1) Identification of the JURISDICTION fuel supplier, reporting-only entity, or entity that elects to become a reporting-only entity for which the account certificate of representation is submitted;
- (2) The name, address, e-mail address, and telephone number, of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;
- (3) A list of the owners and operators of the JURISDICTION fuel supplier, reporting-only entity, or entity that elects to become a reporting-only entity;
- (4) The following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative:
“I certify that I was selected as the CO₂ authorized account representative or CO₂ authorized alternate account representative, as applicable, by an agreement binding on the JURISDICTION fuel supplier or reporting-only entity, and of the owners and operators thereof. I certify that I have all the necessary authority to carry out my duties and responsibilities under this Part on behalf of the JURISDICTION fuel supplier or reporting-only entity, and the owners and operators thereof, and that the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, shall be fully bound by my representations, actions, inactions, or submissions and by any decision or order issued to me by the REGULATORY AGENCY or a court regarding the JURISDICTION fuel supplier or reporting-only entity.”; and

- (5) If the account certificate of representation is submitted for the operator of a terminal not located in JURISDICTION, the following statement signed by the terminal operator: *“The undersigned operator of a terminal not located in JURISDICTION agrees to comply with the requirements of this Part applicable to operators of terminals located in JURISDICTION and submits to the jurisdiction of JURISDICTION, and waives any defense that JURISDICTION lacks jurisdiction, with regard to the application and enforcement of such requirements.”*; and
- (6) The signature of the CO₂ authorized account representative and any CO₂ authorized alternate account representative and the dates signed.

(b) Unless otherwise required by the REGULATORY AGENCY or its agent, documents of agreement referred to in the account certificate of representation shall not be submitted to the REGULATORY AGENCY or its agent. Neither the REGULATORY AGENCY nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.

XX-2.5 Objections concerning the CO₂ authorized account representative.

(a) Once a complete account certificate of representation under section XX-2.4 has been submitted and received, the REGULATORY AGENCY and its agent will rely on the account certificate of representation unless and until the REGULATORY AGENCY or its agent receives a superseding complete account certificate of representation under section XX-2.4.

(b) Except as provided in subdivision XX-2.3(a) or (b), no other communication submitted to the REGULATORY AGENCY or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or the finality of any decision or order by the REGULATORY AGENCY or its agent under this Part.

(c) Neither the REGULATORY AGENCY nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of any CO₂ authorized account representative, including private legal disputes concerning the proceeds of CO₂ allowance transfers.

XX-2.6 Delegation by CO₂ authorized account representative.

(a) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the REGULATORY AGENCY or its agent under this Part.

(b) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the REGULATORY AGENCY or its agent under this Part.

(c) In order to delegate authority to make an electronic submission to the REGULATORY AGENCY or its agent in accordance with subdivision (a) and (b) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the REGULATORY AGENCY or its agent a notice of delegation, in a format prescribed by the REGULATORY AGENCY that includes the following elements:

- (1) The name, address, e-mail address, and telephone number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;
- (2) The name, address, e-mail address, and telephone number of each such natural person, herein referred to as the “electronic submission agent”;
- (3) For each such natural person, a list of the type of electronic submissions under subdivision (a) or (b) of this section for which authority is delegated to him or her; and
- (4) The following certification statements by such CO₂ authorized account

representative or CO₂ authorized alternate account representative:

- (i) *“I agree that any electronic submission to the REGULATORY AGENCY or its agent that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subdivision XX-2.6(d) shall be deemed to be an electronic submission by me. I certify that the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, shall be fully bound by any such electronic submission.”*
- (ii) *“Until this notice of delegation is superseded by another notice of delegation under subdivision XX-2.6(d), I agree to maintain an e-mail account and to notify the REGULATORY AGENCY or its agent immediately of any change in my e-mail address unless all delegation authority by me under section XX-2.6 is terminated.”*

(d) A notice of delegation submitted under subdivision (c) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the REGULATORY AGENCY or its agent and until receipt by the REGULATORY AGENCY or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(e) Any electronic submission covered by the certification in subparagraph (c)(4)(i) of this section and made in accordance with a notice of delegation effective under subdivision (d) of this section shall be deemed to be an electronic submission by the

CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(f) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to review information in the EATS under this Part.

(g) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to review information in the EATS under this Part.

(h) In order to delegate authority to review information in the EATS in accordance with subdivision (f) and (g) of this section, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the REGULATORY AGENCY or its agent a notice of delegation, in a format prescribed by the REGULATORY AGENCY that includes the following elements:

- (1) The name, address, e-mail address, and telephone number of such CO₂ authorized account representative or CO₂ authorized alternate account representative;
- (2) The name, address, e-mail address, and telephone number of each such natural person, herein referred to as the “reviewer”;
- (3) For each such natural person, a list of the type of information under subdivision (f) or (g) of this section for which authority is delegated to him or her; and
- (4) The following certification statements by such CO₂ authorized account representative or CO₂ authorized alternate account representative:
 - (i) *“I agree that any information that is reviewed by a natural person identified in this notice of delegation and of a type listed for such information accessible by the reviewer in this notice of delegation and that is reviewed when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subdivision XX-2.6(i) shall be*

deemed to be reviewed by me. I certify that the JURISDICTION fuel supplier or reporting-only entity, and each owner and operator thereof, shall be fully bound by such review.”

- (ii) *“Until this notice of delegation is superseded by another notice of delegation under subdivision XX-2.6(i), I agree to maintain an e-mail account and to notify the REGULATORY AGENCY or its agent immediately of any change in my e-mail address unless all delegation authority by me under section XX-2.6 is terminated.”*

(i) A notice of delegation submitted under subdivision (h) of this section shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the REGULATORY AGENCY or its agent and until receipt by the REGULATORY AGENCY or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified reviewer, add a new reviewer, or eliminate entirely any delegation of authority.

Subpart XX-3 Equity

[Each participating jurisdiction will codify the equity commitments below through legislation, regulation, or other legal directives. Subpart XX-3 is an example of one possible approach.]

XX-3.1 Equity investment commitment.

JURISDICTION and/or REGULATORY AGENCY is/are committed to working collaboratively within its jurisdiction to invest, in a manner that reflects the population of overburdened and underserved communities, no less than 35 percent of the proceeds from the auction of allowances to ensure that overburdened and underserved communities benefit equitably from clean transportation projects and programs.

XX-3.2 Equity advisory body

- (a) By _____ [date], JURISDICTION shall establish an equity advisory body or add to the mission of an existing advisory body composed of diverse stakeholder groups, with a majority of members being representatives of overburdened and underserved communities or populations, to advise on decision-making and equitable outcomes for TCI-P, including:
- (1) Developing criteria for defining overburdened and underserved communities, building on existing criteria and definitions, where applicable;
 - (2) Providing recommendations for equitable investments of program proceeds and complementary policies that would achieve the requisite benefits for overburdened and underserved communities; and
 - (3) Developing metrics for evaluating how investments of program proceeds demonstrably provide direct and meaningful benefits for overburdened and underserved communities.

XX-3.3 Equity review and reporting.

JURISDICTION and/or REGULATORY AGENCY will annually review and report the impacts of the TCI-P program, including with respect to equity. JURISDICTION and/or REGULATORY AGENCY will work with communities and with its Equity Advisory Body to assess the equity impacts of the program on an ongoing basis, including by monitoring air quality in communities overburdened by air pollution to ensure the effectiveness of policies and investments. Annual reports will specify how TCI-P proceeds are spent and include lists of projects and programs supported by TCI-P proceeds and the levels of investment received by each.

Subpart XX-4 Compliance Certification

XX-4.1 Compliance certification report.

(a) *Applicability and deadline.* For each control period in which a JURISDICTION fuel supplier is subject to the CO₂ requirements of subdivision XX-1.5(b), the CO₂ authorized account representative of the JURISDICTION fuel supplier shall submit to the REGULATORY AGENCY by the June 1 following the relevant control period, a compliance certification report. A compliance certification report is not required as part of the compliance obligation during an interim control period.

(b) *Contents of report.* The CO₂ authorized account representative shall include in the compliance certification report under subdivision (a) of this section the following elements, in a format prescribed by the REGULATORY AGENCY:

- (1) Identification of the JURISDICTION fuel supplier;
- (2) At the CO₂ authorized account representative's option, the serial numbers of the CO₂ allowances that are to be deducted from the JURISDICTION fuel supplier's compliance account under section XX-6.5 for the control period, including the serial numbers of any CO₂ offset allowances that are to be deducted subject to the limitations of paragraph XX-6.5(a)(3);
- (3) The compliance certification under subdivision (c) of this section; and
- (4) Other information as required by the REGULATORY AGENCY.

(c) *Compliance certification.* In the compliance certification report under subdivision (a) of this section, the CO₂ authorized account representative shall certify, based on reasonable inquiry of those entities with primary responsibility for operating the JURISDICTION fuel supplier in compliance with this Part, whether the JURISDICTION fuel supplier for which the compliance certification is submitted met the definition of JURISDICTION fuel supplier during the calendar years covered by the report and was in compliance with the requirements of this Part, including, but not limited to:

- (1) Whether the JURISDICTION fuel supplier met the requirements of

subdivision XX-1.5(b);

- (2) Whether the JURISDICTION fuel supplier met the requirements of Subparts XX-8 and XX-9.

XX-4.2 REGULATORY AGENCY’s action on compliance certifications.

(a) The REGULATORY AGENCY or its agent may review and conduct independent audits concerning any compliance certification or any other submission under this Part and the REGULATORY AGENCY may make appropriate adjustments of the information in the compliance certifications or other submissions.

(b) The REGULATORY AGENCY or its agent may deduct CO₂ allowances from or transfer CO₂ allowances to a JURISDICTION fuel supplier’s compliance account based on the information in the compliance certifications or other submissions, as adjusted under subdivision (a) of this section.

Subpart XX-5 CO₂ Allowance Allocations

XX-5.1 JURISDICTION Transportation and Climate Initiative Program base budget.

- (a) For 2023, the JURISDICTION TCI-P budget is _____metric tons.
- (b) For 2024, the JURISDICTION TCI-P budget is _____metric tons.
- (c) For 2025, the JURISDICTION TCI-P budget is _____metric tons.
- (d) For 2026, the JURISDICTION TCI-P budget is _____metric tons.
- (e) For 2027, the JURISDICTION TCI-P budget is _____metric tons.

- (f) For 2028, the JURISDICTION TCI-P budget is ____ metric tons.
- (g) For 2029, the JURISDICTION TCI-P budget is ____ metric tons.
- (h) For 2030, the JURISDICTION TCI-P budget is ____ metric tons.
- (i) For 2031, the JURISDICTION TCI-P budget is ____ metric tons.
- (j) For 2032 and each succeeding calendar year, the JURISDICTION TCI-P budget is ____ metric tons.

[TCI-P participating jurisdictions may add language related to future program budget adjustments.]

XX-5.2 Retirement of CO₂ allowances.

- (a) The REGULATORY AGENCY may retire undistributed CO₂ allowances at the end of each control period.
- (b) The REGULATORY AGENCY may retire unsold CO₂ allowances at the end of each control period.

XX-5.3 CO₂ allowance allocations.

[TCI-P participating jurisdictions will offer all allowances for sale at auction, except that TCI-P participating jurisdictions may set aside or retire allowances to be used to achieve other TCI-P goals. Allocation provisions will vary from jurisdiction to jurisdiction.]

(a) *CO₂ allowances available for allocation.* For the allocation year 2023 and each succeeding allocation year, the JURISDICTION TCI-P budget shall be the maximum number of allowances available for allocation in a given allocation year, except for CO₂ offset allowances and CO₂ CCR allowances.

(b) *Cost Containment Reserve (CCR) allocation.* The REGULATORY AGENCY shall allocate CO₂ CCR allowances from the JURISDICTION CCR account, separate from and additional to the JURISDICTION TCI-P budget set forth in section XX-5.1, to the JURISDICTION AUCTION ACCOUNT. The CCR allocation is for the purpose of containing the cost of CO₂ allowances. The REGULATORY AGENCY shall allocate CO₂ CCR allowances in the following manner:

- (1) On or before January 1, 2023 and each year thereafter, the REGULATORY AGENCY shall allocate that vintage year's CO₂ CCR allowances, and withdraw the number of CO₂ CCR allowances that remain in the JURISDICTION AUCTION ACCOUNT at the end of the prior calendar year.
- (2) The number of current vintage year CO₂ CCR allowances allocated each year shall be equal to 10% of the JURISDICTION TCI-P budget for the year specified in section XX-5.1.
- (3) If the condition for selling CO₂ CCR allowances specified in paragraph XX-11.3(f)(1) is met at an auction, then CO₂ CCR allowances may be sold at that auction in accordance with subdivision XX-11.3(f).

(c) *Emissions Containment Reserve (ECR) Withholding.* The REGULATORY AGENCY shall convert and transfer any CO₂ allowances that have been withheld from any auction(s) into the JURISDICTION ECR ACCOUNT. The ECR withholding is for the purpose of additional CO₂ emissions reductions in the event of lower than anticipated CO₂ emissions reduction costs. The REGULATORY AGENCY shall withhold CO₂ ECR allowances in the following manner.

- (1) If the condition for withholding of CO₂ ECR allowances specified in paragraph XX-11.3(g)(1) is met at an auction, then CO₂ ECR allowances

will be withheld from that auction in accordance with subdivision XX-11.3(g). Any CO₂ ECR allowances withheld from an auction will be transferred into the JURISDICTION ECR ACCOUNT.

- (2) Allowances that have been transferred into the JURISDICTION ECR ACCOUNT shall not be withdrawn.
- (3) The maximum number of CO₂ ECR allowances that will be withheld from an auction shall be equal to 10% of the JURISDICTION TCI-P budget for the year specified in section XX-5.1 minus the total quantity of CO₂ ECR allowances that have been withheld from any prior auction(s) in that calendar year.

Subpart XX-6 Emissions and Allowance Tracking System

XX-6.1 Emissions and Allowance Tracking System (EATS) accounts.

(a) *Nature and function of compliance accounts.* Consistent with subdivision XX-6.2(a), the REGULATORY AGENCY or its agent will establish one compliance account in the EATS for each JURISDICTION fuel supplier. Allocations of CO₂ allowances pursuant to Subpart XX-5 and deductions or transfers of CO₂ allowances pursuant to section XX-4.2, XX-6.5, XX-6.7 or Subpart XX-7 will be recorded in the compliance account in accordance with this Subpart.

(b) *Nature and function of general accounts.* Consistent with subdivision XX-6.2(b), the REGULATORY AGENCY or its agent will establish, upon request, a general account in the EATS for any entity. Transfers of CO₂ allowances pursuant to Subpart XX-7 and award or retirement of CO₂ allowances pursuant to Subpart XX-10 will be recorded in the general account in accordance with this Subpart.

(c) *Nature and function of reporting accounts.* Consistent with subdivision XX-6.2(c), the REGULATORY AGENCY or its agent will establish a reporting account in the EATS for each JURISDICTION fuel supplier or reporting-only entity to facilitate the receipt and

tracking of reporting submitted in accordance with the requirements of Subpart XX- 8. Reporting accounts shall not hold CO₂ allowances. Reporting accounts may be linked to no more than one compliance account.

XX-6.2 Establishment of accounts.

(a) *Compliance accounts.* Upon receipt of a complete account certificate of representation under section XX-2.4, the REGULATORY AGENCY or its agent will establish a compliance account for each JURISDICTION fuel supplier for which the account certificate of representation was submitted.

(b) *General accounts.*

(1) *Application for general account.* Any entity may apply to open a general account for the purpose of holding and transferring CO₂ allowances. An application for a general account may designate one and only one CO₂ authorized account representative and one and only one CO₂ authorized alternate account representative who may act on behalf of the CO₂ authorized account representative. The agreement by which the CO₂ authorized alternate account representative is selected shall include a procedure for authorizing the CO₂ authorized alternate account representative to act in lieu of the CO₂ authorized account representative.

A complete application for a general account shall be submitted to the REGULATORY AGENCY or its agent and shall include the following elements in a format prescribed by the REGULATORY AGENCY:

- (i) Name, address, e-mail address, and telephone number of the CO₂ authorized account representative and any CO₂ authorized alternate account representative;
- (ii) At the option of the CO₂ authorized account representative, organization name and type of organization;
- (iii) A list of all entities subject to a binding agreement for the CO₂

- authorized account representative or any CO₂ authorized alternate account representative to represent their ownership interest with respect to the CO₂ allowances held in the general account;
- (iv) The following certification statement by the CO₂ authorized account representative and any CO₂ authorized alternate account representative: *“I certify that I was selected as the CO₂ authorized account representative or the CO₂ authorized alternate account representative, as applicable, by an agreement that is binding on all entities who have an ownership interest with respect to CO₂ allowances held in the general account. I certify that I have all the necessary authority to carry out my duties and responsibilities under this Part on behalf of such entities and that each such entity shall be fully bound by my representations, actions, inactions, or submissions and by any order or decision issued to me by the REGULATORY AGENCY or its agent or a court regarding the general account.”*;
- (v) The signature of the CO₂ authorized account representative and any CO₂ authorized alternate account representative and the dates signed; and
- (vi) Unless otherwise required by the REGULATORY AGENCY or its agent, documents of agreement referred to in the application for a general account shall not be submitted to the REGULATORY AGENCY or its agent. Neither the REGULATORY AGENCY nor its agent shall be under any obligation to review or evaluate the sufficiency of such documents, if submitted.
- (2) *Authorization of CO₂ authorized account representative.*
- (i) Upon receipt by the REGULATORY AGENCY or its agent of a complete application for a general account under paragraph (b)(1) of this section:
- (a) The REGULATORY AGENCY or its agent will establish a

general account for the entity or entities for whom the application is submitted.

- (b) The CO₂ authorized account representative and any CO₂ authorized alternate account representative for the general account shall represent and, by his or her representations, actions, inactions, or submissions, legally bind each entity who has an ownership interest with respect to CO₂ allowances held in the general account in all matters pertaining to this Part, notwithstanding any agreement between the CO₂ authorized account representative or any CO₂ authorized alternate account representative and such entity. Any such entity shall be bound by any order or decision issued to the CO₂ authorized account representative or any CO₂ authorized alternate account representative by the REGULATORY AGENCY or its agent or a court regarding the general account.
- (c) Any representation, action, inaction, or submission by any CO₂ authorized alternate account representative shall be deemed to be a representation, action, inaction, or submission by the CO₂ authorized account representative.

- (ii) Each submission concerning the general account shall be submitted, signed, and certified by the CO₂ authorized account representative or any CO₂ authorized alternate account representative for the entities having an ownership interest with respect to CO₂ allowances held in the general account. Each such submission shall include the following certification statement by the CO₂ authorized account representative or any CO₂ authorized alternate account representative, in a format prescribed by the REGULATORY AGENCY:

“I am authorized to make this submission on behalf of the entities having an ownership interest with respect to the CO₂ allowances

held in the general account. I certify under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

- (iii) The REGULATORY AGENCY or its agent will accept or act on a submission concerning the general account only if the submission has been made, signed, and certified in accordance with subparagraph (2)(ii) of this subdivision.
- (3) *Changing CO₂ authorized account representative and CO₂ authorized alternate account representative; changes in entities with ownership interest.*
- (i) The CO₂ authorized account representative for a general account may be changed at any time upon receipt by the REGULATORY AGENCY or its agent of a superseding complete application for a general account under paragraph (1) of this subdivision. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the REGULATORY AGENCY or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized account representative and the entities with an ownership interest with respect to the CO₂ allowances in the general account.
 - (ii) The CO₂ authorized alternate account representative for a general account may be changed at any time upon receipt by the

REGULATORY AGENCY or its agent of a superseding complete application for a general account under paragraph (1) of this subdivision. Notwithstanding any such change, all representations, actions, inactions, and submissions by the previous CO₂ authorized account representative, or the previous CO₂ authorized alternate account representative, prior to the time and date when the REGULATORY AGENCY or its agent receives the superseding application for a general account shall be binding on the new CO₂ authorized alternate account representative and the entities with an ownership interest with respect to the CO₂ allowances in the general account.

- (iii) In the event a new entity having an ownership interest with respect to CO₂ allowances in the general account is not included in the list of such entities in the application for a general account, such new entity shall be deemed to be subject to and bound by the application for a general account, the representations, actions, inactions, and submissions of the CO₂ authorized account representative and any CO₂ authorized alternate account representative, and the decisions, orders, actions, and inactions of the REGULATORY AGENCY or its agent, as if the new entity were included in such list.
- (iv) Within 30 days following any change in the entities having an ownership interest with respect to CO₂ allowances in the general account, including the addition or deletion of entities, the CO₂ authorized account representative or any CO₂ authorized alternate account representative shall submit a revision to the application for a general account amending the list of entities having an ownership interest with respect to the CO₂ allowances in the general account to include the change.

(4) *Objections concerning CO₂ authorized account representative.*

- (i) Once a complete application for a general account under paragraph

- (1) of this subdivision has been submitted and received, the REGULATORY AGENCY or its agent will rely on the application unless and until a superseding complete application for a general account under paragraph (1) of this subdivision is received by the REGULATORY AGENCY or its agent.
- (ii) Except as provided in subparagraphs (3)(i) and (ii) of this subdivision, no objection or other communication submitted to the REGULATORY AGENCY or its agent concerning the authorization, or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general account shall affect any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative or the finality of any decision or order by the REGULATORY AGENCY or its agent under this Part.
- (iii) Neither the REGULATORY AGENCY nor its agent will adjudicate any private legal dispute concerning the authorization or any representation, action, inaction, or submission of the CO₂ authorized account representative or any CO₂ authorized alternate account representative for a general account, including private legal disputes concerning the proceeds of CO₂ allowance transfers.
- (5) *Delegation by CO₂ authorized account representative and CO₂ authorized alternate account representative.*
- (i) A CO₂ authorized account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the REGULATORY AGENCY or its agent provided for under this Subpart and Subpart XX-7.
- (ii) A CO₂ authorized alternate account representative may delegate, to one or more natural persons, his or her authority to make an electronic submission to the REGULATORY AGENCY or its agent provided for under this Subpart and Subpart XX-7.

(iii) In order to delegate authority to make an electronic submission to the REGULATORY AGENCY or its agent in accordance with subparagraphs (i) and (ii) of this paragraph, the CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, must submit to the REGULATORY AGENCY or its agent a notice of delegation, in a format prescribed by the REGULATORY AGENCY that includes the following elements:

- (a) The name, address, e-mail address, and telephone number, of such CO₂ authorized account representative or CO₂ authorized alternate account representative;
- (b) The name, address, e-mail address, and telephone number of each such natural person, herein referred to as “electronic submission agent”;
- (c) For each such natural person, a list of the type of electronic submissions under subdivision (b) of this section for which authority is delegated to him or her; and
- (d) The following certification statements by such CO₂ authorized account representative or CO₂ authorized alternate account representative:
 - (1) *“I agree that any electronic submission to the REGULATORY AGENCY or its agent that is by a natural person identified in this notice of delegation and of a type listed for such electronic submission agent in this notice of delegation and that is made when I am a CO₂ authorized account representative or CO₂ authorized alternate account representative, as appropriate, and before this notice of delegation is superseded by another notice of delegation under subparagraph XX-6.2(b)(5)(iv) shall be deemed to be an electronic submission by me. I certify that all*

entities who have an ownership interest with respect to CO₂ allowances held in the general account shall be fully bound by any such electronic submission.”

(2) *“Until this notice of delegation is superseded by another notice of delegation under subparagraph XX-6.2(b)(5)(iv), I agree to maintain an e-mail account and to notify the REGULATORY AGENCY or its agent immediately of any change in my e-mail address unless all delegation authority by me under paragraph XX-6.2(b)(5) is terminated.”*

(iv) A notice of delegation submitted under subparagraph (iii) of this paragraph shall be effective, with regard to the CO₂ authorized account representative or CO₂ authorized alternate account representative identified in such notice, upon receipt of such notice by the REGULATORY AGENCY or its agent and until receipt by the REGULATORY AGENCY or its agent of a superseding notice of delegation by such CO₂ authorized account representative or CO₂ authorized alternate account representative as appropriate. The superseding notice of delegation may replace any previously identified electronic submission agent, add a new electronic submission agent, or eliminate entirely any delegation of authority.

(v) Any electronic submission covered by the certification in sub-clause (iii)(d)(1) of this paragraph and made in accordance with a notice of delegation effective under subparagraph (iv) of this paragraph shall be deemed to be an electronic submission by the CO₂ authorized account representative or CO₂ authorized alternate account representative submitting such notice of delegation.

(c) *Reporting accounts.* Upon receipt of a complete account certificate of representation under section XX-2.4, the REGULATORY AGENCY or its agent will establish a reporting account for each JURISDICTION fuel supplier or reporting-only

entity for which the account certificate of representation was submitted.

(d) *Account identification.* The REGULATORY AGENCY or its agent will assign a unique identifying number to each account established under subdivisions (a) - (c) of this section.

XX-6.3 Emissions and Allowance Tracking System responsibilities of CO₂ authorized account representative.

Following the establishment of any type of EATS account, all submissions to the REGULATORY AGENCY or its agent pertaining to the account, including, but not limited to, data reported pursuant to Subparts XX-8 and XX-9 and submissions concerning the deduction or transfer of CO₂ allowances in the account, shall be made only by the CO₂ authorized account representative for the account.

XX-6.4 Recordation of CO₂ allowance allocations.

(a) By January 1 of each calendar year, the REGULATORY AGENCY or its agent will record the allocations of CO₂ allowances into the accounts as specified in Subpart XX-5 for the year.

(b) *Serial numbers for allocated CO₂ allowances.* When allocating CO₂ allowances to and recording them in an account, the REGULATORY AGENCY or its agent will assign each CO₂ allowance a unique number that will include digits identifying the year for which the CO₂ allowance is allocated.

XX-6.5 Compliance.

(a) *Allowances available for compliance deduction.* CO₂ allowances that meet the following criteria are available to be deducted in order for a JURISDICTION fuel supplier

to comply with the CO₂ requirements of subdivision XX-1.5(b) for a control period or an interim control period.

- (1) The CO₂ allowances, other than CO₂ offset allowances, are of allocation years that fall within a prior control period, the same control period, or the same interim control period for which the allowances will be deducted.
- (2) The CO₂ allowances are held in the JURISDICTION fuel supplier's compliance account as of the CO₂ allowance transfer deadline for that control period or interim control period or are transferred into the compliance account by a CO₂ allowance transfer correctly submitted for recordation under section XX-7.1 by the CO₂ allowance transfer deadline for that control period or interim control period.
- (3) For CO₂ offset allowances, the number of CO₂ offset allowances that are available to be deducted in order for a JURISDICTION fuel supplier to comply with the CO₂ requirements of subdivision XX-1.5(b) for a control period or an interim control period may not exceed 3.3 percent of the JURISDICTION fuel supplier's CO₂ emissions for that control period, or 3.3 percent of 0.50 times the JURISDICTION fuel supplier's CO₂ emissions for an interim control period, as determined in accordance with this Subpart and Subparts XX-8 and XX-9.
- (4) The CO₂ allowances are not necessary for deductions for CO₂ excess emissions for a prior control period under subdivision (d) of this section.

(b) *Deductions for compliance.* Following the recordation, in accordance with section XX-7.2, of CO₂ allowance transfers submitted for recordation in the JURISDICTION fuel supplier's compliance account by the CO₂ allowance transfer deadline for a control period or interim control period, the REGULATORY AGENCY or its agent will deduct CO₂ allowances available under subdivision (a) of this section to cover the JURISDICTION fuel supplier's CO₂ emissions (as determined in accordance with Subparts XX-8 and XX-9) for the control period or interim control period, as follows:

- (1) Until the amount of CO₂ allowances deducted equals the metric tonnage

of total CO₂ emissions for a control period (or 0.50 times the metric tonnage of total CO₂ emissions for an interim control period), determined in accordance with Subparts XX-8 and XX-9; or

- (2) If there are insufficient CO₂ allowances to complete the deductions in paragraph (b)(1) of this section, until no more CO₂ allowances available under subdivision (a) of this section remain in the compliance account.

(c) *Identification of available CO₂ allowances by serial number; default compliance deductions.*

- (1) The CO₂ authorized account representative for a JURISDICTION fuel supplier's compliance account may request that specific CO₂ allowances, identified by serial number, in the compliance account be deducted for CO₂ emissions or CO₂ excess emissions for a control period or interim control period in accordance with subdivision (b), or (d) of this section. Such identification shall be made in the compliance certification report submitted in accordance with section XX-4.1.
- (2) The REGULATORY AGENCY or its agent will deduct CO₂ allowances for a control period or interim control period from the JURISDICTION fuel supplier's compliance account, in the absence of an identification or in the case of a partial identification of available CO₂ allowances by serial number under paragraph (1) of this subdivision, in the following order:
 - (i) First, subject to the relevant compliance deduction limitations under paragraphs (a)(3) and (d)(1) of this section, CO₂ offset allowances. CO₂ offset allowances shall be deducted in chronological order (i.e., CO₂ offset allowances from earlier allocation years shall be deducted before CO₂ offset allowances from later allocation years). In the event that some, but not all, CO₂ offset allowances from a particular allocation year are to be deducted, CO₂ offset allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.

- (ii) Second, any CO₂ allowances, other than CO₂ offset allowances, that are available for deduction under subdivision (a) of this section. CO₂ allowances shall be deducted in chronological order (i.e., CO₂ allowances from earlier allocation years shall be deducted before CO₂ allowances from later allocation years).
 - (iii) In the event that some, but not all, CO₂ allowances from a particular allocation year are to be deducted, CO₂ allowances shall be deducted by serial number, with lower serial number allowances deducted before higher serial number allowances.
- (d) *Deductions for CO₂ excess emissions.*
 - (1) After making the deductions for compliance under subdivision (b) of this section, the REGULATORY AGENCY or its agent will deduct from the JURISDICTION fuel supplier's compliance account a number of CO₂ allowances, equal to three times the number of the JURISDICTION fuel supplier's CO₂ excess emissions. In the event that a JURISDICTION fuel supplier has insufficient CO₂ allowances to cover three times the number of the CO₂ excess emissions, the JURISDICTION fuel supplier shall be required to immediately transfer sufficient allowances into its compliance account. No CO₂ offset allowances may be deducted to account for the JURISDICTION fuel supplier's CO₂ excess emissions.
 - (2) Any CO₂ allowance deduction required under paragraph (1) of this subdivision shall not affect the liability of the JURISDICTION fuel supplier for any fine, penalty, or assessment, or their obligation to comply with any other remedy, for the same violation, as ordered under applicable JURISDICTION law. The following guidelines will be followed in assessing fines, penalties or other obligations.
 - (i) For purposes of determining the number of days of violation, if a JURISDICTION fuel supplier has CO₂ excess emissions for a control period, each day in the control period constitutes a day in violation unless the JURISDICTION fuel supplier demonstrates that

a lesser number of days should be considered.

- (ii) Each metric ton of CO₂ excess emissions is a separate violation.
- (iii) For purposes of determining the number of days of violation, if a JURISDICTION fuel supplier has CO₂ excess interim emissions for an interim control period, each day in the interim control period constitutes a day in violation unless the JURISDICTION fuel supplier demonstrates that a lesser number of days should be considered.
- (iv) Each metric ton of CO₂ excess interim emissions is a separate

violation.

- (3) The propriety of the REGULATORY AGENCY's determination that a JURISDICTION fuel supplier had CO₂ excess emissions and the concomitant deduction of CO₂ allowances from that JURISDICTION fuel supplier's account may be later challenged in the context of the initial administrative enforcement, or any civil or criminal judicial action arising from or encompassing that CO₂ excess emissions violation. The commencement or pendency of any administrative enforcement, or civil or criminal judicial action arising from or encompassing that CO₂ excess emissions violation will not act to prevent the REGULATORY AGENCY or its agent from initially deducting the CO₂ allowances resulting from the REGULATORY AGENCY's original determination that the relevant JURISDICTION fuel supplier has had CO₂ excess emissions. Should the REGULATORY AGENCY's determination of the existence or extent of the JURISDICTION fuel supplier's CO₂ excess emissions be revised either by a settlement or final conclusion of any administrative or judicial action, the REGULATORY AGENCY will act as follows.

- (i) In any instance where the REGULATORY AGENCY's determination of the extent of CO₂ excess emissions was too low, the REGULATORY AGENCY will take further action under paragraphs (1) and (2) of this subdivision to address the expanded violation.
- (ii) In any instance where the REGULATORY AGENCY's determination

of the extent of CO₂ excess emissions was too high, the REGULATORY AGENCY will distribute to the relevant JURISDICTION fuel supplier a number of CO₂ allowances equaling the number of CO₂ allowances deducted which are attributable to the difference between the original and final quantity of CO₂ excess emissions. Should such JURISDICTION fuel supplier's compliance account no longer exist, the CO₂ allowances will be provided to a general account selected by the JURISDICTION fuel supplier from which they were originally deducted.

(e) The REGULATORY AGENCY or its agent will record in the appropriate compliance account all deductions from such an account pursuant to subdivisions (b) and (d) of this section.

(f) *Action by the REGULATORY AGENCY on submissions.*

- (1) The REGULATORY AGENCY may review and conduct independent audits concerning any submission under this Part and make appropriate adjustments of the information in the submissions.
- (2) The REGULATORY AGENCY or its agent may deduct CO₂ allowances from or transfer CO₂ allowances to a JURISDICTION fuel supplier's compliance account based on information in the submissions, as adjusted under paragraph (f)(1) of this section.

XX-6.6 Banking.

Each CO₂ allowance that is held in a compliance account or a general account will remain in such account unless and until the CO₂ allowance is deducted or transferred under section XX-4.2, section XX-6.5, section XX-6.7, or Subpart XX-7.

XX-6.7 Account error.

The REGULATORY AGENCY or its agent may, at its sole discretion and on his or her own motion, correct any error in any EATS account. Within 10 days of making such correction, the REGULATORY AGENCY or its agent will notify the CO₂ authorized account representative for the account.

XX-6.8 Closing of general accounts.

(a) A CO₂ authorized account representative of a general account may instruct the REGULATORY AGENCY or its agent to close the account by submitting a statement requesting deletion of the account from the EATS and by correctly submitting for recordation under section XX-7.1 a CO₂ allowance transfer of all CO₂ allowances in the account to one or more other EATS accounts.

(b) If a general account shows no activity for a period of one year or more and does not contain any CO₂ allowances, the REGULATORY AGENCY or its agent may notify the CO₂ authorized account representative for the account that the account will be closed in the EATS 30 days after the notice is sent. The account will be closed after the 30-day period unless before the end of the 30-day period the REGULATORY AGENCY or its agent receives a correctly submitted transfer of CO₂ allowances into the account under section XX-7.1 or a statement submitted by the CO₂ authorized account representative demonstrating to the satisfaction of the REGULATORY AGENCY or its agent good cause as to why the account should not be closed. The REGULATORY AGENCY or its agent will have sole discretion to determine if the owner of the account demonstrated that the account should not be closed.

Subpart XX-7 CO₂ Allowance Transfers

XX-7.1 Submission of CO₂ allowance transfers.

The CO₂ authorized account representatives seeking recordation of a CO₂ allowance

transfer shall submit the transfer to the REGULATORY AGENCY or its agent. To be considered correctly submitted, the CO₂ allowance transfer shall include the following elements in a format prescribed by the REGULATORY AGENCY:

- (a) The numbers identifying both the transferor and transferee accounts;
- (b) A specification by serial number of each CO₂ allowance to be transferred;
- (c) The printed name and signature of the CO₂ authorized account representative of the transferor account and the date signed;
- (d) The date of the completion of the last sale or purchase transaction for the allowance, if any; and
- (e) The purchase or sale price of the allowance that is the subject of a sale or purchase transaction under subdivision (d) of this section.

XX-7.2 Recordation.

- (a) Within 5 days of receiving a CO₂ allowance transfer, except as provided in subdivision (b) of this section, the REGULATORY AGENCY or its agent will record a CO₂ allowance transfer by moving each CO₂ allowance from the transferor account to the transferee account as specified by the request, provided that the transfer is correctly submitted under section XX-7.1; and
 - (1) The transferor account includes each CO₂ allowance identified by serial number in the transfer.
 - (2) A CO₂ allowance transfer into or out of a compliance account that is submitted for recordation following the CO₂ allowance transfer deadline and that includes any CO₂ allowances that are of allocation years that fall within a control period or interim control period prior to or the same as the control period or interim control period to which the CO₂ allowance transfer

deadline applies will not be recorded until after completion of the process pursuant to subdivision XX-6.5(b).

(b) Where a CO₂ allowance transfer submitted for recordation fails to meet the requirements of subdivision (a) of this section, the REGULATORY AGENCY or its agent will not record such transfer.

XX-7.3 Notification of Recordation.

(a) *Notification of recordation.* Within 5 days of recordation of a CO₂ allowance transfer under section XX-7.2, the REGULATORY AGENCY or its agent will notify each party to the transfer. Notice will be given to the CO₂ authorized account representatives of both the transferor and transferee accounts.

(b) *Notification of non-recordation.* Within 10 days of receipt of a CO₂ allowance transfer that fails to meet the requirements of subdivision XX-7.2(a), the REGULATORY AGENCY or its agent will notify the CO₂ authorized account representatives of both accounts subject to the transfer of:

- (1) A decision not to record the transfer, and
- (2) The reasons for such non-recordation.

(c) Nothing in this section shall preclude the submission of a CO₂ allowance transfer for recordation following notification of non-recordation.

Subpart XX-8 CO₂ Emissions Reporting

XX-8.1 CO₂ emissions reporting requirements for JURISDICTION fuel suppliers.

(a) *General.* JURISDICTION fuel suppliers must calculate CO₂ emissions and submit monthly CO₂ emissions data reports to the REGULATORY AGENCY or its

agent.

(b) *Fuel included in CO₂ emissions calculations.* Each JURISDICTION fuel supplier shall calculate CO₂ emissions under section XX-8.2, using fuel shipment data that it reports or is required to report under section XX-8.3, as follows:

- (1) A position holder shall use the product code (indicating whether the shipment is motor gasoline or on-road diesel fuel), net fuel quantity, and biomass-derived content as a percent for the transportation fuel that it disbursed to JURISDICTION, provided that the following disbursements shall be excluded from the calculation:
 - (i) Those disbursements that were made from a reporting terminal, and for which a fuel shipment data report is submitted under section XX-8.3 documenting that the fuel was not delivered to JURISDICTION.
 - (ii) Those disbursements that were made from a terminal that is not a reporting terminal, and for which the position holder did not receive a notification under section XX-8.4

- (2) A below-the-rack distributor shall use the product code (indicating whether the shipment is motor gasoline or on-road diesel fuel), net fuel quantity, and biomass-derived content as a percent for the transportation fuel that it delivered to JURISDICTION, provided that the following shipments shall be excluded from the calculation:
 - (i) Those shipments that were disbursed to JURISDICTION from a reporting terminal.
 - (ii) Those shipments that were disbursed to JURISDICTION from a terminal that is not a reporting terminal, and for which a notification is provided to a position holder under section XX-8.4 concerning the disbursed fuel.

(c) *Non-submitted CO₂ Emissions Data Reports.* When a JURISDICTION fuel supplier fails to submit a CO₂ emissions data report as required under this section and section XX-8.2, the REGULATORY AGENCY may develop an assigned CO₂

emissions level for the JURISDICTION fuel supplier based on any information that the REGULATORY AGENCY deems relevant, including, but not limited to, conservative missing data parameters, the operations of the supplier during the month covered by the report, any previous CO₂ emissions data reports submitted by the supplier and verification statements rendered for such reports, the CO₂ emissions calculation methodology in paragraph XX-8.2(c)(5), any submissions to other agencies, and any information reported under this Subpart, for estimating the quantity of CO₂ emissions that should have been reported. The REGULATORY AGENCY will notify the JURISDICTION fuel supplier of its determination of an assigned CO₂ emissions level and the basis for the determination.

[Each REGULATORY AGENCY will add language to its specific TCI-P regulation for a process for requests by regulated entities for review of the agency decision related to assigned CO₂ emissions in accordance with the procedural pathways provided for review of similar agency decisions.]

XX-8.2 CO₂ emissions data report contents and mechanism for JURISDICTION fuel suppliers.

(a) *General.* JURISDICTION fuel suppliers must submit CO₂ emissions data reports required under section XX-8.1 to the REGULATORY AGENCY or its agent using the EATS, and must follow the procedures specified in this section when calculating and reporting CO₂ emissions.

(b) *Schedule.* Each JURISDICTION fuel supplier must submit a CO₂ emissions data report for each month, including any month for which it has no reportable disbursements or deliveries pursuant to section XX-8.3. The CO₂ emissions data report must be submitted no later than the last day of the month following the month covered by the report.

(c) *Content of monthly CO₂ emissions data report.* Each CO₂ emissions data report for a month shall contain the following information in a format prescribed by the REGULATORY AGENCY:

- (1) JURISDICTION fuel supplier name and compliance account number.
- (2) Month covered by the report.
- (3) Date of submittal and whether the report is a resubmittal.
- (4) Name of the CO₂ authorized account representative submitting the report.
- (5) Metric tons of CO₂ emissions from combustion of all transportation fuel disbursed or delivered to JURISDICTION during the month, as specified for the JURISDICTION fuel supplier in subdivision XX-8.1(b), including:
 - (i) Total monthly CO₂ emissions from the combustion of fossil fuel, with CO₂ emissions calculated for each fuel shipment as the product of the number of net gallons of transportation fuel, the fraction of the fuel that is derived from any fossil fuel, and a CO₂ emissions factor.
 - (ii) Any inputs used to calculate CO₂ emissions including, for each fuel shipment, as specified under subdivision XX-8.1(b):
 - (a) Product code. If the product code is not specified in the applicable fuel shipment data report, a conservative missing data parameter of the diesel fuel product code shall be used, and the fuel shall be treated as diesel fuel in clauses (c) and (d) of this subparagraph.
 - (b) The number of net gallons of transportation fuel. If the number of net gallons is not specified in the applicable fuel shipment data report, a conservative missing data parameter shall be used.
 - (c) The fraction, by volume, of the transportation fuel in the shipment that is derived from any fossil fuel (which equals 100% minus the biomass-derived content as a percent reported under paragraph XX-8.3(c)(7)), determined as follows:
 - (1) If the fuel is specified in the applicable fuel shipment data report to include only fuel that is derived from any fossil fuel, the fraction shall be 1.0.

- (2) If the fuel is diesel fuel and the fraction of the fuel that is derived from any fossil fuel is not specified in the applicable fuel shipment data report, or is specified to be greater than or equal to 0.98, the percentage shall be 0.98.
 - (3) If the fuel is motor gasoline and the fraction of the fuel that is derived from any fossil fuel is not specified in the applicable fuel shipment data report, or is specified to be greater than or equal to 0.90, the percentage shall be 0.90.
 - (4) If the fraction of the fuel that is derived from any fossil fuel is specified in the applicable fuel shipment data report to be less than 0.98 (for diesel fuel), or 0.90 (for motor gasoline), a lower percentage than 0.98 or 0.90, respectively, may be used only if that specific lower percentage is specified in such report.
- (d) The CO₂ emissions factor applied to the fraction of the transportation fuel in each shipment that is derived from any fossil fuel, which shall be:
- (1) For motor gasoline, 0.00878 metric tons of CO₂ per net gallon.
 - (2) For on-road diesel fuel, 0.01021 metric tons of CO₂ per net gallon.
- (6) Quantity of metric tons of CO₂ emissions under paragraph (5) of this subdivision whose calculation used, and the specific inputs under subparagraph (5)(ii) of this subdivision that used, a conservative missing data parameter.
- (d) *Certification.* Each CO₂ emissions report shall include a signed and dated certification statement provided by the CO₂ authorized account representative of the JURISDICTION fuel supplier as required in subdivision XX-2.1(e).

XX-8.3 Fuel shipment data reporting requirements, content and mechanism for JURISDICTION fuel suppliers and reporting-only entities.

(a) *General.* JURISDICTION fuel suppliers and reporting-only entities must submit fuel shipment data reports to the REGULATORY AGENCY or its agent using the EATS, and must follow the procedures specified in this section when submitting a fuel shipment data report for a month.

- (1) All position holders must report all of their disbursements to JURISDICTION in the month for which the destination jurisdiction or a destination address listed on the shipping document at the time of disbursement was JURISDICTION or was located in JURISDICTION.
- (2) All below-the-rack distributors must report:
 - (i) All of their deliveries to JURISDICTION in the month; provided, however, that distributors are not required to report fuel shipments that were disbursed to JURISDICTION from a reporting terminal and delivered to JURISDICTION; and
 - (ii) Any fuel shipments that are disbursed to JURISDICTION from a reporting terminal in the month and that the distributor instructs or otherwise causes to be delivered to a destination that is not a filling station in JURISDICTION.
- (3) All operators of reporting terminals must report all disbursements from their respective terminals in the month for which the destination jurisdiction or a destination address listed on the shipping document at the time of disbursement was JURISDICTION or was located in JURISDICTION.
- (4) Any position holder or distributor may for any reason submit fuel shipment data or a fuel shipment data report not otherwise required to be submitted

under this section, including to document fuel shipments that were not delivered to JURISDICTION.

- (5) Data must be submitted as listed on the bill of lading or other shipping document that accompanies the shipment.

(b) *Schedule.* Fuel shipment data reports must be submitted in accordance with the following:

- (1) A position holder must submit a report for each month, including any month in which it has no reportable disbursements under paragraph (a)(1) of this section. The fuel shipment data report must be submitted by the 15th day of the month following the month covered by the report.
- (2) A below-the-rack distributor must submit a report for each month in which it has one or more reportable deliveries under paragraph (a)(2)(i) or (ii) of this section, but is not required to submit such a report for a month with no such reportable deliveries. The fuel shipment data report, including any associated notification to a position holder under section XX-8.4, must be submitted by the 20th day of the month following the month covered by the report.
 - (i) Using the EATS, the position holder, must accept a late notification until the last day of that following month, and may, at its sole discretion, accept a late notification until January 31 in the following calendar year. After a position holder accepts a late notification, then the position holder and, if necessary, the distributor shall resubmit CO₂ emissions data reports for the month in which the shipment was delivered to JURISDICTION. CO₂ emissions data reports resubmitted as a result of late notifications must be submitted by January 31 in that following year.
 - (ii) If a notification was required for a shipment, but was not submitted by the 20th day of that following month or accepted as a late

notification by a position holder, then the distributor and not the position holder shall report the CO₂ emissions.

- (3) An operator of a reporting terminal must submit a report for each month, including any month in which it has no reportable disbursements under paragraph (a)(3) of this section. The fuel shipment data report must be submitted by the last day of the month following the month covered by the report.

(c) *Content of monthly fuel shipment data report.* Each fuel shipment data report shall contain the information specified in paragraphs (1) – (19) of this subdivision for each shipment, and any associated notification shall contain the information specified in subdivision XX-8.4(b), in a format prescribed by the REGULATORY AGENCY. In the fuel shipment data report, if any of the information in paragraphs (7) – (15) of this subdivision is not specified in the bill of lading or other shipping document for a fuel shipment or if any of the information in paragraphs (16) – (19) of this subdivision is not applicable, “N/A” shall be reported.

- (1) Name and identification number of the JURISDICTION fuel supplier or reporting-only entity submitting the fuel shipment data report.
- (2) Month covered by the report.
- (3) Date of submittal and whether the report is a resubmittal.
- (4) Shipping document number and date of issuance.
- (5) Destination jurisdiction.
- (6) Origination address.
- (7) Name and identification number of the terminal from which the fuel was disbursed.
- (8) Name and identification number of the carrier transporting the fuel.

- (9) Name and identification number of the consignee and consignor (shipper) for the shipment.
- (10) Name and identification number of any other JURISDICTION fuel supplier(s) listed on the shipping document.
- (11) Product code, indicating whether the shipment is motor gasoline or on-road diesel fuel.
- (12) Biomass-derived content as a percent (i.e., percent of the total fuel volume that is not derived from any fossil fuel).
- (13) Net fuel quantity in gallons.
- (14) Gross fuel quantity in gallons.
- (15) Destination address.
- (16) Identification of, and explanation for, any data elements for which a conservative missing data parameter was used.
- (17) If the fuel shipment data report is submitted by a position holder, whether the destination address for the shipment is a fuel storage facility, or portion of a fuel storage facility, that is not a filling station and whether the destination address for the shipment changed after issuance of the shipping document from being a filling station and, if so, the reason for the change.
- (18) If the fuel shipment data report is submitted by a below-the rack distributor, and the shipment was delivered to JURISDICTION and is not subject to the notification requirement under section XX-8.4, identification of at least one of the following reasons for the lack of notification:
 - (i) The destination jurisdiction for the shipment changed, and the destination jurisdiction listed on the shipping document at the time of disbursement was not JURISDICTION.

- (ii) The origination address is a fuel storage facility that is not a terminal.
 - (iii) The origination address is outside the United States.
 - (iv) The origination address is a reporting terminal.
- (19) Whether the destination jurisdiction for the shipment changed after issuance of the shipping document and, if so, the reason for the change.

(d) *Certification.* Each fuel shipment data report shall include a signed and dated certification statement provided by the CO₂ authorized account representative of the JURISDICTION fuel supplier or reporting-only entity, as applicable as required in subdivision XX-2.1(e).

(e) *Specification of destination jurisdiction.* JURISDICTION fuel suppliers shall ensure that a destination jurisdiction is included in the shipping documents that accompany fuel shipments to filling stations in JURISDICTION consistent with the provisions of 49 CFR 373.101, as that section existed on October 4, 2016.

XX-8.4 Notification.

(a) When a below-the rack distributor delivers to JURISDICTION transportation fuel that was disbursed to JURISDICTION from a terminal that is not a reporting terminal, the distributor must provide a notification of the delivery to the position holder that made the disbursement and to the REGULATORY AGENCY or its agent using the EATS.

(b) *Schedule.* The notification deadline is the 20th day of the month following the month of the delivery, as specified in paragraph XX-8.3(b)(2).

(c) *Content of the notification.* The notification shall include:

- (1) The document number associated with the fuel shipment that is the subject of the notification, and any other information that may be necessary to positively identify that shipment.

(2) A list of discrepancies, if any, with regard to the fuel shipment that is the subject of the notification between the distributor's fuel shipment data report and the position holder's fuel shipment data report.

(d) *Certification.* Each notification shall include a signed and dated certification statement provided by the CO₂ authorized account representative of the distributor as required in subdivision XX-2.1(e).

(e) With respect to a fuel shipment that is subject to notification, if a position holder that disburses to JURISDICTION, and a distributor that delivers to JURISDICTION, are the same entity, then the JURISDICTION fuel supplier must report the fuel shipment in a fuel shipment data report as a position holder and as a distributor pursuant to section XX-8.3, provide a notification as a distributor pursuant to this section, and calculate and report the CO₂ emissions as a position holder pursuant to sections XX-8.1 and XX-8.2.

XX-8.5 Confidentiality.

(a) Submitted CO₂ emissions data reports are public information and shall not be designated as confidential.

[TCI-P participating jurisdictions may insert provisions related to the confidentiality of fuel shipment data reports. The participating jurisdictions intend for fuel shipment data reports to be maintained as confidential to the degree allowable by law.]

Subpart XX-9 Reporting verification requirements

XX-9.1 Requirements for verification of CO₂ emissions data reports.

JURISDICTION fuel suppliers must obtain the services of an accredited verification body for purposes of verifying the CO₂ emissions data reports submitted for each year under Subpart XX-8.

(a) *Verification requirement and deadlines.* Verification services with regard to the CO₂ emissions data reports submitted for a year must be completed, and a verification statement must be submitted by the verification body to the REGULATORY AGENCY or its agent, by April 1 after such year. Each JURISDICTION fuel supplier must ensure that the verification statement is submitted by this deadline. Contracting with a verification body without providing sufficient time to complete the verification statement by the applicable deadline will not excuse the JURISDICTION fuel supplier from this responsibility.

(b) *Annual verification.*

(1) JURISDICTION fuel suppliers are subject to full verification requirements in the first year that verification is required in each control period. Upon receiving a positive verification statement under full verification requirements, the JURISDICTION fuel supplier may choose to obtain less intensive verification services for the remaining years of the control period. JURISDICTION fuel suppliers are also required to obtain full verification services if any of the following apply:

- (i) A different verification body is used for the year than was used for the previous year;
- (ii) An adverse verification statement or qualified positive verification statement was issued for the previous year;
- (iii) A change of operational control of the JURISDICTION fuel supplier occurred in the previous year.
- (iv) Nothing in this paragraph shall be construed as preventing a verification body from performing a full verification in instances where there are changes in CO₂ emissions. The verification body

must provide information on the causes of the CO₂ emission changes and justification in the verification report if a full verification was not conducted in instances where the total reported CO₂ emissions differ by greater than 25 percent relative to the preceding year's CO₂ emissions.

- (2) JURISDICTION fuel suppliers shall not use the same verification body or verifier(s) for a period of more than six consecutive years.
- (i) The six-year period begins on the date the JURISDICTION fuel supplier or its agent first contracts for any third-party verifications, validations, or audits and ends on the date the final verification statement is submitted for the sixth compliance year. Verification bodies may not provide verification services if the six-year period ends prior to sixty days after the last CO₂ emissions data report for the sixth compliance year is submitted by the JURISDICTION fuel supplier to the REGULATORY AGENCY or its agent, unless a verification plan is agreed to by the JURISDICTION fuel supplier, the verification body, and the REGULATORY AGENCY. If the six-year time limit is exceeded, the JURISDICTION fuel supplier must engage a different verification body and meet the verification deadline. Even if these services are provided before the verification body or verifiers have received REGULATORY AGENCY accreditation, the six-year period still begins when these services are contracted for, if accreditation is later received.
- (ii) The six-year limit also applies to verification bodies and verifiers providing the REGULATORY AGENCY or any other third party verifications, validations, or audits that include the scope of activities or operations covered by the CO₂ emissions data reports and does not reset upon a change in JURISDICTION fuel supplier ownership or operational control.
- (iii) If a JURISDICTION fuel supplier is required or elects to contract

with another verification body or verifier(s), the JURISDICTION fuel supplier may contract verification services from the previous verification body or verifier(s) only after not using the previous verification body or verifier(s) for at least three years.

(iv) If a JURISDICTION fuel supplier is required to select a new verification body to verify the CO₂ emissions data reports that have been set aside pursuant to subdivision XX-9.2(e), the JURISDICTION fuel supplier may continue to contract for verification services with that new verification body, subject to the six-year time limit.

XX-9.2 Requirements for verification services.

Verification services shall be rendered by an accredited verification body subject to the following requirements.

(a) *Notice of verification services.* After the REGULATORY AGENCY has provided a determination that the potential for a conflict of interest is acceptable as specified in subdivision XX-9.4(f) and that verification services may proceed, the verification body shall submit a notice of verification services to the REGULATORY AGENCY. The verification body may begin verification services for the JURISDICTION fuel supplier after the notice is received by the REGULATORY AGENCY, but must allow 14 days advance notice of the site visit unless an earlier date is approved by the REGULATORY AGENCY in writing. In the event that the conflict of interest statement and the notice of verification services are submitted together, verification services cannot begin until ten days after the REGULATORY AGENCY has deemed acceptable the potential for conflict of interest as specified in subdivision XX-9.4(f). Verification services may not begin until the JURISDICTION fuel supplier submits to the REGULATORY AGENCY or its agent in the EATS all the CO₂ emissions data reports for the year to be covered by such verification services. The notice shall include the following information:

- (1) A list of the staff who will be designated to provide verification services as a verification team, including the names of each designated staff member, the lead verifier, and all subcontractors, and a description of the roles and responsibilities each member will have during verification.
 - (2) Documentation that the verification team has the skills required to provide verification services for the JURISDICTION fuel supplier. This shall include a demonstration that a verification team includes at least one member accredited as a fuels specific verifier that is not also the independent reviewer.
 - (3) General information on the JURISDICTION fuel supplier, including:
 - (i) The name and identification number of the JURISDICTION fuel supplier and the locations that will be subject to verification services, JURISDICTION fuel supplier contact, address, telephone number, and e-mail address;
 - (ii) The date(s) of the site visit, if required in paragraph XX-9.1(b)(1), with site address and contact information; and
 - (iii) A brief description of expected verification services to be performed, including expected completion date.
 - (4) If any of the information under paragraph (1) or (3) of this subdivision changes after the notice is submitted to the REGULATORY AGENCY, the verification body must notify the REGULATORY AGENCY by submitting an updated conflict of interest self-evaluation form and updated notice of verification services as soon as the change is made. The conflict of interest must be reevaluated pursuant to paragraph XX-9.4(f) and the REGULATORY AGENCY must approve any changes in writing.
- (b) Verification services shall include, but are not limited to, the following:
- (1) *Verification plan*. The verification team shall develop a verification plan based on the following:
 - (i) *Information from the JURISDICTION fuel supplier*. Such information shall include:

- (a) Information to allow the verification team to develop a general understanding of the supplier's fuel shipments and CO₂ emissions;
 - (b) Information regarding the training or qualifications of personnel involved in developing the CO₂ emissions data reports and fuel shipment data reports;
 - (c) Description of the specific methodologies used to quantify and report CO₂ emissions, fuel shipments, and associated data as needed to develop the verification plan;
 - (d) Information about the data management system used to track CO₂ emissions, fuel shipments, and associated data as needed to develop the verification plan; and
 - (e) Previous verification reports.
- (ii) *Timing of verification services.* Such information shall include:
 - (a) Dates of proposed meetings and interviews with JURISDICTION fuel supplier or other personnel;
 - (b) Dates of proposed site visits;
 - (c) Types of proposed document and data reviews; and
 - (d) Expected date for completing verification services.
- (2) *Planning meetings with the JURISDICTION fuel supplier.* The verification team shall discuss with the JURISDICTION fuel supplier the scope of the verification services and request any information and documents needed for initial verification services. The verification team shall create a draft sampling plan and verification plan prior to the site visit during full verification. The verification team shall also review the documents submitted and plan and conduct a review of original documents and supporting data for the CO₂ emissions data reports.
- (3) *Site visits.* At least one accredited verifier in the verification team, including the fuels specific verifier, shall at a minimum make one site visit during each year full verification is required, to the supplier's headquarters

or other location of central data management. During the site visit, the verification team member(s) shall conduct the following:

- (i) The verification team member(s) shall review and understand the data management systems used by the JURISDICTION fuel supplier to track, quantify, and report CO₂ emissions and fuel shipments. The verification team member(s) shall evaluate the uncertainty and effectiveness of these systems.
 - (ii) The verification team shall carry out tasks that, in the professional judgment of the team, are needed in the verification process, including the following:
 - (a) Interviews with key personnel, as well as staff involved in compiling data and preparing the CO₂ emissions data reports;
 - (b) Assessing conformance with missing data substitution requirements in subdivision XX-8.1(c) or XX-8.2(c); and
 - (c) Reviewing financial transactions to confirm fuel shipments and confirming the complete and accurate reporting of required data such as fuel quantities disbursed or delivered.
- (4) *Other JURISDICTION fuel supplier information.* JURISDICTION fuel suppliers shall make available to the verification team all information and documentation used to calculate and report CO₂ emissions, fuel shipments, and other information required under this Part.
- (5) *Sampling plan.* As part of confirming CO₂ emissions or fuel shipments, the verification team shall develop a sampling plan that meets the following requirements:
- (i) The verification team shall develop a sampling plan based on a strategic analysis developed from document reviews and interviews to assess the likely nature, scale and complexity of the verification services for the JURISDICTION fuel supplier. The analysis shall review the inputs for the development of the submitted CO₂ emissions data reports, the rigor and appropriateness of data

management systems, and the coordination within the JURISDICTION fuel supplier's organization to manage systems used to develop CO₂ emissions data reports.

- (ii) The verification team shall include in the sampling plan an evaluation of fuel shipments and the amount of contribution to total CO₂ emissions for the JURISDICTION fuel supplier, and an evaluation of fuel shipments with the largest uncertainty in the calculation of CO₂ emissions. As deemed appropriate by the verification team, fuel shipments shall also be evaluated relative to the amount of fuel and reporting uncertainties that may apply to data provided by the JURISDICTION fuel supplier including risk of incomplete reporting. The sampling plan shall also include a qualitative narrative of uncertainty risk assessment in data processing, tracking, and reporting and management policies or practices in developing CO₂ emissions data reports.
- (iii) After completing the analyses required by subparagraphs (b)(5)(i) and (ii) of this section, the verification team shall include in the sampling plan a list which includes the following:
 - (a) Fuel shipments that will be targeted for document reviews, and data checks as specified in paragraph (b)(6) of this section, and an explanation of why they were chosen;
 - (b) Methods used to conduct data checks for each fuel shipment; and
 - (c) A summary of the information analyzed in the data checks and document reviews conducted for each fuel shipment targeted.
- (iv) The sampling plan list must be updated and finalized prior to the completion of verification services. The final sampling plan must describe in detail how the identified risks were addressed during the verification.
- (v) The verification team shall revise the sampling plan to describe

tasks completed by the verification team as information becomes available and potential issues emerge with material misstatement or nonconformance with the requirements of this Part.

- (vi) The verification body shall retain the sampling plan in paper, electronic, or other format for a period of not less than ten years following the submission of the verification statement. The sampling plan shall be made available to the REGULATORY AGENCY upon request.
 - (vii) The verification body shall retain all material received, reviewed, or generated to render a verification statement for a JURISDICTION fuel supplier for no less than ten years following the submission of the verification statement. The documentation must allow for a transparent review of how a verification body reached its conclusion in the verification statement.
- (6) *Data checks.* To determine the reliability of the submitted CO₂ emissions data reports, the verification team shall use data checks. Such data checks shall focus on the largest and most uncertain estimates of CO₂ emissions and fuel shipments, and shall include the following:
- (i) The verification team shall use data checks to ensure that the appropriate CO₂ emissions calculation methodology and emission factors have been applied for the fuel shipments.
 - (ii) The verification team shall choose data checks for fuel shipments based on their relative contributions to CO₂ emissions and the associated risks of contributing to material misstatement or nonconformance, as indicated in the sampling plan;
 - (iii) The verification team shall use professional judgment in the number of data checks required for the team to conclude with reasonable assurance whether the total reported CO₂ emissions are free of material misstatement. At a minimum, data checks must include the following:

- (a) Tracing data in the CO₂ emissions data reports to their origin;
 - (b) Looking at the process for data compilation and collection;
 - (c) Recalculating CO₂ emission estimates to check original calculations; and
 - (d) Reviewing the calculation methodology used by the JURISDICTION fuel supplier for conformance with this Part.
 - (iv) The verification team is responsible for ensuring via data checks that there is reasonable assurance that the CO₂ emissions data reports conform to the requirements of this Part.
 - (v) The verification team shall compare its own calculated results with the reported data in order to confirm the extent and impact of any omissions and errors. Any discrepancies must be investigated. The comparison of data checks must also include a narrative to indicate which fuel shipments were checked, the types and quantity of data that were evaluated for each fuel shipment, the percentage of reported CO₂ emissions covered by the data checks, and any separate discrepancies that were identified in data.
- (7) *CO₂ emissions data report modifications.* As a result of data checks by the verification team and prior to completion of a verification statement, the JURISDICTION fuel supplier must fix all correctable errors that affect CO₂ emissions in the submitted CO₂ emissions data reports, and resubmit a revised CO₂ emissions data report(s) to the REGULATORY AGENCY or its agent. Failure to do so will result in an adverse verification statement. Failure to fix misreported data that do not affect CO₂ emissions represents a nonconformance with this Part but does not, absent other errors, result in an adverse verification statement. The JURISDICTION fuel supplier shall maintain documentation to support any revisions made to the initial CO₂ emissions data report(s). Documentation for all CO₂ emissions data report submittals shall be retained by the JURISDICTION fuel supplier for ten years pursuant to Subpart XX-1.

- (i) The verification team shall use professional judgment in the determination of correctable errors, including whether differences are not errors but result from truncation, rounding, or averaging.
 - (ii) The verification team must document the source of any difference identified, including whether the difference results in a correctable error or whether the difference does not require further investigation because it is the result of truncation, rounding, or averaging.
- (8) *Findings.* To verify that the CO₂ emissions data reports are free of material misstatements, the verification team shall make its own determination of CO₂ emissions for checked fuel shipments and shall determine whether there is reasonable assurance that the CO₂ emissions data reports do not contain a material misstatement in CO₂ emissions reported for the JURISDICTION fuel supplier. To assess conformance with this Part the verification team shall review the methods and factors used to develop the CO₂ emissions data reports for adherence to the requirements of this Part and ensure that other requirements of this Part are met.
- (9) *Log of issues.* The verification team must keep a log of any issues identified in the course of verification activities that may affect determinations of material misstatement and nonconformance, whether identified by the verifier or by the JURISDICTION fuel supplier regarding the original or resubmitted CO₂ emissions data reports, or identified by REGULATORY AGENCY staff. The issues log must identify the regulatory section related to the nonconformance or potential nonconformance, if applicable, and indicate if the issues were corrected by the JURISDICTION fuel supplier prior to completion of the verification. Any other concerns that the verification team has with the preparation of the CO₂ emissions data reports must be documented in the issues log and communicated to the JURISDICTION fuel supplier during the course of verification activities. The log of issues must indicate whether each issue has a potential bearing on material misstatement, nonconformance, or

both and whether an adverse verification statement may result if not addressed.

(10) *Material misstatement assessment.* assessments of material misstatement are conducted on total reported CO₂ emissions.

(i) In assessing whether the CO₂ emissions data reports contain a material misstatement, the verification team must determine whether the total reported CO₂ emissions contain a material misstatement using the following equation:

$$\text{Percent error} = \frac{\sum (\text{Discrepancies} + \text{Omissions} + \text{Misreporting})}{\text{Total CO}_2 \text{ emissions}}$$

Where:

“Discrepancies” means any differences between the reported CO₂ emissions and the verifier’s review of CO₂ emissions subject to data checks in paragraph (6) of this subdivision.

“Omissions” means any CO₂ emissions the verifier concludes must be part of the CO₂ emissions data reports, but were not included by the JURISDICTION fuel supplier in the CO₂ emissions data reports.

“Misreporting” means duplicate, incomplete or other CO₂ emissions the verifier concludes should, or should not, be part of the CO₂ emissions data reports.

“Total CO₂ emissions” means the total annual reported CO₂ emissions for which the verifier is conducting a material misstatement assessment.

(ii) When evaluating material misstatement, verifiers must

deem correctly substituted missing data to be accurate, regardless of the amount of missing data.

- (11) *Review of missing data substitution.* If any fuel shipment was affected by a loss of data used to calculate the JURISDICTION fuel supplier's CO₂ emissions for the year:
- (i) The verification team shall confirm that the JURISDICTION fuel supplier's reported CO₂ emissions for the year were calculated using the applicable missing data procedures in subdivision XX-8.1(c) or XX-8.2(c).
 - (ii) If 20 percent or less of any single data element used to calculate CO₂ emissions is missing, and CO₂ emissions are correctly calculated using the applicable missing data procedures in subdivision XX-8.1(c) or XX-8.2(c), the CO₂ emissions calculated using such missing data procedures will be considered accurate and as meeting the reporting requirements.
 - (iii) If greater than 20 percent of any single data element used to calculate CO₂ emissions is missing or any combination of data elements is missing that would result in more than 5 percent of a JURISDICTION fuel supplier's CO₂ emissions being calculated using the applicable missing data procedures in subdivision XX-8.1(c) or XX-8.2(c), the verifier must include a finding of nonconformance with the required CO₂ emissions calculation methodology as part of the verification statement.
 - (iv) The verifier must note the date, time, and source of any missing data substitutions discovered during the course of verification in the verification report.
- (c) Completion of verification services must include:
- (1) *Verification statement.* Upon completion of the verification services specified in paragraph (b) of this section, the verification body shall complete a verification statement and provide the statement to the JURISDICTION fuel supplier and the REGULATORY AGENCY or its

agent by the applicable verification deadline specified in section XX-9.1. Before the verification statement is completed, the verification body shall have the verification services and findings of the verification team independently reviewed within the verification body by an independent reviewer who is a lead verifier not involved in services for that JURISDICTION fuel supplier during that year.

- (2) *Independent review.* The independent reviewer shall serve as a final check on the verification team's work to identify any significant concerns, including:
 - (i) Errors in planning,
 - (ii) Errors in data sampling, and
 - (iii) Errors in judgment by the verification team that are related to the draft verification statement.
 - (iv) The independent reviewer must maintain independence from the verification services by not making specific recommendations about how the verification services should be conducted. The independent reviewer will review documents applicable to the verification services provided, and identify any failure to comply with requirements of this Part or with the verification body's internal policies and procedures for providing verification services. The independent reviewer must concur with the verification findings before the verification statement can be issued.
- (3) *Completion of findings and verification report.* The verification body is required to provide each JURISDICTION fuel supplier with the following:
 - (i) A detailed verification report, which shall at a minimum include:
 - (a) A detailed description of the supplier's operations as they relate to this Part;
 - (b) A detailed description of data acquisition, tracking, and CO₂ emission calculation systems;
 - (c) The verification plan in accordance with paragraph (b)(1) of this section;

- (d) The detailed comparison of the data checks conducted during verification services in accordance with subparagraph (b)(6)(v) of this section;
 - (e) The log of issues identified in the course of verification activities and their resolution in accordance with paragraph (b)(9) of this section;
 - (f) The findings and any qualifying comments on findings during verification services in accordance with paragraph (b)(8) of this section; and
 - (g) The calculation performed in paragraph (b)(10) of this section.
 - (h) The verification report shall be submitted to the JURISDICTION fuel supplier at the same time as or before the final verification statement is submitted to the REGULATORY AGENCY or its agent. The detailed verification report shall be made available to the REGULATORY AGENCY within 7 days of such request being made.
- (ii) The verification team shall have a final discussion with the JURISDICTION fuel supplier explaining its findings, and notify the JURISDICTION fuel supplier of any unresolved issues noted in the issues log before the verification statement is finalized.
 - (iii) The verification body shall provide the verification statement to the JURISDICTION fuel supplier and the REGULATORY AGENCY or its agent, attesting whether the verification body has found the submitted CO₂ emissions data reports to be free of material misstatements, and whether the CO₂ emissions data reports are in conformance with the requirements of this Part. For every qualified positive verification statement, the verification body shall explain the nonconformances contained within the CO₂ emissions data reports and shall cite the section(s) in this Part that correspond to

the nonconformance and why the nonconformances do not result in a material misstatement. For every adverse verification statement, the verification body must explain all nonconformances and material misstatements leading to the adverse verification statement and shall cite the section(s) in this Part that correspond to the nonconformances and material misstatements.

(iv) The lead verifier in the verification team shall attest that the verification team has carried out all verification services as required by this Subpart, and the lead verifier who has conducted the independent review of verification services and findings shall attest to his or her independent review on behalf of the verification body and his or her concurrence with the verification findings.

(a) The lead verifier must attest in the verification statement, in writing, to the REGULATORY AGENCY as follows:

“I certify under penalty of law that the verification team has carried out all verification services as required by Subpart XX-9. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

(b) The lead verifier independent reviewer who has conducted the independent review of verification services and findings must attest in the verification statement, in writing, to the REGULATORY AGENCY as follows:

“I certify under penalty of law that I have conducted an independent review of the verification services and findings on behalf of the verification body as required by Subpart XX-9 and that the findings are true, accurate, and complete. I am

aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment.”

- (4) *Adverse verification statement and petition process.* Prior to the verification body providing an adverse verification statement to the REGULATORY AGENCY or its agent, the verification body shall notify the JURISDICTION fuel supplier and the JURISDICTION fuel supplier shall be provided at least 14 days to modify the CO₂ emissions data report(s) to correct any material misstatements or nonconformance found by the verification team. The verification body must provide notice to the REGULATORY AGENCY or its agent of the potential for an adverse verification statement at the same time it notifies the JURISDICTION fuel supplier, and include a preliminary issues log. The modified report(s) and verification statement must be submitted to the REGULATORY AGENCY or its agent before the verification deadline, even if the JURISDICTION fuel supplier makes a request to the REGULATORY AGENCY as provided below in subparagraph (i) of this paragraph.
- (i) If the JURISDICTION fuel supplier and the verification body cannot reach agreement on modifications to the CO₂ emissions data report(s) that result in a positive verification statement or qualified positive verification statement because of a disagreement on the requirements of this Part, the JURISDICTION fuel supplier may petition the REGULATORY AGENCY before the verification deadline and before the verification statement is submitted to make a final decision as to the verifiability of the submitted CO₂ emissions data report(s). At the same time that the JURISDICTION fuel supplier petitions the REGULATORY AGENCY, the JURISDICTION fuel supplier must submit all information it believes is necessary for the REGULATORY AGENCY to make a final decision.

- (ii) The REGULATORY AGENCY shall make a final decision no later than May 15 following the submission of a petition pursuant to subparagraph (i) of this paragraph. If at any point the REGULATORY AGENCY requests information from the verification body or the JURISDICTION fuel supplier, the information must be submitted to the REGULATORY AGENCY within ten days. The REGULATORY AGENCY will notify both the JURISDICTION fuel supplier and the verification body of its determination, which may also include an assigned CO₂ emissions level calculated pursuant to paragraph (5) of this subdivision, if applicable, and the basis for the determination.
- (5) *Assigned CO₂ emissions level.* When a JURISDICTION fuel supplier fails to receive a verification statement for a year by the applicable deadline or receives an adverse verification statement, the REGULATORY AGENCY shall develop an assigned CO₂ emissions level for the year for the JURISDICTION fuel supplier. Within ten days of a written request by the REGULATORY AGENCY, the verification body (if applicable) shall provide any available verification services information or correspondence related to the CO₂ emissions data. Within ten days of a request by the REGULATORY AGENCY, the JURISDICTION fuel supplier shall provide the data that is required to calculate CO₂ emissions according to the requirements of this Part, the preliminary or final detailed verification report prepared by the verification body (if applicable), and other information requested by the REGULATORY AGENCY. The JURISDICTION fuel supplier shall also make available personnel who can assist the REGULATORY AGENCY's determination of an assigned CO₂ emissions level for the year.
 - (i) In preparing the assigned CO₂ emissions level for the JURISDICTION fuel supplier, the REGULATORY AGENCY may consider the following information:

- (a) The operations of the JURISDICTION fuel supplier for the year;
 - (b) Any previous CO₂ emissions data reports submitted by the JURISDICTION fuel supplier and verification statements rendered for those reports;
 - (c) Information reported pursuant to Subpart XX-8;
 - (d) The CO₂ emissions calculation methodology in paragraph XX-8.2(c)(5);
 - (e) Conservative missing data parameters;
 - (f) Any submissions to other government agencies; or
 - (g) Any other information that the REGULATORY AGENCY deems relevant for estimating the quantity of CO₂ emissions.
- (ii) The REGULATORY AGENCY shall assign the CO₂ emissions level for the JURISDICTION fuel supplier using the best information available, including the information in subparagraph (i) of this paragraph. The REGULATORY AGENCY will notify the JURISDICTION fuel supplier of its determination of an assigned CO₂ emissions level and the basis for the determination. The REGULATORY AGENCY shall include an assigned CO₂ emissions level in the decision made pursuant to subparagraph (4)(ii) of this subdivision, if applicable.

[Each REGULATORY AGENCY will add language to its specific TCI-P regulation for a process for requests by regulated entities for review of the agency decision related to verification statements in accordance with the procedural pathways provided for review of similar agency decisions.]

(d) Upon provision of the verification statement to the REGULATORY AGENCY or its agent, the CO₂ emissions data report shall be considered final. No changes shall be made to the report as submitted to the REGULATORY AGENCY or its agent, and all

verification requirements of this Subpart shall be considered complete except in the circumstance specified in subdivision (e) of this section.

(e) If the REGULATORY AGENCY finds a high level of conflict of interest existed between a verification body and a JURISDICTION fuel supplier, an error is identified, or a CO₂ emissions data report in a year that is covered by a positive or qualified positive verification statement fails a REGULATORY AGENCY audit, the REGULATORY AGENCY may set aside the positive or qualified positive verification statement issued by the verification body, and require the JURISDICTION fuel supplier to have the CO₂ emissions data reports for that year reverified by a different verification body within 45 days. In instances where an error to a CO₂ emissions data report is identified and determined by the REGULATORY AGENCY to not affect the CO₂ emissions data, the change may be made without a set aside of the positive or qualified positive verification statement.

(f) Upon request by the REGULATORY AGENCY, the JURISDICTION fuel supplier shall provide the data used to generate a CO₂ emissions data report, including all data available to a verifier in the conduct of verification services, within 14 days.

(g) Upon request of the REGULATORY AGENCY, the verification body shall provide the REGULATORY AGENCY the full verification report given to the JURISDICTION fuel supplier, as well as the sampling plan, contracts for verification services, and any other supporting documents and calculations, within 14 days.

(h) Upon written notification by the REGULATORY AGENCY, the verification body shall make itself and its personnel available for a REGULATORY AGENCY audit.

XX-9.3 Accreditation requirements for verification bodies, lead verifiers, and verifiers of CO₂ emissions data reports.

(a) The accreditation requirements specified in this section shall apply to all verification bodies, lead verifiers, and verifiers that wish to provide verification services under this Subpart.

(b) The REGULATORY AGENCY may issue accreditation to verification bodies, lead verifiers, and verifiers that meet the requirements specified in this section.

- (1) *Verification body accreditation application.* To apply for accreditation as a verification body, the applicant shall submit the following information to the REGULATORY AGENCY:
- (i) A list of all verification staff and a description of their duties and qualifications, including REGULATORY AGENCY accredited verifiers on staff. The applicant shall demonstrate staff qualifications by listing each individual's education, experience, professional licenses, and other pertinent information.
 - (a) A verification body shall employ and retain at least two verifiers that have been accredited as lead verifiers, as specified in paragraph (2) of this subdivision.
 - (b) A verification body shall employ and retain at least five total full-time staff.
 - (ii) The applicant shall provide a list of any judicial proceedings, enforcement actions, or administrative actions filed against the body within the previous five years, with an explanation as to the nature of the proceedings.
 - (iii) The applicant shall provide documentation that the proposed verification body maintains a minimum of one million U.S. dollars of professional liability insurance and must maintain this insurance for three years after completing verification services. Neither general nor umbrella liability policies can be used for the professional liability insurance minimum for the purposes of this subparagraph.
 - (iv) The applicant shall provide a demonstration that the body has policies and mechanisms in place to prevent conflicts of interest and to identify and resolve potential conflict of interest situations if they arise. The applicant shall provide the following information:
 - (a) Identification of services provided by the verification body, the industries that the body serves, and the locations where those services are provided;

- (b) A detailed organizational chart that includes the verification body, its management structure, and any related entities; and
 - (c) The verification body's internal conflict of interest policy that identifies activities and limits to monetary or non-monetary gifts that apply to all employees and procedures to monitor, assess, and notify the REGULATORY AGENCY of potential conflicts of interest.
 - (v) The applicant shall provide a demonstration that the body has procedures or policies to support staff technical training as it relates to verification, including participation on an ongoing basis in any verifier training that may be required by the REGULATORY AGENCY.
 - (vi) The verification body shall notify the REGULATORY AGENCY within 30 days of when it no longer meets the requirements for accreditation as a verification body in this section. The verification body may request that the REGULATORY AGENCY provide additional time to hire additional staff to meet the requirements of this section.
- (2) *Lead verifier accreditation application.* To apply for accreditation as a lead verifier, the applicant shall submit documentation to the REGULATORY AGENCY that provides the evidence specified in subparagraph (i) of this paragraph and subparagraph (ii) or (iii) of this paragraph:
 - (i) Evidence that the applicant meets the criteria in paragraph (3) of this subdivision; and,
 - (ii) Evidence that the applicant has been a REGULATORY AGENCY accredited verifier for two continuous years and has worked as a verifier in at least three completed verifications under the supervision of a REGULATORY AGENCY accredited lead verifier, with evidence of favorable assessment by the REGULATORY AGENCY of services performed; or,

- (iii) Evidence that the applicant has worked as a project manager or lead person for not less than four years, of which two may be graduate level work:
 - (a) In the development of CO₂ or other air emissions inventories; or,
 - (b) As a lead environmental data or financial auditor.
- (3) *Verifier accreditation application.* To apply for accreditation as a verifier, the applicant shall submit the following documentation to the REGULATORY AGENCY:
 - (i) Evidence demonstrating the minimum education background required to act as a verifier for the REGULATORY AGENCY. Minimum education background means that the applicant has either:
 - (a) A bachelors level college degree or equivalent in science, technology, business, statistics, mathematics, environmental policy, economics, or financial auditing; or
 - (b) Evidence demonstrating the completion of significant and relevant work experience or other personal development activities that have provided the applicant with the communication, technical, and analytical skills necessary to conduct verification.
 - (ii) Evidence demonstrating sufficient workplace experience to act as a verifier, including evidence that the applicant has a minimum of two years of full-time work experience in a professional role involved in emissions data management, emissions technology, emissions inventories, environmental auditing, or other technical skills necessary to conduct verification.
- (4) After meeting the prescreening requirement in paragraph (c)(2) of this section, any applicant under this section must take a REGULATORY AGENCY approved general verification training and receive a passing score of greater than an unweighted 70 percent on an exit examination. If

the applicant does not pass the exam after the training, the applicant may retake the exam a second time. Only one retake of the examination is allowed before the applicant is required to retake the REGULATORY AGENCY approved general verification training course.

- (5) *Fuels specific verifiers.* The applicant seeking to be accredited as a fuels specific verifier as specified in paragraph XX-9.2(a)(2) must, in addition to meeting the requirements for accredited lead verifier or verifier qualification, have at least two years of professional experience related to fuel shipments and, after meeting the prescreening requirement in paragraph (c)(2) of this section, take a REGULATORY AGENCY approved fuels specific verification training and receive a passing score of greater than an unweighted 70 percent on an exit examination. If the applicant does not pass the exam after the training, the applicant may retake the exam a second time. Only one retake of the examination is allowed before the applicant is required to retake the REGULATORY AGENCY approved fuels specific training course.
 - (6) Nothing in this section shall be construed as preventing the REGULATORY AGENCY from requesting additional information or documentation from an applicant after receipt of the application for accreditation as a verification body, lead verifier, or verifier, or from seeking additional information from other persons or entities regarding the applicant's fitness for qualification.
- (c) *REGULATORY AGENCY accreditation.*
- (1) Within 90 days of receiving an application for accreditation as a verification body, lead verifier, verifier, or fuels specific verifier, the REGULATORY AGENCY shall inform the applicant in writing either that the application is complete or that additional specific information is required to make the application complete.
 - (2) Upon a finding by the REGULATORY AGENCY that an application for accreditation as a verification body, verifier, lead verifier, or fuels specific verifier is complete, meets all applicable regulatory requirements, and

passes a performance review by the REGULATORY AGENCY, the prescreening requirement is met and the applicant will be eligible to attend the verification training required by this section. The performance review may include a review of applicable past sampling plans, verification reports, verification statements, conflict of interest submittals, and additional information or documentation regarding the applicant's fitness for qualification.

- (3) Within 45 days following completion of the application process and all applicable training and examination requirements, the REGULATORY AGENCY shall act to withhold or approve accreditation for the verification body, lead verifier, fuels specific verifier, or verifier. Accreditation is valid for a period of three years, whereupon the applicant may re-apply for accreditation as a verifier, lead verifier, fuels specific verifier, or verification body if the applicant has not been subject to an enforcement action under this Part. All REGULATORY AGENCY approved verification training and examination requirements applicable at the time of re-application must be met for accreditation to be renewed by the REGULATORY AGENCY. In addition, the performance review requirement set forth in paragraph (2) of this subdivision must be met for accreditation to be renewed by the REGULATORY AGENCY.
- (4) All verification body requirements in paragraph (b)(1) of this section must be met for the REGULATORY AGENCY to renew the verification body accreditation.
- (5) Notwithstanding paragraphs (2), (3), and (4) of this subdivision, the REGULATORY AGENCY may approve accreditation of an applicant verification body, lead verifier, fuels specific verifier, or verifier for any period for which the applicant is accredited by another jurisdiction, whether or not it is a participating jurisdiction, or any nationally or internationally recognized accreditation organization.
- (6) Within 20 days of being notified of any nonconformance in another voluntary or mandatory greenhouse gas program, a REGULATORY

AGENCY accredited verification body, lead verifier, fuels specific verifier, or verifier shall provide written notice to the REGULATORY AGENCY of the corrective action. That notification shall include reasons for the corrective action and the type of corrective action. The verification body or verifier must provide additional information to the REGULATORY AGENCY upon request.

(d) *Modification, suspension, or revocation of an approval of a verification body, lead verifier, fuels specific verifier, or verifier, and voluntary withdrawal from the accreditation program.* The REGULATORY AGENCY may review and, for good cause, including any violation of this Subpart or any similar action in an analogous greenhouse gas program, modify, suspend, or revoke an approval of accreditation to a verification body, lead verifier, fuels specific verifier, or verifier. The REGULATORY AGENCY shall not revoke, modify, or suspend an accreditation approval without affording the verification body, lead verifier, fuels specific verifier, or verifier the opportunity for a hearing in accordance with [insert reference to JURISDICTION hearing procedures].

- (1) During suspension or revocation proceedings, the verification body, lead verifier, fuels specific verifier, or verifier may not continue to provide verification services.
- (2) Within ten days of suspension or revocation of accreditation, a verification body must notify all JURISDICTION fuel suppliers for whom it is providing verification services, or has provided verification services within the past six months, of its suspension or revocation of accreditation.
- (3) A JURISDICTION fuel supplier who has been notified by a verification body of a suspended or revoked accreditation must contract with a different verification body for verification services.
- (4) An accredited verification body or individual verifier may request to voluntarily withdraw its accreditation by providing a written notice to the REGULATORY AGENCY requesting such withdrawal.

(e) *Subcontracting.* The following requirements shall apply to any verification body that elects to subcontract a portion of verification services.

- (1) All subcontractors must be accredited by the REGULATORY AGENCY to perform the verification services for which the subcontractor has been engaged by the verification body.
- (2) The verification body must assume full responsibility for verification services performed by subcontractor verifiers.
- (3) A verification body shall not use subcontractors to meet the minimum staff total or lead verifier requirements as specified in clauses (b)(1)(i)(a) and (b)(1)(i)(b) of this section.
- (4) A verifier acting as a subcontractor to another verification body shall not further subcontract or outsource verification services for a JURISDICTION fuel supplier.
- (5) A verification body that engages a subcontractor shall be responsible for demonstrating an acceptable level of conflict of interest, as provided in section XX-9.4, between its subcontractor and the JURISDICTION fuel supplier for which it will provide verification services.
- (6) A verification body may not use a subcontractor as the independent reviewer.

XX-9.4 Conflict of interest requirements for verification bodies.

- (a) The conflict of interest provisions of this section shall apply to verification bodies, lead verifiers, fuels specific verifiers, and verifiers accredited by the REGULATORY AGENCY to perform verification services for reporting entities. Any person that is hired by a JURISDICTION fuel supplier to contract with a verification body on behalf of the JURISDICTION fuel supplier is subject to the conflict of interest assessment in this section. In such instances, the verification body must assess the potential conflict of interest between itself and the contracting person as well as between itself and the JURISDICTION fuel supplier, and must also address the potential conflict of interest between the contracting person and the JURISDICTION fuel supplier, including a written assessment provided and signed by the contracting person.
- (b) The potential for a conflict of interest must be deemed to be high where:

- (1) The verification body and JURISDICTION fuel supplier share any management staff or board of directors membership, or any of the senior management staff of the JURISDICTION fuel supplier have been employed by the verification body, or vice versa, within the previous five years; or
- (2) Any employee of the verification body, or any employee of a related entity, or a subcontractor who is a member of the verification team has provided to the JURISDICTION fuel supplier any of the following services within the previous five years:
 - (i) Designing, developing, implementing, reviewing, or maintaining an inventory or information or data management system for greenhouse gas emissions or fuel shipments, unless the review was part of providing verification services;
 - (ii) Designing energy efficiency, renewable power, or other projects that explicitly identify greenhouse gas reductions as a benefit;
 - (iii) Designing, developing, implementing, conducting an internal audit of, consulting concerning, or maintaining an offset project;
 - (iv) Owning, buying, selling, trading, or retiring shares, stocks, or emissions reduction credits from an offset project that was developed by or whose resulting reduction credits are owned by the JURISDICTION fuel supplier;
 - (v) Dealing in or being a promoter of credits on behalf of an offset project sponsor where the credits are owned by or the offset project was developed by the JURISDICTION fuel supplier;
 - (vi) Preparing or producing greenhouse-gas-related manuals, handbooks, or procedures specifically for the JURISDICTION fuel supplier;
 - (vii) Appraisal services of carbon or greenhouse gas liabilities or assets;
 - (viii) Brokering in, advising on, or assisting in any way in carbon or greenhouse-gas-related markets;

- (ix) Directly managing any health, environment or safety functions for the JURISDICTION fuel supplier;
- (x) Bookkeeping or other services related to accounting records or financial statements;
- (xi) Any service related to development of information systems, including consulting on the development of environmental management systems;
- (xii) Appraisal and valuation services, both tangible and intangible;
- (xiii) Fairness opinions and contribution-in-kind reports in which the verification body has provided its opinion on the adequacy of consideration in a transaction, unless the resulting services will not be part of the verification process;
- (xiv) Any actuarially oriented advisory service involving the determination of amounts recorded in financial statements and related accounts;
- (xv) Any internal audit service that has been outsourced by the JURISDICTION fuel supplier that relates to the JURISDICTION fuel supplier's internal accounting controls, financial systems or financial statements, unless the result of those services will not be part of the verification process;
- (xvi) Acting as a broker-dealer (registered or unregistered), promoter or underwriter on behalf of the JURISDICTION fuel supplier;
- (xvii) Any legal services;
- (xviii) Expert services to the JURISDICTION fuel supplier, a trade or membership group to which the JURISDICTION fuel supplier belongs, or a legal representative for the purpose of advocating the JURISDICTION fuel supplier's interests in litigation or in a regulatory or administrative proceeding or investigation; or
- (xix) Verification services that are not conducted in accordance with, or equivalent to, the requirements of this section, unless the systems and data reviewed during those services, as well as the result of

those services, will not be part of the verification process.

- (3) The potential for conflict of interest shall be deemed to be high when any staff of the verification body provides any type of non-monetary incentive to a JURISDICTION fuel supplier, or a JURISDICTION fuel supplier provides any non-monetary incentive to any verification body staff, to secure a verification services contract.
 - (4) The potential for a conflict of interest shall be deemed to be high where any staff of the verification body has provided verification services for the JURISDICTION fuel supplier except within the time periods in which the JURISDICTION fuel supplier is allowed to use the same verification body as specified in subdivision XX-9.1(a).
- (c) The potential for a conflict of interest shall be deemed to be low where the following conditions are met:
- (1) No potential for a high conflict of interest is found pursuant to subdivision (b) of this section; and
 - (2) Any services provided by any member of the verification body or verification team to the JURISDICTION fuel supplier, within the last five years, are valued at less than 20 percent of the fee for the proposed verification services. Any verification conducted in accordance with, or equivalent to, this section provided by the verification body or verification team outside the jurisdiction of the REGULATORY AGENCY is excluded from this financial assessment but must be disclosed to the REGULATORY AGENCY in accordance with subdivision (e) of this section.
- (d) The potential for a conflict of interest shall be deemed to be medium where the potential for a conflict of interest is not deemed to be either high or low as specified in subdivisions (b) and (c) of this section. The potential for conflict of interest will also be deemed to be medium where there are any instances of personal or familial relationships between the members of the verification body and management or staff of the JURISDICTION fuel supplier.

- (1) If a verification body identifies a medium potential for conflict of interest and intends to provide verification services for the JURISDICTION fuel supplier, the verification body shall submit, in addition to the submittal requirements specified in subdivision (e) of this section, a plan to avoid, neutralize, or mitigate the potential conflict of interest situation. At a minimum, the conflict of interest mitigation plan shall include:
 - (i) A demonstration that any natural persons with potential conflicts have been removed and insulated from the project.
 - (ii) An explanation of any changes to the organizational structure or verification body to remove the potential conflict of interest. A demonstration that any unit with potential conflicts has been divested or moved into an independent entity or any subcontractor with potential conflicts has been removed.
 - (iii) Any other circumstance that specifically addresses other sources for potential conflict of interest.
- (2) As provided in paragraph (f)(4) of this section, the REGULATORY AGENCY shall evaluate the conflict of interest mitigation plan and determine whether verification services may proceed.

(e) *Conflict of interest submittal requirements for accredited verification bodies.*

Before the start of any work related to providing verification services to a JURISDICTION fuel supplier, a verification body must first be authorized in writing by the REGULATORY AGENCY to provide verification services. To obtain authorization the verification body shall submit to the REGULATORY AGENCY a self-evaluation of the potential for any conflict of interest that the verification body, related entities, or any subcontractors performing verification services may have with the JURISDICTION fuel supplier for which it will perform verification services. The submittal shall include the following:

- (1) Identification of whether the potential for conflict of interest is high, low, or medium based on factors specified in subdivisions (b), (c), and (d) of this section;
- (2) Identification of whether the verification body, related entities, or any member of the verification team has previously provided verification

services for the JURISDICTION fuel supplier or related entities and, if so, provide a description of such services and the years in which such services were provided;

- (3) Identification of whether any member of the verification team, verification body, or related entity has engaged in services of any nature, other than verification services, with the JURISDICTION fuel supplier or related entities either within or outside JURISDICTION during the previous five years. If services other than verification services have previously been provided, the following information shall also be submitted:
 - (i) Identification of the nature and location of the work performed for the JURISDICTION fuel supplier or related entity and whether the work is similar to the type of work to be performed during verification, such as emissions inventory, auditing, or other work with implications for the JURISDICTION fuel supplier's CO₂ emissions pursuant to this Part;
 - (ii) The nature of past, present, or future relationships of any member of the verification team, verification body, or related entities with the JURISDICTION fuel supplier or related entities including:
 - (a) Instances when any member of the verification team, verification body, or related entities has performed or intends to perform work for the JURISDICTION fuel supplier or related entities;
 - (b) Identification of whether work is currently being performed for the JURISDICTION fuel supplier or related entities, and if so, the nature of the work;
 - (c) How much work was performed for the JURISDICTION fuel supplier or related entities in the last five years, in dollars;
 - (d) Whether any member of the verification team, verification body, or related entities has contracts or other arrangements

to perform work for the JURISDICTION fuel supplier or a related entity; and

- (e) How much work related to greenhouse gases the verification team has performed for the JURISDICTION fuel supplier or related entities in the last five years, in dollars.
- (iii) Explanation of how the amount and nature of work previously performed is such that any member of the verification team's credibility and lack of bias should not be under question.
- (4) A list of names of the staff that would perform verification services for the JURISDICTION fuel supplier, and a description of any instances of personal or family relationships with management or employees of the JURISDICTION fuel supplier that potentially represent a conflict of interest; and,
- (5) Identification of any other circumstances known to the verification body, or JURISDICTION fuel supplier that could result in a conflict of interest.
- (6) Attest, in writing, to the REGULATORY AGENCY as follows:

"I certify under penalty of law that the information provided in the Conflict of Interest submittal is true, accurate, and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."

- (f) *Conflict of interest determinations.* The REGULATORY AGENCY must review the self- evaluation submitted by the verification body and determine whether the verification body is authorized to perform verification services for the JURISDICTION fuel supplier.
 - (1) The REGULATORY AGENCY shall notify the verification body in writing when the conflict of interest evaluation information submitted under subdivision (e) of this section is deemed complete. Within 20 days of deeming the information complete, the REGULATORY AGENCY shall determine whether the verification body is authorized to proceed with verification and must so notify the verification body.
 - (2) If the REGULATORY AGENCY determines the verification body or any member of the verification team meets the criteria specified in subdivision

(b) of this section, the REGULATORY AGENCY shall find a high potential conflict of interest and verification services may not proceed.

- (3) If the REGULATORY AGENCY determines that there is a low potential conflict of interest, verification services may proceed.
- (4) If the REGULATORY AGENCY determines that the verification body and verification team have a medium potential for a conflict of interest, the REGULATORY AGENCY shall evaluate the conflict of interest mitigation plan submitted pursuant to subdivision (d) of this section, and may request additional information from the applicant to complete the determination. In determining whether verification services may proceed, the REGULATORY AGENCY may consider factors including, but not limited to, the nature of previous work performed, the current and past relationships between the verification body, related entities, and its subcontractors with the JURISDICTION fuel supplier and related entities, and the cost of the verification services to be performed. If the REGULATORY AGENCY determines that these factors when considered in combination demonstrate an acceptable level of potential conflict of interest, the REGULATORY AGENCY will authorize the verification body to provide verification services.

(g) *Monitoring conflict of interest situations.*

- (1) After commencement of verification services, the verification body shall monitor and immediately make full disclosure in writing to the REGULATORY AGENCY regarding any potential for a conflict of interest situation that arises. This disclosure shall include a description of actions that the verification body has taken or proposes to take to avoid, neutralize, or mitigate the potential for a conflict of interest.
- (2) The verification body shall continue to monitor arrangements or relationships that may be present for a period of one year after the completion of verification services. During that period, within 30 days of the verification body or any verification team member entering into any contract with the JURISDICTION fuel supplier or related entity for which

the body has provided verification services, the verification body shall notify the REGULATORY AGENCY of the contract and the nature of the work to be performed, and revenue received. The REGULATORY AGENCY within 30 days, will determine the level of conflict using the criteria in subdivisions (a) through (d) of this section, if the JURISDICTION fuel supplier must reverify its CO₂ emissions data reports, and if accreditation revocation is warranted.

- (3) The verification body shall notify the REGULATORY AGENCY, within 30 days, of any emerging conflicts of interest during the time verification services are being provided.
 - (i) If the REGULATORY AGENCY determines that a disclosed emerging potential conflict is medium risk and this risk can be mitigated, or low risk, the verification body is deemed to have met the conflict of interest requirements to continue to provide verification services to the JURISDICTION fuel supplier and will not be subject to suspension or revocation of accreditation as specified in subdivision XX-9.3(d).
 - (ii) If the REGULATORY AGENCY determines that a disclosed emerging potential conflict is medium risk and cannot be mitigated or high risk, the verification body will not be able to continue to provide verification services to the JURISDICTION fuel supplier, and may be subject to suspension or revocation of accreditation under subdivision XX-9.3(d).
- (4) The verification body shall report to the REGULATORY AGENCY any changes in its organizational structure, including mergers, acquisitions, or divestitures, for one year after completion of verification services.
- (5) The REGULATORY AGENCY may invalidate a verification finding if a potential conflict of interest has arisen for any member of the verification team. In such a case, the JURISDICTION fuel supplier shall be provided 45 days to complete reverification.

- (6) If the verification body or its subcontractor(s) are found to have violated the conflict of interest requirements of this section, the REGULATORY AGENCY may rescind accreditation of the body, its verifier staff, or its subcontractor(s) as provided in subdivision XX-9.3(d).

Subpart XX-10 Offsets

XX-10.1 Purpose.

The REGULATORY AGENCY will provide for the award of CO₂ offset allowances to sponsors of CO₂ emissions offset projects that have reduced or avoided atmospheric loading of CO₂ equivalent or sequestered carbon as demonstrated in accordance with the applicable provisions of this Subpart. The requirements of this Subpart seek to ensure that CO₂ offset allowances awarded represent CO₂ equivalent emission reductions or carbon sequestration that are real, additional, verifiable, enforceable, and permanent within the framework of a standards-based approach. Subject to the relevant compliance deduction limitations of paragraph XX-6.5(a)(3), CO₂ offset allowances may be used by any JURISDICTION fuel supplier for compliance purposes.

XX-10.2 Definitions.

The definitions in this section apply only to this Subpart.

(a) *Anaerobic digester.* A device that promotes the decomposition of organic material to simple organics and gaseous biogas products, in the absence of elemental oxygen, usually accomplished by means of controlling temperature and volume, and including a methane recovery system.

(b) *Anaerobic digestion.* The decomposition of organic material including manure brought about through the action of microorganisms in the absence of elemental oxygen.

- (c) *Anaerobic storage*. Storage of organic material in an oxygen-free environment, or under oxygen-free conditions, including but not limited to, holding tanks, ponds, and lagoons.
- (d) *ANSI*. American National Standards Institute.
- (e) *Attribute*. A characteristic associated with electricity generated using a particular renewable fuel, such as its generation date, facility geographic location, unit vintage, emissions output, fuel, jurisdiction program eligibility, or other characteristic that can be identified, accounted for, and tracked.
- (f) *Attribute credit*. An attribute credit represents the attributes related to one megawatt hour of electricity generation.
- (g) *Biogas*. Gas resulting from the decomposition of organic matter under anaerobic conditions. The principal constituents are methane and carbon dioxide.
- (h) *CO₂e*. CO₂e means carbon dioxide equivalent, or the quantity of a given greenhouse gas multiplied by its global warming potential (GWP).
- (i) *CO₂ emissions offset project*. All equipment, materials, items, or actions directly related to the reduction of CO₂ equivalent emissions or the sequestration of carbon specified in a consistency application submitted pursuant to section XX-10.4. Equipment, materials, items, or actions unrelated to an offset project reduction of CO₂ equivalent emissions or the sequestration of carbon, but occurring at a location where an offset project occurs, shall not be considered part of an offset project, unless specified at section XX-10.5.
- (j) *Conflict of interest*. A situation that may arise with respect to an entity in relation to any specific project sponsor, CO₂ emissions offset project or category of offset projects, such that the entity's other activities or relationships with other entities render

or may render the entity incapable of providing an impartial certification opinion, or otherwise compromise the entity's objectivity in performing certification functions.

(k) *Cooperating regulatory agency.* A regulatory agency in a United States jurisdiction that is not a participating jurisdiction and that has entered into a memorandum of understanding with the appropriate regulatory agencies of all participating jurisdictions to carry out certain obligations relative to CO₂ emissions offset projects in that United States jurisdiction, including but not limited to the obligation to perform audits of offset project sites, and report violations of this Subpart.

(l) *Forest offset project.* An offset project involving reforestation, improved forest management, or avoided conversion.

(m) *Forest offset project data report.* The report prepared by a project sponsor of a forest offset project each year that provides the information and documentation required by this Subpart or the forest offset protocol.

(n) *Forest offset protocol.* The protocol titled "Regional Greenhouse Gas Initiative Offset Protocol U.S. Forest Projects", published by the jurisdictions participating in the Regional Greenhouse Gas Initiative on June 12, 2013.

(o) *Global Warming Potential (GWP).* A measure of the radiative efficiency (heat-absorbing ability) of a particular gas relative to that of carbon dioxide (CO₂) after taking into account the decay rate of each gas (the amount removed from the atmosphere over a given number of years) relative to that of CO₂. Global warming potentials used in this Subpart are consistent with the values used in the Intergovernmental Panel on Climate Change, Fifth Assessment Report.

(p) *Independent verifier or verifier.* An entity that has been approved by the REGULATORY AGENCY to conduct verification services under the Subpart.

(q) *Intentional reversal.* Any reversal caused by a forest owner's negligence, gross negligence, or willful intent, including harvesting, development, and harm to the area within the forest offset project boundary.

(r) *Market penetration rate.* A measure of the diffusion of a technology, product, or practice in a defined market, as represented by the percentage of annual sales for a product or practice, or as a percentage of the existing installed stock for a product or category of products, or as the percentage of existing installed stock that utilizes a practice. The REGULATORY AGENCY may determine an appropriate market definition and market penetration metric for a category of technology, product or practice, and may issue guidance specifying the technologies, products or practices that meet a specified market penetration rate.

(s) *Project commencement.* For an offset project involving physical construction, other work at an offset project site, or installation of equipment or materials, the date of the beginning of such activity. For an offset project that involves the implementation of a management activity or protocol, the date on which such activity is first implemented, or such protocol first utilized. For an offset project involving reforestation, improved forest management, or avoided conversion, the date specified in section 3.2 of the forest offset protocol.

(t) *Regional-type anaerobic digester.* An anaerobic digester using feedstock from more than one agricultural operation, or importing feedstock from more than one agricultural operation and commonly referred to as a “community digester” or “centralized digester.”

(u) *Renewable portfolio standard.* A statutory or regulatory requirement that a load-serving entity provide a certain portion of the electricity it supplies to its customers from renewable energy sources, or any other statutory or regulatory requirement that a certain portion of electricity supplied to the electricity grid be generated from renewable energy sources.

(v) *Reporting period.* The period of time covered by a forest offset project data report. The first reporting period for an offset project in an initial crediting period may consist of 6 to 24 consecutive months; all subsequent reporting periods in an initial crediting and all reporting periods in any renewed crediting period must consist of 12 consecutive months.

(w) *Reversal.* A greenhouse gas emission reduction or greenhouse gas removal enhancement for which CO₂ offset allowances have been issued that is subsequently released or emitted back into the atmosphere due to any intentional or unintentional circumstance.

(x) *System benefit fund.* Any fund collected directly from retail electricity or natural gas ratepayers.

(y) *Total solids.* Total solids are the total of all solids in a sample. They include the total suspended solids, total dissolved solids, and volatile suspended solids.

(z) *Unintentional Reversal.* Any reversal, including, but not limited to, wildfires, insects, or disease that is not the result of the forest owner's negligence, gross negligence, or willful intent.

(aa) *Verification services.* The activities conducted by an independent verifier to verify that certain parts of a CO₂ emissions offset project consistency application and/or monitoring and verification report conforms to the requirements of this Subpart.

(bb) *Volatile solids.* The fraction of total solids that is comprised primarily of organic matter as defined in U.S.EPA Method Number 160.4, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020).

XX-10.3 General requirements.

(a) *Eligible CO₂ emissions offset projects.* To qualify for the award of CO₂ offset allowances, offset projects shall satisfy all the applicable requirements of this Subpart.

- (1) *Offset project types.* The following types of offset projects are eligible for the award of CO₂ offset allowances.
 - (i) Landfill methane capture and destruction;
 - (ii) Sequestration of carbon due to reforestation, improved forest management, or avoided conversion;
 - (iii) Avoided methane emissions from agricultural manure management operations.
- (2) *Offset project locations.*
 - (i) To qualify for the award of CO₂ allowances under this Subpart, eligible offset projects may be located in any of the following locations:
 - (a) In JURISDICTION; and
 - (b) In any United States jurisdiction in which a cooperating regulatory agency has entered into a memorandum of understanding with the appropriate regulatory agencies of all participating jurisdictions to carry out certain obligations relative to CO₂ emissions offset projects in that U.S. jurisdiction, including but not limited to the obligation to perform audits of offset project sites, and report violations of this Subpart.
 - (ii) Projects located (in whole or in part) in one or more participating jurisdiction are not eligible for CO₂ offset allowances under this Subpart unless more of the CO₂ equivalent emissions reduction or carbon sequestration due to the offset project is projected to occur in JURISDICTION than in any other participating jurisdiction.

(b) *Project sponsor.* Any entity may act as the sponsor of an eligible CO₂ emissions offset project, provided that entity meets the requirements at section XX-10.4.

(c) *General additionality requirements.* Except as provided with respect to specific offset project standards in section XX-10.5, the following general requirements shall apply.

- (1) CO₂ offset allowances shall not be awarded to an offset project that is required pursuant to any local, jurisdiction or federal law, regulation, or administrative or judicial order. If an offset project receives a consistency application approval under section XX-10.4 and is later required by local, jurisdiction or federal law, regulation, or administrative or judicial order, then the offset project shall remain eligible for the award of CO₂ offset allowances until the end of its current allocation period, but its eligibility shall not be extended for an additional allocation period.
 - (2) CO₂ offset allowances shall not be awarded to an offset project that includes an electric generation component, unless the project sponsor transfers legal rights to any and all attribute credits (other than the CO₂ offset allowances awarded under section XX-10.7) generated from the operation of the offset project that may be used for compliance with a renewable portfolio standard or other regulatory requirement, to the REGULATORY AGENCY or its agent.
 - (3) CO₂ offset allowances shall not be awarded to an offset project that receives funding or other incentives from any system benefit fund, or funds or other incentives provided through the clean equitable transportation purpose allocation required pursuant to subdivision XX-5.3(b).
 - (4) CO₂ offset allowances shall not be awarded to an offset project that is awarded credits or allowances under any other mandatory or voluntary greenhouse gas program, except as provided in paragraph XX-10.5(b)(8).
- (d) *Maximum allocation periods for CO₂ emissions offset projects.*
- (1) *Maximum allocation periods.* Except as provided in paragraph (2) of this subdivision, the REGULATORY AGENCY may award CO₂ offset allowances under section XX-10.7 for an initial 10-year allocation period. At the end of the initial 10-year allocation period, the REGULATORY AGENCY may award CO₂ offset allowances for a second 10-year allocation period, provided the project sponsor has submitted a

consistency application pursuant to section XX-10.4 prior to the expiration of the initial allocation period, and the REGULATORY AGENCY has issued an approval pursuant to paragraph XX-10.4(e)(2).

- (2) *Maximum allocation periods for offset projects involving reforestation, improved forest management, or avoided conversion.* The REGULATORY AGENCY may award CO₂ offset allowances under section XX-10.7 for any project involving reforestation, improved forest management, or avoided conversion offset project for an initial 25-year allocation period. At the end of the initial 25-year allocation period, or any subsequent allocation period, the REGULATORY AGENCY may award CO₂ offset allowances for a subsequent 25-year allocation period, provided the project sponsor has submitted a consistency application for the offset project pursuant to section XX-10.4 prior to the expiration of the initial allocation period, and the REGULATORY AGENCY has issued an approval pursuant to paragraph XX-10.4(e)(2).

(e) *Offset project audit.* Project sponsors shall provide, in writing, an access agreement to the REGULATORY AGENCY granting the REGULATORY AGENCY or its agent access to the physical location of the offset project to inspect for compliance with this Subpart. For offset projects located in any U.S. jurisdiction that is not a participating jurisdiction, project sponsors shall also provide, in writing, an access agreement to the REGULATORY AGENCY granting the cooperating regulatory agency with access to the physical location of the offset project to inspect for compliance with this Subpart.

(f) *Ineligibility due to noncompliance.*

- (1) If at any time the REGULATORY AGENCY determines that a project sponsor has not complied with the requirements of this Subpart, then the REGULATORY AGENCY may revoke and retire any and all CO₂ offset allowances in the project sponsor's account.
- (2) If at any time the REGULATORY AGENCY determines that an offset project does not comply with the requirements of this Subpart, then the REGULATORY AGENCY may revoke any approvals it has issued relative to an offset project.

XX-10.4 Application process.

(a) *Establishment of general account.* The sponsor of an offset project must establish a general account under subdivision XX-6.2(b). All submissions to the REGULATORY AGENCY required for the award of CO₂ offset allowances under this Subpart must be by the CO₂ authorized account representative for the general account of the project sponsor of the relevant offset project.

(b) *Consistency application deadlines.*

- (1) For offset projects not involving reforestation, improved forest management, or avoided conversion the consistency application must be submitted by the date that is 6 months after the offset project is commenced.
- (2) For offset projects involving reforestation, improved forest management, or avoided conversion the consistency application must be submitted by the date that is one year after the offset project is commenced, except for as described in paragraph XX 10.5(b)(8).
- (3) Any consistency application that fails to meet the deadlines of this subdivision will result in the denial of the consistency application and the continued ineligibility of the subject offset project.

(c) *Consistency application contents.*

- (1) For an offset project, the consistency application must include the following information and the certification statement as required in subparagraph XX-6.2(b)(2)(ii).
 - (i) The project's sponsor's name, address, e-mail address, telephone number, and account number.
 - (ii) The offset project description as required by the relevant provisions of section XX-10.5.
 - (iii) A demonstration that the offset project meets all applicable requirements set forth in this Subpart.

- (iv) The emissions baseline determination as required by the relevant provisions of section XX-10.5.
- (v) An explanation of how the projected reduction or avoidance of atmospheric loading of CO₂ equivalent or the sequestration of carbon is to be quantified, monitored, and verified as required by the relevant provisions of section XX-10.5.
- (vi) A completed consistency application agreement, signed by the project sponsor, that reads as follows:

“The undersigned project sponsor recognizes and accepts that the application for, and the receipt of, CO₂ offset allowances under the TCI-P is predicated on the project sponsor following all the requirements of Subpart XX-10. The undersigned project sponsor holds the legal rights to the offset project, or has been granted the right to act on behalf of a party that holds the legal rights to the offset project. I understand that eligibility for the award of CO₂ offset allowances under Subpart XX-10 is contingent on meeting the requirements of Subpart XX-10. I authorize the REGULATORY AGENCY or its agent to audit this offset project for purposes of verifying that the offset project, including the monitoring and verification plan, has been implemented as described in this application. I understand that this right to audit shall include the right to enter the physical location of the offset project. I submit to the legal jurisdiction of JURISDICTION.”

- (vii) A statement and certification report signed by the offset project sponsor certifying that all offset projects for which the sponsor has received CO₂ offset allowances under this Subpart (or similar provisions in the regulations of other participating jurisdictions), under the sponsor’s ownership or control (or under the ownership or control of any entity which controls, is controlled by, or has common control with the sponsor) are in compliance with all applicable requirements of the TCI-P.

- (viii) A verification report and certification statement signed by an independent verifier accredited pursuant to section XX-10.6 that expresses that the independent verifier has reviewed the entire application and evaluated the following in relation to the applicable requirements at sections XX-10.3 and XX-10.5, and any applicable guidance issued by the REGULATORY AGENCY.
 - (a) The adequacy and validity of information supplied by the project sponsor to demonstrate that the offset project meets the applicable eligibility requirements of sections XX-10.3 and XX-10.5.
 - (b) The adequacy and validity of information supplied by the project sponsor to demonstrate baseline emissions pursuant to the applicable requirements at section XX-10.5.
 - (c) The adequacy of the monitoring and verification plan submitted pursuant to the applicable requirements at section XX-10.5.
 - (d) Such other evaluations and statements as may be required by the REGULATORY AGENCY.
 - (ix) Disclosure of any voluntary or mandatory programs, other than the JURISDICTION TCI-P or other participating jurisdiction's Transportation and Climate Initiative Programs, to which greenhouse gas emissions data related to the offset project has been or will be reported.
 - (x) For offset projects located in a United States jurisdiction that is not a participating jurisdiction, a demonstration that the project sponsor has complied with all requirements of the cooperating regulatory agency in the United States jurisdiction where the offset project is located.
- (2) Consistency applications shall be submitted in a format approved by the REGULATORY AGENCY.

(d) Consistency applications may not be submitted to the REGULATORY AGENCY if a consistency application has already been submitted for the same project, or any portion of the same project, in another participating jurisdiction, unless the consistency application was rejected by that participating jurisdiction solely because more of the CO₂ equivalent emissions reduction or carbon sequestration due to the offset project is projected to occur in JURISDICTION than in any other participating jurisdiction.

(e) *REGULATORY AGENCY action on consistency applications.*

(1) *Completeness determination.* Within 30 days following receipt of the consistency application filed pursuant to subdivision (b) of this section, the REGULATORY AGENCY will notify the project sponsor whether the consistency application is complete. A complete consistency application is one that is in an approved format and is determined by the REGULATORY AGENCY to be complete for the purpose of commencing review of the consistency application. In no event shall a completeness determination prevent the REGULATORY AGENCY from requesting additional information in order to enable the REGULATORY AGENCY to make a consistency determination under paragraph (2) of this subdivision.

(2) *Consistency determination.* Within 90 days of making the completeness determination under paragraph (1) of this subdivision, the REGULATORY AGENCY will issue an approval or disapproval of the consistency application based on its determination as to whether the offset project is consistent with the requirements of section XX-10.3 and subdivisions (b) through (d) of this section and the requirements of the applicable offset project standard of section XX-10.5. For any offset project found to lack consistency with these requirements, the REGULATORY AGENCY will inform the project sponsor of the offset project's deficiencies.

XX-10.5 CO₂ emissions offset project standards.

(a) *Landfill methane capture and destruction.* To qualify for the award of CO₂ offset allowances under this Subpart, offset projects that capture and destroy methane from

landfills shall meet the requirements of this subdivision and all other applicable requirements of this Subpart.

- (1) *Eligibility.* Eligible offset projects shall occur at landfills that are not subject to the New Source Performance Standards (NSPS) for municipal solid waste landfills, 40 CFR Part 60, Subpart Cc, as that Subpart existed on February 24, 1999, and Subpart WWW, as that Subpart existed on March 26, 2020.
- (2) *Offset project description.* The offset project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of this subdivision.

The project narrative shall include the following information.

- (i) Owner and operator of the offset project;
 - (ii) Location and specifications of the landfill where the offset project will occur, including waste in place;
 - (iii) Owner and operator of the landfill where the offset project will occur; and
 - (iv) Specifications of the equipment to be installed and a technical schematic of the offset project.
- (3) *Emissions baseline determination.* The emissions baseline shall represent the potential fugitive landfill emissions of CH₄ (in metric tons of CO₂e), as represented by the CH₄ collected and metered for thermal destruction as part of the offset project, and calculated in accordance with this paragraph.

$$\text{Emissions (metric tons CO}_2\text{e)} = \frac{V \times M \times (1 - OX) \times GWP}{1000}$$

Where:

V = volume of CH₄ collected (m³);

M = Mass of CH₄ per cubic meter (0.6769 kg/m³ default value at 1 atmosphere, 20° C);

OX= Oxidation factor (0.10), representing estimated portion of collected CH₄ that would have eventually oxidized to CO₂ if not collected; and

GWP = CO₂e global warming potential of CH₄ (28).

- (4) *Calculating emissions reductions.* Emissions reductions shall be determined based on potential fugitive CH₄ emissions that would have occurred at the landfill if metered CH₄ collected from the landfill for thermal destruction as part of the offset project was not collected and destroyed. CO₂e emissions reductions shall be calculated as follows:

$$\text{Emissions Reductions (metric tons CO}_2\text{e)} = \frac{V \times M \times (1-OX) \times C_{ef} \times GWP}{1000}$$

Where:

V = Volume of CH₄ collected (m³);

M = Mass of CH₄ per cubic foot (0.6769 kg/m³ default value at 1 atmosphere and 20° C);

OX= Oxidation factor (0.10), representing estimated portion of collected CH₄ that would have eventually oxidized to CO₂ if not collected;

C_{ef} = Combustion efficiency of methane control technology (0.98); and

GWP = CO₂e global warming potential of CH₄ (28).

- (5) *Monitoring and verification requirements.* Offset projects shall employ a landfill gas collection system that provides continuous metering and data computation of landfill gas volumetric flow rate and CH₄ concentration. Annual monitoring and verification reports shall include monthly volumetric flow rate and CH₄ concentration data, including documentation that the

CH₄ was actually supplied to the combustion source. Monitoring and verification is also subject to the following requirements.

- (i) The project sponsor shall submit a monitoring and verification plan as part of the consistency application that includes a quality assurance and quality control program associated with equipment used to determine landfill gas volumetric flow rate and CH₄ composition. The monitoring and verification plan shall also include provisions for ensuring that measuring and monitoring equipment is maintained, operated, and calibrated based on manufacturer recommendations, as well as provisions for the retention of maintenance records for audit purposes. The monitoring and verification plan shall be certified by an independent verifier accredited pursuant to section XX-10.6.
- (ii) The project sponsor shall annually verify landfill gas CH₄ composition through landfill gas sampling and independent laboratory analysis using applicable U.S. Environmental Protection Agency laboratory test methods.

(b) *Sequestration of carbon due to reforestation, improved forest management, or avoided conversion.* To qualify for the award of CO₂ offset allowances under this Subpart, offset projects that involve reforestation, improved forest management, or avoided conversion shall meet all requirements of this subdivision and the forest offset protocol, and all other applicable requirements of this Subpart.

- (1) *Eligibility.* Eligible forest offset projects shall satisfy all eligibility requirements of the forest offset protocol and this Subpart.
- (2) *Offset project description.* The project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of this subdivision. The offset project description must include all information identified in sections 8.1 and 9.1 of the forest offset protocol, and any other information deemed necessary by the REGULATORY AGENCY.

- (3) *Carbon sequestration baseline determination.* Baseline onsite carbon stocks shall be determined as required by sections 6.1.1, 6.1.2, 6.2.1, 6.2.2, 6.2.3, 6.3.1, and 6.3.2 of the forest offset protocol, as applicable.
- (4) *Calculating carbon sequestered.* Net greenhouse gas reductions and greenhouse gas removal enhancements shall be calculated as required by section 6 of the forest offset protocol. The project's risk reversal rating shall be calculated using the forest offset protocol Determination of a Forest Project's Reversal Risk Rating assessment worksheet.
- (5) *Monitoring and verification requirements.* Monitoring and verification is subject to the following requirements.
 - (i) Monitoring and verification reports shall include all forest offset project data reports submitted to the REGULATORY AGENCY, including any additional data required by section 9.2.2 of the forest offset protocol.
 - (ii) The consistency application shall include a monitoring and verification plan certified by an independent verifier accredited pursuant to section XX-10.6. The monitoring and verification plan shall consist of a forest carbon inventory program, as required by section 8.1 of the forest offset protocol.
 - (iii) Monitoring and verification reports shall be submitted not less than every six years, except that the first monitoring and verification report for reforestation projects must be submitted within twelve years of project commencement
- (6) *Forest Offset Project Data Reports.* A project sponsor shall submit a forest offset project data report to the REGULATORY AGENCY for each reporting period. Each forest offset project data report must cover a single reporting period. Reporting periods must be contiguous; there must be no gaps in reporting once the first reporting period has commenced.
- (7) *Carbon sequestration permanence.* The offset project shall meet the following requirements to address reversals of sequestered carbon.

- (i) *Unintentional reversals.* Requirements for unintentional reversals are as follows:
 - (a) The project sponsor must notify the REGULATORY AGENCY of the reversal and provide an explanation for the nature of the unintentional reversal within 30 days of its discovery; and
 - (b) The project sponsor must submit to the REGULATORY AGENCY a verified estimate of current carbon stocks within the offset project boundary within one year of the discovery of the unintentional reversal.
- (ii) *Intentional Reversals.* Requirements for intentional reversals are as follows:
 - (a) If an intentional reversal occurs, the project sponsor shall, within 30 days of the intentional reversal:
 - (1) Provide notice, in writing, to the REGULATORY AGENCY of the intentional reversal; and
 - (2) Provide a written description and explanation of the intentional reversal to the REGULATORY AGENCY.
 - (b) Within one year of the occurrence of an intentional reversal, the project sponsor shall submit to the REGULATORY AGENCY a verified estimate of current carbon stocks within the offset project boundary.
 - (c) If an intentional reversal occurs, and CO₂ offset allowances have been awarded to the offset project, the forest owner must surrender to the REGULATORY AGENCY or its agent for retirement a quantity of CO₂ allowances corresponding to the quantity of CO₂ equivalent metric tons reversed within six months of notification by the REGULATORY AGENCY.
 - (1) Notification by the REGULATORY AGENCY will occur after the verified estimate of carbon stocks has been submitted to the REGULATORY AGENCY, or

after one year has elapsed since the occurrence of the reversal if the project sponsor fails to submit the verified estimate of carbon stocks.

- (2) If the forest owner does not surrender valid CO₂ allowances to the REGULATORY AGENCY within six months of notification by the REGULATORY AGENCY, the forest owner will be subject to enforcement action and each CO₂ equivalent metric ton of carbon sequestration reversed will constitute a separate violation of this Part and applicable jurisdiction law.

(d) *Project Termination.* Requirements for project termination are as follows:

- (1) The project sponsor must surrender to the REGULATORY AGENCY or its agent for retirement a quantity of CO₂ allowances in the amount calculated pursuant to project termination provisions in the forest offset protocol within six months of project termination.
- (2) If the project sponsor does not surrender to the REGULATORY AGENCY or its agent a quantity of CO₂ allowances in the amount calculated pursuant to project termination provisions in the forest offset protocol within six months of project termination, the sponsor will be subject to enforcement action and each CO₂ offset allowance not surrendered will constitute a separate violation of this Part and applicable jurisdiction law

(iii) *Disposition of Forest Sequestration Projects After a Reversal.* If a reversal lowers the forest offset project's actual standing live carbon stocks below its project baseline standing live carbon

stocks, the forest offset project will be terminated by the REGULATORY AGENCY.

- (8) *Projects that Have Been Awarded Credits by a Voluntary Greenhouse Gas Reduction Program.* The provisions of paragraphs XX-10.3(c)(4) and XX-10.4(b)(2) shall not apply to forest projects that have been awarded credits under a voluntary greenhouse gas reduction program provided that the following conditions are satisfied. For such projects, the number of CO₂ offset allowances will be calculated pursuant to the requirements of this subdivision, without regard to quantity of credits that were awarded to the project under the voluntary program.
- (i) The project satisfies all other general requirements of this Subpart, including all specific requirements of this subdivision, for all reporting periods for which the project has been awarded credits under a voluntary greenhouse gas program and also intends to be awarded CO₂ offset allowances pursuant to section XX-10.7.
 - (ii) At the time of submittal of the consistency application for the project, the project submits forest offset data reports and a monitoring and verification report covering all reporting periods for which the project has been awarded credits under a voluntary greenhouse gas program and also intends to be awarded CO₂ offset allowances pursuant to section XX-10.7. Forest offset data reports and monitoring and verification reports must meet all requirements of paragraphs (5) and (6) of this subdivision.
 - (iii) The consistency application includes information sufficient to allow the REGULATORY AGENCY to make the following determinations, and the voluntary greenhouse gas program has published information on its website to allow the REGULATORY AGENCY to verify the information included in the consistency application.
 - (a) The offset project has met all legal and contractual requirements to allow it to terminate its relationship with the

voluntary greenhouse gas program, and such termination has been completed.

- (b) The project sponsor or voluntary greenhouse gas program has cancelled or retired all credits that were awarded for carbon sequestration that occurred during the time periods for which the project intends to be awarded CO₂ offset allowances pursuant to section XX-10.7, and such credits were cancelled or retired for the sole purpose of allowing the project to be awarded CO₂ offset allowances pursuant to section XX-10.7.

(c) *Avoided methane emissions from agricultural manure management operations.*

To qualify for the award of CO₂ offset allowances under this Subpart, offset projects that capture and destroy methane from animal manure and organic food waste using anaerobic digesters shall meet the requirements of this subdivision and all other applicable requirements of this Subpart.

(1) *Eligibility.*

- (i) Eligible offset projects shall consist of the destruction of that portion of methane generated by an anaerobic digester that would have been generated in the absence of the offset project through the uncontrolled anaerobic storage of manure or organic food waste.
- (ii) Eligible offset projects shall employ only manure-based anaerobic digester systems using livestock manure as the majority of digester feedstock, defined as more than 50% of the mass input into the digester on an annual basis. Organic food waste used by an anaerobic digester shall only be that which would have been stored in anaerobic conditions in the absence of the offset project.
- (iii) The provisions of paragraphs XX-10.3(c)(2) and (3) shall not apply to agricultural manure management offset projects provided either of the following requirements are met.

- (a) The offset project is located in a jurisdiction that has a market penetration rate for anaerobic digester projects of 5% or less. The market penetration determination shall utilize the most recent market data available at the time of submission of the consistency application pursuant to section XX-10.4 and shall be determined as follows:

$$MP (\%) = MG_{AD} / MG_{JURISDICTION}$$

Where:

MG_{AD} = Average annual manure generation for the number of dairy cows and swine serving all anaerobic digester projects in the applicable jurisdiction at the time of submission of a consistency application pursuant to section XX-10.4.

$MG_{JURISDICTION}$ = average annual manure production of all dairy cows and swine in the jurisdiction at the time of submission of a consistency application pursuant to section XX-10.4.

- (b) The offset project is located at a farm with 4,000 or less head of dairy cows, or a farm with equivalent animal units, assuming an average live weight for dairy cows (lbs./cow) of 1,400 lbs., or, if the project is a regional-type digester, total annual manure input to the digester is designed to be less than the average annual manure produced by a farm with 4,000 or less head of dairy cows, or a farm with equivalent animal units, assuming an average live weight for dairy cows (lbs./cow) of 1,400 lbs.
- (2) *Offset project description.* The project sponsor shall provide a detailed narrative of the offset project actions to be taken, including documentation that the offset project meets the eligibility requirements of paragraph (1) of

this subdivision. The offset project narrative shall include the following information:

- (i) Owner and operator of the offset project;
 - (ii) Location and specifications of the facility where the offset project will occur;
 - (iii) Owner and operator of the facility where the offset project will occur;
 - (iv) Specifications of the equipment to be installed and a technical schematic of the offset project; and
 - (v) Location and specifications of the facilities from which anaerobic digester influent will be received, if different from the facility where the offset project will occur.
- (3) *Emissions baseline determination.* The emissions baseline shall represent the potential emissions of the CH₄ that would have been produced in a baseline scenario under uncontrolled anaerobic storage conditions and released directly to the atmosphere in the absence of the offset project.
- (i) Baseline CH₄ emissions shall be calculated as follows:

$$E_b = \frac{V_m \times M}{1000} \times GWP$$

Where:

E_b = Potential CO₂e emissions due to calculated CH₄ production under site-specific anaerobic storage and weather conditions (metric tons);

V_m = Volume of CH₄ produced each month from decomposition of volatile solids in a baseline uncontrolled anaerobic storage scenario under site-specific storage and weather conditions for the facility at which the manure or organic food waste is generated (m³);

M = Mass of CH₄ per cubic meter (0.6769 kg/m³ default value at one atmosphere and 20°C); and

GWP = Global warming potential of CH₄ (28).

- (ii) The estimated amount of volatile solids decomposed each month under the uncontrolled anaerobic storage baseline scenario (kg) shall be calculated as follows:

$$VS_{\text{dec}} = VS_{\text{avail}} \times f$$

Where:

VS = volatile solids as determined from the equation:

$$VS = M_m \times TS\% \times VS\%$$

Where:

M_m = mass of manure or organic food waste produced per month (kg)

TS% = concentration (percent) of total solids in manure or organic food waste as determined through EPA 160.3 testing method (U.S.EPA Method Number 160.3, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020));

VS% = concentration (percent) of volatile solids in total solids as determined through EPA 160.4 testing method (U.S.EPA Method Number 160.4, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)); and

VS_{avail} = volatile solids available for decomposition in manure or organic food waste storage each month as determined from the equation:

$$VS_{\text{avail}} = VS_p + \frac{1}{2} VS_{\text{in}} - VS_{\text{out}}$$

Where:

VS_p = volatile solids present in manure or organic food waste storage at beginning of month (left over from previous month) (kg);

VS_{in} = volatile solids added to manure or organic food waste storage during the course of the month (kg). The factor of $\frac{1}{2}$ is multiplied by this number to represent the average mass of volatile solids available for decomposition for the entire duration of the month;

VS_{out} = volatile solids removed from the manure or organic food waste storage for land application or export (assumed value based on standard farm practice); and

f = van't Hoff-Arrhenius factor for the specific month as determined using the equation below. Using a base temperature of 30° C, the equation is as follows:

$$f = \exp \left[\frac{E(T_2 - T_1)}{GC \times T_1 \times T_2} \right]$$

Where:

f = conversion efficiency of VS to CH₄ per month;

E = activation energy constant (15,175 cal/mol);

T_2 = average monthly ambient temperature for facility where manure or organic food waste is generated (converted from ° Celsius to ° Kelvin) as determined from the nearest National Weather Service certified weather station (if reported

temperature °C > 5° C; if reported temperature °C < 5° C, then
f = 0.104);

$T_1 = 303.15$ (30° C converted to °K); and

GC = ideal gas constant (1.987 cal/K mol)

- (iii) The volume of CH₄ produced (m³) from decomposition of volatile solids shall be calculated as follows:

$$V_m = (VS_{dec} \times B_o)$$

Where:

V_m = volume of CH₄ (m³)

VS_{dec} = volatile solids decomposed (kg)

B_o = manure or organic food waste type-specific maximum methane generation constant (m³ CH₄/kg VS decomposed). For dairy cow manure, $B_o = 0.24$ m³ CH₄/kg VS decomposed. The methane generation constant for other types of manure shall be those cited at U.S. EPA, Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2010, Annex 3, Table A 180 (U.S. EPA, February 2017), unless the project sponsor proposes an alternate methane generation constant and that alternate is approved by the REGULATORY AGENCY. If the project sponsor proposes to use a methane generation constant other than the ones found in the above-cited reference, the project sponsor must provide justification and documentation to the REGULATORY AGENCY.

- (4) *Calculating emissions reductions.* Emissions reductions shall be calculated as follows:

$$ER_t = E_b - E_p$$

Where:

ER_t = CO₂e emissions reductions due to project activities (metric tons);

E_b = Potential CO₂e emissions due to calculated CH₄ production under site-specific anaerobic storage and weather conditions (metric tons);

E_p = CO₂e emissions due to project activities additional to baseline (metric tons), including, but not limited to, manure transportation, flaring, venting, and effluent management.

Emissions reductions may not exceed the potential emissions of the anaerobic digester, as represented by the annual volume of CH₄ produced by the anaerobic digester, as monitored pursuant to paragraph (5) of this subdivision. CO₂ emissions due to transportation of manure and organic food waste from the site where the manure and organic food waste was generated to the anaerobic digester shall be subtracted from the emissions reduction calculated pursuant to subparagraphs (3)(i) through (iii) of this subdivision. Transport CO₂ emissions shall be determined through one of the following methods:

- (i) Documentation of transport fuel use for all shipments of manure and organic food waste from off-site to the anaerobic digester during each reporting year and a log of transport miles for each shipment. Off-site is defined as a location that is not contiguous with the property where the anaerobic digester is located. CO₂ emissions shall be determined through the application of an emissions factor for the fuel type used. If this option is chosen, the following CO₂ emissions factors shall be applied as appropriate.
 - (a) Diesel fuel: 10.393 kg. CO₂/gallon.
 - (b) Motor gasoline: 9.017 kg. CO₂/gallon.

- (c) Other fuel: submitted CO₂ emissions factor approved by the REGULATORY AGENCY.
 - (ii) Documentation of total short tons of manure and organic food waste transported from off-site for input into the anaerobic digester during each reporting year, as monitored pursuant to subparagraph (5)(i) of this subdivision, and a log of transport miles and fuel type used for each shipment. CO₂ emissions shall be determined through the application of a short ton-mile transport emission factor for the fuel type used. If this option is chosen, the following emissions factors shall be applied as appropriate for each short ton of manure delivered, and multiplied by the number of miles transported.
 - (a) Diesel fuel: 0.059 kg. CO₂ per short ton-mile.
 - (b) Motor gasoline: 0.059 kg. CO₂ per short ton-mile.
 - (c) Other fuel: submitted emissions factor approved by the REGULATORY AGENCY.
- (5) *Monitoring and verification requirements.* Offset projects shall employ a system that provides metering of biogas volumetric flow rate and determination of CH₄ concentration. Annual monitoring and verification reports shall include monthly biogas volumetric flow rate and CH₄ concentration determination. Monitoring and verification shall also meet the following requirements.
 - (i) If the offset project is a regional-type digester, manure and organic food waste from each distinct source supplying to the anaerobic digester shall be sampled monthly to determine the amount of volatile solids present. Any emissions reduction will be calculated according to mass of manure and organic food waste (kg) being digested and percentage of volatile solids present before digestion, consistent with the requirements at paragraph (3) of this subdivision and subparagraph (iii) of this paragraph and apportioned accordingly among sources. The project sponsor shall provide

supporting material and receipts tracking the monthly receipt of manure and organic food waste (kg) used to supply the anaerobic digester from each supplier.

- (ii) If the offset project includes the digestion of organic food waste eligible pursuant to subparagraph (1)(ii) of this subdivision, organic food waste shall be sampled monthly to determine the amount of volatile solids present before digestion, consistent with the requirements at paragraph (3) of this subdivision and subparagraph (iii) of this paragraph, and apportioned accordingly.
- (iii) The project sponsor shall submit a monitoring and verification plan as part of the consistency application that includes a quality assurance and quality control program associated with equipment used to determine biogas volumetric flow rate and CH₄ composition. The monitoring and verification plan shall be specified in accordance with the applicable monitoring requirements listed in Table 8 below. The monitoring and verification plan shall also include provisions for ensuring that measuring and monitoring equipment is maintained, operated, and calibrated based on manufacturer's recommendations, as well as provisions for the retention of maintenance records for audit purposes. The monitoring and verification plan shall be certified by an independent verifier accredited pursuant to section XX-10.6.

Table 3. Monitoring requirements

<u>Parameter</u>	<u>Measurement Unit</u>	<u>Frequency of Sampling</u>	<u>Sampling Method(s)</u>
Influent flow (mass) into the digester	Kilograms (kg) per month (wet mass)	Monthly total into the digester	a) Recorded mass b) Digester influent pump flow c) Livestock population and application of American Society of Agricultural and Biological Engineers (ASABE) standard (ASAE D384.2, March 2005)
Influent total solids concentration (TS)	Percent (of sample)	Monthly, depending upon recorded variations	U.S. EPA Method Number 160.3, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)
Influent volatile solids (VS) concentration	Percent (of TS)	Monthly, depending upon recorded variations	USEPA Method Number 160.4, Methods for the Chemical Analysis of Water and Wastes (MCAWW) (EPA/600/4-79/020)
Average monthly ambient temperature	Temperature °C	Monthly (based on farm averages)	Closest National Weather Service-certified weather station
Volume of biogas produced by digester	Cubic meter (m ³)	Continuous, totalized monthly	Flow meter
Methane composition of biogas produced by digester	Percent (of sample)	Quarterly	Bag sampling and third party laboratory analysis using applicable U.S. EPA test methods

XX-10.6 Accreditation of independent verifiers.

(a) *Standards for accreditation.* Independent verifiers may be accredited by the REGULATORY AGENCY to provide verification services as required of project sponsors under this Subpart, provided that independent verifiers meet all of the requirements of this section.

- (1) *Verifier minimum requirements.* Each accredited independent verifier shall demonstrate knowledge of the following topics:
 - (i) Utilizing engineering principles;
 - (ii) Quantifying greenhouse gas emissions;
 - (iii) Developing and evaluating air emissions inventories;
 - (iv) Auditing and accounting principles;
 - (v) Knowledge of information management systems;
 - (vi) Knowledge of the requirements of this Subpart and other applicable requirements of this Part; and
 - (vii) Such other qualifications as may be required by the REGULATORY AGENCY to provide competent verification services as required for individual offset categories specified at section XX-10.5.
- (2) *Organizational qualifications.* Accredited independent verifiers shall demonstrate that they meet the following requirements:
 - (i) Verifiers shall have no direct or indirect financial relationship, beyond a contract for provision of verification services, with any offset project developer or project sponsor;
 - (ii) Verifiers shall employ staff with professional licenses, knowledge, and experience appropriate to the specific category(ies) of offset projects at section XX-10.5 that they seek to verify.
 - (iii) Verifiers shall hold a minimum of one million U.S. dollars of professional liability insurance. If the insurance is in the name of a related entity, the verifier shall disclose the financial relationship between the verifier and the related entity, and provide documentation supporting the description of the relationship; and

- (iv) Verifiers shall demonstrate that they have implemented an adequate management protocol to identify potential conflicts of interest with regard to an offset project, offset project developer, or project sponsor, or any other party with a direct or indirect financial interest in an offset project that is seeking or has been granted approval of a consistency application pursuant to subdivision XX-10.4(e), and remedy any such conflicts of interest prior to providing verification services.
 - (3) *Pre-qualification of verifiers.* The REGULATORY AGENCY may require prospective verifiers to successfully complete a training course, workshop, or test developed by the REGULATORY AGENCY, prior to submitting an application for accreditation.
- (b) *Application for accreditation.* An application for accreditation shall not contain any proprietary information, and shall include the following:
- (1) The applicant's name, address, e-mail address, and telephone number;
 - (2) Documentation that the applicant has at least two years of experience in each of the knowledge areas specified at subparagraphs (a)(1)(i) through (v) of this section, and as may be required pursuant to subparagraph (a)(1)(vii) of this section;
 - (3) Documentation that the applicant has successfully completed the requirements at paragraph (a)(3) of this section, as applicable;
 - (4) A sample of at least one work product that provides supporting evidence that the applicant meets the requirements at paragraphs (a)(1) and (2) of this section. The work product shall have been produced, in whole or part, by the applicant and shall consist of a final report or other material provided to a client under contract in previous work. For a work product that was jointly produced by the applicant and another entity, the role of the applicant in the work product shall be clearly explained;
 - (5) Documentation that the applicant holds professional liability insurance as required pursuant to subparagraph (a)(2)(iii) of this section; and

- (6) Documentation that the applicant has implemented an adequate management protocol to address and remedy any conflict of interest issues that may arise, as required pursuant to subparagraph (a)(2)(iv) of this section.

(c) *REGULATORY AGENCY action on applications for accreditation.* The REGULATORY AGENCY shall approve or deny a complete application for accreditation within 45 days after submission. Upon approval of an application for accreditation, the independent verifier shall be accredited for a period of three years from the date of application approval.

(d) *Reciprocity.* Independent verifiers accredited in other jurisdictions, whether or not they are participating jurisdictions, may be deemed to be accredited in JURISDICTION, at the discretion of the REGULATORY AGENCY.

(e) *Conduct of accredited verifiers.*

- (1) Prior to engaging in verification services for an offset project sponsor, the accredited verifier shall disclose all relevant information to the REGULATORY AGENCY to allow for an evaluation of potential conflict of interest with respect to an offset project, offset project developer, or project sponsor. The accredited verifier shall disclose information concerning its ownership, past and current clients, related entities, as well as any other facts or circumstances that have the potential to create a conflict of interest.
- (2) Accredited verifiers shall have an ongoing obligation to disclose to the REGULATORY AGENCY any facts or circumstances that may give rise to a conflict of interest with respect to an offset project, offset project developer, or project sponsor.
- (3) The REGULATORY AGENCY may reject a verification report and certification statement from an accredited verifier, submitted as part of a consistency application required pursuant to subdivision XX-10.4(b) or submitted as part of a monitoring and verification report submitted

pursuant to subdivision XX-10.7(b), if the REGULATORY AGENCY determines that the accredited verifier has a conflict of interest related to the offset project, offset project developer, or project sponsor.

- (4) The REGULATORY AGENCY may revoke the accreditation of a verifier at any time given cause, for any of the following:
 - (i) Failure to fully disclose any issues that may lead to a conflict of interest situation with respect to an offset project, offset project developer, or project sponsor;
 - (ii) The verifier is no longer qualified due to changes in staffing or other criteria;
 - (iii) Negligence or neglect of responsibilities pursuant to the requirements of this Subpart; and
 - (iv) Intentional misrepresentation of data or other intentional fraud.

XX-10.7 Award and Recordation of CO₂ offset allowances.

- (a) *Quantities of CO₂ offset allowances awarded, and subsequently recorded.*
 - (1) *Award of CO₂ offset allowances.*
 - (i) Following the issuance of a determination under paragraph XX-10.4(e)(2) approving the consistency application for an offset project and the approval of a monitoring and verification report under the provisions of subdivision (e) of this section for the offset project, the REGULATORY AGENCY will award one CO₂ offset allowance for each metric ton of reduction in CO₂ equivalent emissions or sequestration of CO₂ demonstrated to be achieved on or after January 1, 2023.
 - (2) *Recordation of CO₂ offset allowances.* After CO₂ offset allowances are awarded under paragraph (1) of this subdivision, the REGULATORY AGENCY shall record such CO₂ offset allowances in the project sponsor's general account.
- (b) *Deadlines for submittal of monitoring and verification reports.*

For an offset project, the monitoring and verification report must be submitted within 6 months following the completion of the last calendar year during which the offset project achieved CO₂ equivalent emissions reductions or sequestration of CO₂ for which the project sponsor seeks the award of CO₂ offset allowances.

(c) *Contents of monitoring and verification reports.* For an offset project, the monitoring and verification report must include the following information, including the certification statement as required in paragraph XX-6.2(b)(2)(ii), in a format approved by the REGULATORY AGENCY:

- (1) The project's sponsor's name, address, e-mail address, telephone number, and account number;
- (2) The CO₂ equivalent emissions reduction or CO₂ sequestration determination as required by the relevant provisions of section XX-10.5, including a demonstration that the project sponsor complied with the required quantification, monitoring, and verification procedures under section XX-10.5, as well as those outlined in the consistency application approved pursuant to paragraph XX-10.4(e)(2).
- (3) A statement signed by the project sponsor that reads: *"The undersigned project sponsor hereby confirms and attests that the offset project upon which this monitoring and verification report is based is in full compliance with all of the requirements of Subpart XX-10. The project sponsor holds the legal rights to the offset project, or has been granted the right to act on behalf of a party that holds the legal rights to the offset project. I understand that eligibility for the award of CO₂ offset allowances under Subpart XX-10 is contingent on meeting the requirements of Subpart XX-10. I authorize the REGULATORY AGENCY or its agent to audit this offset project for purposes of verifying that the offset project, including the monitoring and verification plan, has been implemented as described in the consistency application that was the subject of a consistency*

determination by the REGULATORY AGENCY. I understand that this right to audit shall include the right to enter the physical location of the offset project and to make available to the REGULATORY AGENCY or its agent any and all documentation relating to the offset project at the REGULATORY AGENCY's request. I submit to the legal jurisdiction of JURISDICTION."

- (4) A certification signed by the offset project sponsor certifying that all offset projects for which the sponsor has received CO₂ offset allowances under this Subpart (or similar provisions in the rules of other participating jurisdictions), under the sponsor's ownership or control (or under the ownership or control of any entity which controls, is controlled by, or has common control with the sponsor) are in compliance with all applicable requirements of the TCI-P.
- (5) A verification report and certification statement signed by an independent verifier accredited pursuant to section XX-10.6 that documents that the independent verifier has reviewed the monitoring and verification report and evaluated the following in relation to the applicable requirements at section XX-10.5, and any applicable guidance issued by the REGULATORY AGENCY.
 - (i) The adequacy and validity of information supplied by the project sponsor to determine CO₂ equivalent emissions reductions or CO₂ sequestration pursuant to the applicable requirements at section XX-10.5.
 - (ii) The adequacy and consistency of methods used to quantify, monitor, and verify CO₂ equivalent emissions reductions and CO₂ sequestration in accordance with the applicable requirements at section XX-10.5 and as outlined in the consistency application approved pursuant to paragraph XX-10.4(e)(2).
 - (iii) The adequacy and validity of information supplied by the project sponsor to demonstrate that the offset project meets the applicable eligibility requirements of section XX-10.5.

- (iv) Such other evaluations and verification reviews as may be required by the REGULATORY AGENCY.
- (6) Disclosure of any voluntary or mandatory programs, other than JURISDICTION TCI-P and the Transportation and Climate Initiative Programs of other participating jurisdictions, to which greenhouse gas emissions data related to the offset project has been, or will be reported.
- (7) For offset projects located in a United States jurisdiction that is not a participating jurisdiction, a demonstration that the project sponsor has complied with all requirements of the cooperating regulatory agency in the United States jurisdiction where the offset project is located.

(d) *Prohibition against filing monitoring and verification reports in more than one participating jurisdiction.* Monitoring and verification reports may only be filed under this section for projects that have received consistency application approval under section XX-10.4(e)(2). Monitoring and verification reports may not be filed under this section for projects that have received consistency application approval in other participating jurisdictions.

(e) *REGULATORY AGENCY action on monitoring and verification reports.* The REGULATORY AGENCY will approve or deny a complete monitoring and verification report, in a format approved by the REGULATORY AGENCY, filed with the REGULATORY AGENCY pursuant to paragraph (d) of this section, within 45 days following receipt of a complete report. A complete monitoring and verification report is one that is in an approved form and is determined by the REGULATORY AGENCY to be complete for the purpose of commencing review of the monitoring and verification report. In no event shall a completeness determination prevent the REGULATORY AGENCY from requesting additional information in order to enable the REGULATORY AGENCY to approve or deny a monitoring and verification report submitted in a format approved by the REGULATORY AGENCY, and filed under this section.

Subpart XX-11 CO₂ Allowance Auctions

XX-11.1 Purpose.

The purpose of this Subpart is to provide for the administration and implementation by the REGULATORY AGENCY of allowance auctions to promote the purposes of this Part.

XX-11.2 Implementation of allowance auctions.

- (a) The REGULATORY AGENCY shall participate in allowance auctions.
- (b) Implementation and administrative support functions for any multijurisdictional auction may be delegated to an agent.

XX-11.3 Commencement, frequency and quantity of allowance auctions.

- (a) *Frequency.* Allowance auctions will be held quarterly or as often as practical and necessary to effectuate the objectives of this Part.
- (b) *Calendar.* The REGULATORY AGENCY shall maintain a calendar of anticipated auction dates on its Website. The calendar shall indicate the auction format and the number of allowances and allocation years of allowances to be auctioned at each auction. The REGULATORY AGENCY may periodically revise the calendar, provided that the information relevant to the next scheduled allowance auction shall be fixed no later than 45 days prior to such auction. The calendar shall include the dates of at least the next four (4) allowance auctions and may also include the anticipated number of allowances to be auctioned at each auction. The REGULATORY AGENCY may periodically modify the anticipated dates of auctions listed on such calendar.

(c) *Quantity.* Prior to the end of each control period, CO₂ allowances for such control period will be made available for sale. CO₂ allowances will be made available for sale by allocation year.

(d) *Lot Sizes.* The REGULATORY AGENCY may make CO₂ allowances available for sale in a minimum lot size of allowances.

(e) *Reserve price.*

(1) In administering auctions, the REGULATORY AGENCY shall employ the use of a reserve price and shall publish or announce such reserve price prior to each auction.

(2) No allowances shall be sold at any auction for a price below the reserve price for that auction.

(3) If the total demand for allowances at an auction is less than or equal to the total number of allowances made available for sale in that auction, then the auction clearing price for the auction shall be the reserve price.

(f) *CO₂ cost containment reserve allowances.*

(1) CO₂ CCR allowances shall only be sold at an auction in which total demand for allowances, above the CCR trigger price, exceeds the number of CO₂ allowances available for purchase at the auction, not including any CO₂ CCR allowances.

(2) The number of CO₂ CCR allowances offered for sale by the REGULATORY AGENCY or its agent at the auction shall be equal to the number of CO₂ CCR allowances in the auction account at the time of the auction.

(3) After all of the CO₂ CCR allowances in the auction have been sold in a given calendar year, no additional CO₂ CCR allowances will be sold at any auction for the remainder of that calendar year, even if the condition of paragraph (1) of this subdivision is met at an auction.

- (4) At an auction in which CO₂ CCR allowances are sold, the reserve price at the auction shall be the CCR trigger price.
 - (5) If the condition of paragraph (1) of this subdivision is not satisfied, no CO₂ CCR allowances shall be offered for sale at the auction, and the reserve price for the auction shall be equal to the minimum reserve price.
- (g) *CO₂ emission containment allowances.*
- (1) CO₂ ECR allowances shall only be withheld from an auction if the demand for allowances would result in an auction clearing price that is less than the ECR trigger price prior to the withholding from the auction of any ECR allowances.
 - (2) If the condition in paragraph (1) of this subdivision is met at an auction, then the maximum number of CO₂ ECR allowances that may be withheld from that auction will be equal to the quantity specified in section XX-5.1 minus the total quantity of CO₂ ECR allowances that have been withheld from any prior auction in that calendar year. Any CO₂ ECR allowances withheld from an auction will be transferred into the RELEVANT JURISDICTION ECR ACCOUNT.

XX-11.4 Auction format.

The auctions shall be conducted as a single round sealed-bid uniform price Auction.

XX-11.5 Participant eligibility and limitations.

(a) JURISDICTION fuel suppliers shall be eligible to participate in all auctions so long as they meet the requirements of section XX-11.6, except as provided in subdivision (f) of this section.

(b) Any auction shall be open to all who wish to participate so long as they meet the requirements in section XX-11.6, except as provided in subdivision (f) of this section.

(c) Any party wishing to participate in an auction will be required to open and maintain a compliance or general account pursuant to the provisions in Subpart XX-6.

(d) *Limitations.* Participation in any auction may be limited to the level of financial security provided.

(e) The REGULATORY AGENCY may institute a purchasing and/or bidding limitation in each auction. This limitation shall not be greater than 25% of the allowances available in an auction not including the CO₂ CCR allowances. Any such limitations shall be included in the auction notice.

(f) Any applicant or bidder that has been found to have violated any rule, regulation, or law associated with any commodity market or exchange may be denied eligibility or precluded from participation in allowance auctions.

XX-11.6 Participation requirements.

(a) *Qualification.* Any party wishing to participate in an allowance auction or auctions shall submit an application for qualification in the form and manner provided in the auction notice to the REGULATORY AGENCY on or before the application deadline date specified in the auction notice. As a part of their application, applicants will be required to provide information and documentation relating to their ability and authority to execute bids and honor contractual obligations. Such documentation may include but may not be limited to:

- (1) Information and documentation regarding the corporate identity, ownership, affiliations, and capital structure of the applicant;
- (2) Declarations as to the beneficial ownership of any allowance that may be acquired through the auction;

- (3) The identification of any indictment or felony conviction of any member, director, principle, partner or officer of the applicant or any affiliate or related entity;
- (4) The identification of any previous or pending investigation with respect to any alleged violation of any rule, regulation, or law associated with any commodity market or exchange.
- (5) Evidence demonstrating that such applicant has opened a general or compliance account as provided for in the provisions in Subpart XX-6 and identification of relationships with any other account holder.
- (6) Applicants may be denied qualification based on the information provided or upon information as to such applicant obtained independent of the application process.

(b) The REGULATORY AGENCY will review each application for qualification and make determinations as to the qualification of the applicant to participate or otherwise submit bids in allowance auctions. Failure to provide any information required by the allowance auction may result in the application being declared incomplete or otherwise deficient. If an application for qualification is determined to be incomplete or otherwise deficient, the REGULATORY AGENCY shall notify the applicant and state the reason therefore. The REGULATORY AGENCY may offer an opportunity for the applicant to remedy its application by the deadline pursuant to the auction notice. Qualified applicants will be notified by the REGULATORY AGENCY pursuant to the auction notice.

(c) Parties found qualified for participation in an auction will be qualified for subsequent allowance auctions, provided that there has been no material change to the information provided in the application, the party is within one of the categories of eligible bidders described in the auction notice for such auction, and such party meets all other requirements for participation. Any party found qualified shall notify the REGULATORY AGENCY of any material change in the information provided in the application for qualification by the date on which qualification applications for the next auction are due. Such notification shall state the date the change occurred and describe

the change in sufficient detail to enable the REGULATORY AGENCY to determine if a change in the qualification status to participate in future auctions is warranted.

(d) The REGULATORY AGENCY may require parties previously found qualified to up-date and re-file applications for qualification on an annual basis or as requested by the REGULATORY AGENCY.

(e) The REGULATORY AGENCY may suspend or revoke previously granted qualification of any party if such party fails to comply with this section.

(f) *Bid Submittal Instructions.* All bids shall be in a form prescribed by the REGULATORY AGENCY, which shall be made available electronically on a website, as appropriate. All bids submitted will be considered binding offers for the purchase of allowances under this section.

(g) If the REGULATORY AGENCY determines that a bidder has provided false or misleading information on its application, has omitted required information from its application, has violated any part of the auction rules, or has otherwise failed to comply with any provision of this Part, the REGULATORY AGENCY may prohibit the bidder from participating in any future allowance auctions.

(h) To receive approval to participate in any specific auction, otherwise qualified bidders will be required to provide financial security in the form of a bond, cash, certified funds, or an irrevocable stand-by letter of credit, in a form acceptable to the REGULATORY AGENCY. Financial security shall be provided in a form and manner as described in the auction notice.

(1) Parties who have posted financial security may request return of their financial security at any time prior to or following any allowance auction, and the REGULATORY AGENCY shall return said financial security provided that the REGULATORY AGENCY has no current or pending

claim to such security as a result of a failure of the party to comply with this Part or to pay the full amount of its accepted bid when due.

- (2) Financial security may be forfeited to and retained by the REGULATORY AGENCY in the event the bidder's offer is accepted in an auction and the bidder fails to tender payment of the full amount when due.

XX-11.7 Notice of auctions.

(a) A Notice of CO₂ Allowance Auction ("auction notice") shall be published no later than 45 days prior to the date upon which each auction may be conducted. The auction notice may be transmitted electronically to parties requesting such notification provided they have submitted an electronic-mail address to the REGULATORY AGENCY or its agent.

(b) Each auction notice shall include, but not be limited to:

- (1) A specific description of all auction participation requirements,
- (2) Date, time and location of the auction,
- (3) The categories of bidders who will be eligible to bid,
- (4) The quantity of CO₂ allowances to be auctioned,
- (5) The number of CO₂ CCR allowances that will be offered for sale at the auction if the condition of paragraph XX-11.3(f)(1) is met,
- (6) The CCR trigger price for the auction,
- (7) The maximum number of CO₂ allowances that may be withheld from sale at the auction if the condition of paragraph XX-11.3(g)(1) is met,
- (8) The ECR trigger price for the auction,
- (9) The auction reserve price,
- (10) The auction format,
- (11) The amount and type of security required,
- (12) Any participation limitations,
- (13) Information regarding settling and clearing of allowance payments,
- (14) Instructions as to qualification applications,

- (15) A standard allowance purchase and sale contract,
- (16) Other pertinent rules of the auction, and
- (17) A point of contact for further information.

XX-11.8 Auction reporting and transfer of CO₂ allowances.

An independent monitor such as a certified public accounting firm or similar entity shall observe the conduct and outcome of each auction and issue a report to the REGULATORY AGENCY or its agent in accordance with professional auditing standards addressing whether the auction was conducted in accordance with the rules and procedures in the respective auction notice. Upon receipt and approval by the REGULATORY AGENCY of the report and upon payment in full by successful bidders, the REGULATORY AGENCY shall transfer or have transferred the corresponding CO₂ allowances to each successful bidder's applicable compliance or general account.

XX-11.9 Auction and secondary market monitoring.

(a) In advising the REGULATORY AGENCY, a professional independent auction monitor will monitor each auction and develop and apply data collection methods, metrics, and analytic techniques, and thresholds for identifying any bidding behavior or activity that may have a significant impact on the efficiency and performance of such auctions, including, but not limited to:

- (1) Collusion,
- (2) Market power, and/or
- (3) Price manipulation.

(b) A professional independent auction monitor will also monitor allowance market data and information known to the REGULATORY AGENCY, including allowance transactions and associated pricing reported in the EATS, and other relevant data and

information to ensure fair competition, efficient pricing, and protection against collusive or manipulative behavior in the allowance auctions and in the TCI-P.

XX-11.10 Anti-deceptive practices.

It is unlawful for a bidder to use or employ any manipulative, misleading, or deceptive practice in connection with its qualification application or purchase of allowances from the REGULATORY AGENCY, including but not limited to any practice that is in contravention of any applicable federal or jurisdiction law or regulation.

XX-11.11 Publication of results.

Within 10 days of the transfer of CO₂ allowances to successful bidders, the REGULATORY AGENCY shall publish the auction clearing price and the total amount of CO₂ allowances sold in such auction.



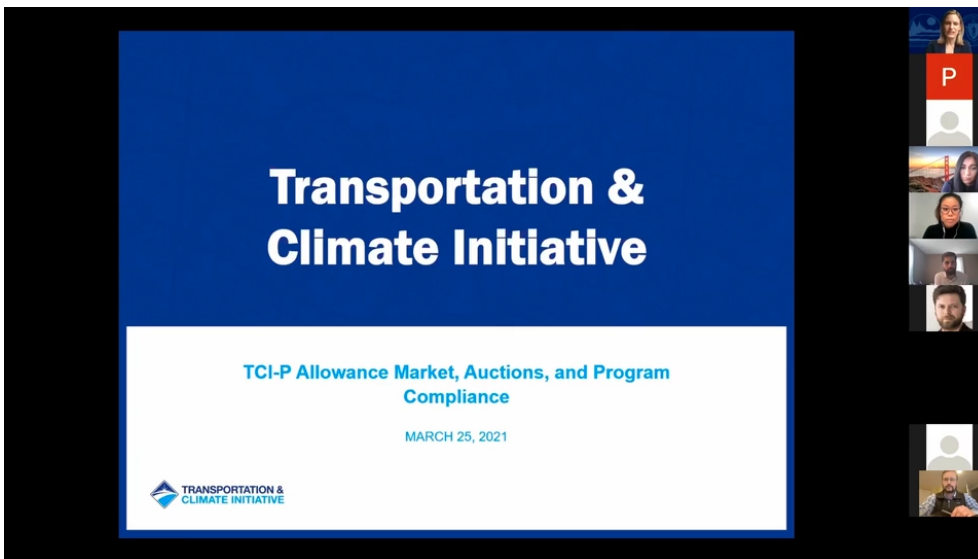
TRANSPORTATION & CLIMATE INITIATIVE

[HOME](#)[ABOUT](#)[OUR WORK](#)[NEWS](#)[CONTACT US](#)[ABOUT THE TCI-P](#)[Home](#)

New informational video explores technical details of TCI-P allowance market, auctions, and compliance

March 26, 2021

The Transportation & Climate Initiative (TCI) today shared a pre-recorded informational webinar exploring the logistics of the proposed [Transportation & Climate Initiative Program \(TCI-P\)](#), which aims to put a brake on transportation pollution and invest in healthier communities and cleaner, more equitable transportation. The webinar includes presentations by officials from TCI jurisdictions and experts involved with other ongoing market-based pollution reduction programs. It highlights provisions of the draft Model Rule released for public review on March 1. The webinar begins with an overview of regional goals for the TCI-P program, including ensuring environmental justice and equity in the program. Speakers discuss details of the TCI-P's proposed approach to allowance auctions, market stability mechanisms, and how fuel-system participants would meet compliance with proposed TCI-P requirements. Speakers also respond to related questions stakeholders have raised in recent weeks.



[Webinar slide deck \(PDF\)](#)

The presentation is part of TCI jurisdictions' ongoing public engagement to inform the development of a Model Rule for TCI-P, which participating jurisdictions will use as a template for implementing compliance requirements for fuel distributors regulated by the program. Public input on the [draft Model Rule](#) is most helpful if submitted by May 7, 2021. There is no deadline for input on public engagement planning and strategies. Interested people and organizations are encouraged to provide input through the [TCI-P Public Input Portal](#).

TCI-P Allowance Market, Auctions, and Program Compliance webinar speakers



Top row (left to right):

- Secretary Kathleen Theoharides, Massachusetts Dept. of Environmental Protection
- Christine Kirby, Massachusetts Dept. of Environmental Protection
- Drew Veysey, Georgetown Climate Center
- Rajinder Sahota, California Air Resources Board

Bottom row (left to right):

- Chris Hoagland, Maryland Dept. of the Environment
- Anna Ngai, RGGI Inc.
- Pallas LeeVanSchaick, Potomac Economics

More information on participating in the TCI-P development process

On March 1, TCI-P jurisdictions shared a [draft Model Rule](#), along with an [update on public engagement planning](#) via a [live public webinar](#) attended by over 600 people. Interested people and organizations are encouraged to submit input on the draft Model Rule and public engagement planning through the online [TCI-P Public Input Portal](#).

Transportation & Climate Initiative jurisdictions also updated the [Frequently Asked Questions](#), answering some common questions received from members of the public.

[Learn more about TCI-P](#)