



# Third Party Verification Overview and Applicability

## Module 1.1

Oregon Third Party Verification Program

# Agenda

- Background on Oregon third party verification program (otherwise referred to as 3PV)
- Rules and important definitions
- Verification basics
- Important dates
- Resources
- Applicability

# Disclaimer

The information presented in these slides does not replace your responsibility to know and abide by DEQ's third party verification regulations. Please read the regulation and if any information conflicts, the regulation takes precedence.

# Why require third-party verification?

- Improve data reliability to track progress toward targets and support policy discussions and implementation.
- Identify areas of risk and opportunity.
- Decrease liability associated with incorrect data.
- Obtain detailed, thorough, independent review of data.

# 3PV Rules - OAR Chapter 340 Division 272

Rule	Contents
340-272-0010	Purpose and scope
340-272-0020	Definitions
340-272-0100s	General requirements for responsible persons regarding verification
340-272-0200s	Applications and criteria for verification bodies/verifiers and DEQ approval process
340-272-0300s	Verification services – general requirements and DEQ review
340-272-0400s	Verification services – requirements of services performed
340-272-0500	Requirements for conflict-of-interest evaluation

# Definitions

**Responsible entity:** Regulated entity under either the Greenhouse Gas Reporting or Clean Fuels Program that meet the requirements for third party verification listed in OAR 340-272, or that voluntarily agree to those requirements. The responsible entity is the point of regulation for the third party verification program.

**Verification body:** The company hired by the responsible entity to perform verification services. Verification bodies and verifiers must be DEQ approved to provide services for the reports they verify.

# What does a responsible entity need to do?

- Engage the services of a DEQ-approved verifier.
- Ensure that all requirements in OAR 340-272 are met.
- Ensure that a verification statement is received by DEQ from a verification body by the required deadline.

# How does verification work?

**Who:** Responsible entity contracts with a DEQ-approved verification body.

**When:** Verification services are conducted by a team of DEQ-approved verifiers between the applicable reporting deadline and the verification deadline.

**What:** A verification statement is submitted by the verification body to DEQ upon completion of services.

# Who is involved in verification?

## Verification Team

Conducts verification services

- Must include a **lead verifier**.
- Must include a **sector specific verifier** (may double as lead verifier).
- Any **subcontractors** contracted by the verification body must also be DEQ approved.



## Verification Body

Company that has been DEQ approved to provide services

- Must meet certain eligibility requirements.

## Lead Verifier

Serving as **independent reviewer** (part of completion of verification services)

- Must be part of the verification body.
- Must be listed on Notice of Verification Services.
- May be a sector specific verifier, but is not required.

# Types of reporting errors

**Nonconformance:** Failure to meet the applicable requirements of this division or the failure to meet requirements of OAR chapter 340, division 215 or OAR chapter 340, division 253, as applicable, to calculate or report data or submit a fuel pathway application.

**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 reported data or a submitted report or fuel pathway application contains one or more errors, as described in OAR 240-272-0450, OAR 240-272-0455, and OAR 240-272-0460, as applicable.

# Correctible errors

A correctible error is any error that impacts reported data that is not the result of a reasonable method of rounding, truncation or averaging.

The responsible entity must correct all such errors before submission of the verification statement.

# Verification statements

**Reasonable assurance:** A high degree of confidence in the accuracy and truth of a conclusion.

**Positive:** Verification body can say with reasonable assurance that the submitted report or fuel pathway application is free of material misstatement and that it conforms to the requirements of this division, OAR chapter 340, division 215, or OAR chapter 340, division 253, as applicable.

**Qualified positive:** Verification body can say with reasonable assurance that the submitted report or fuel pathway application is free of material misstatement and has been corrected or modified in conformance with OAR 340-272-0435, but may include one or more other nonconformance(s) with the requirements of this division, OAR chapter 340, division 215, or OAR chapter 340, division 253, as applicable, which do not result in a material misstatement.

**Adverse:** Verification body cannot say with reasonable assurance the submitted report or fuel pathway application is free of a material misstatement; OR the submitted report or fuel pathway application contains correctable errors and thus is not in conformance with the requirements to fix such errors according to OAR 340-272-0435.

# Important dates

## Clean Fuels Program

### Reporting Deadlines:

Quarterly transaction reports due: 90 days after end of each quarter

Fuel pathway reports due: March 31

Annual transaction reports due: April 30

### Verification Deadline:

Verification statements due: August 31

## GHG Reporting Program

### Reporting Deadlines:

Reports due for permit holders: March 31

Reports due for petroleum and natural gas systems: March 31

Reports due for natural gas suppliers: March 31

Reports due for fuel suppliers and producers: April 30

Reports due for electricity suppliers: June 1

### Verification Deadlines:

Verification Statements due for permit holders, petroleum and natural gas systems, natural gas suppliers, fuel suppliers and producers: August 31

Verification Statements due for electricity suppliers: September 30

# Third Party Verification web pages

## [DEQ's Third Party Verification home page](#)



### Clean Fuels Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)



### GHG Reporting Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)

[Your DEQ Online Reporting Resources](#)



### Resources

[Program Rules \(OAR 340-272\)](#)

[2024 Rulemaking](#)

[Sign-up for program updates](#)

# Approved verification bodies



## Clean Fuels Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)



## GHG Reporting Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)

- Click on “Information for Responsible Entities” for the appropriate program
- **Only** DEQ-approved verifiers and verification bodies may provide services in Oregon

# General verification applicability

- Thresholds for reports that require verification are contained in the regulation (OAR 340-272).
- Third party verification applicability is determined based on the submitted report as of the reporting deadline.
- If errors are corrected past the verification deadline, this does not impact whether the report meets the verification threshold.

# CFP quarterly transaction report applicability

The following transaction types require the verification of annual transactions reporting:

- All liquid fuels (includes Production in Oregon, Out of State Production for Import, all Import transactions, Exports other than Position Holder Sales for Export or export transactions reported on behalf of an unregistered exporter, Gain of Inventory, Loss of Inventory, Not used for transportation, and Transactions used to claim exempt uses under OAR 340-253-0250)
- NGV fueling
- Propane fueling
- EV charging, except when related to residential charging

# CFP quarterly transaction report exemptions

- Entities regardless of transaction type that do not generate  $\geq 6,000$  credits and deficits during the previous calendar year are exempt.
- Entities are exempt if they only report in one or more transaction types: “Export”, “Gain of inventory”, “Loss of inventory”, and “Not used for transportation” IF they do not generate  $\geq 6,000$  credits and deficits, they did not report any liquid fuel as “Production in Oregon” or “Import into Oregon”, AND they did not report any NGV fueling transactions.
- Related entities need to aggregate their credits and deficits together (Related entities = entities that share common ownership and/or operational control) when determining whether they are exempt.

# CFP annual fuel pathway reporting applicability

- Holders of fuel pathways that supplied site-specific CI data for pathway certification and are required to update their site-specific CI data annually.
- Specified source feedstock suppliers and others with site-specific CI data that apply for separate DEQ recognition as a joint applicant (requirements in OAR 340-253) and elect to be responsible for separate verification.

# CFP annual fuel pathway reporting exemptions

- Holders of approved fuel pathways that do not generate  $\geq 6,000$  credits and deficits during the previous calendar year for the quantity of fuel produced at a given facility.
- Holders of approved fuel pathways in California must submit those verification statements to DEQ.
- If a California-certified and verified pathway generated fewer than 6000 credits and deficits in California but greater than 6000 credits and deficits in Oregon, it is subject to verification in Oregon.

# CFP fuel pathway application validation

Any entity submitting site-specific CI data for their fuel pathway application for initial certification of a pathway in Oregon must undergo validation of their pathway application.

Validation follows the same verification procedures as outlined in OAR 340-272.

# CFP fuel pathway application exemptions

Separate validation in Oregon is not required for pathways initially certified and verified by the California Air Resources Board.

Holders of pathways initially certified and verified by CARB must submit the documentation generated during the California validation process to DEQ with their recertification pathway application.

# General GHG emissions data reports applicability

- Any emissions data report with emissions  $\geq 25,000$  metric tons of CO<sub>2</sub>e, excluding CO<sub>2</sub> from biomass-derived fuels.
- Threshold for determining applicability includes vented and fugitive emissions.
- Any emissions data report submitted by a Climate Protection Program regulated entity, regardless of reported emissions level.
- Any emissions data report from electric companies and electricity service suppliers as defined in ORS 757.600, regardless of reported emissions level.

## General GHG emissions data reports applicability (cont.)

- A third party (who is not BPA) who submits a report on behalf of a COU must have data verified for each individual utility meeting the threshold (excluding emissions associated with power purchased from BPA).
- Fuel suppliers or in-state producers that are related entities or share common ownership or control must be aggregated together to determine whether or not the exemption applies.
- Verification must be conducted for **total** reported emissions (including CO<sub>2</sub> from biomass-derived fuels).

# GHG emissions data reporting cessation requirements

For emissions data reports, entities that have met reporting/verification cessation requirements are not subject to 3PV.

- Must have the emissions data report verified for the first year that emissions are reduced below the applicability threshold but may stop having their reports verified thereafter
- If reported emissions rise above the applicability threshold in a subsequent year, the verification requirement applies
- Example: Sample Co. reports 35,000 MT CO<sub>2</sub>e in reporting year 2028 and 15,000 MT CO<sub>2</sub>e in reporting year 2029. It must have its 2029 data verified because its 2028 data met the verification threshold.

# GHG emissions data reports exemptions

- A regulated entity that submits an emissions data report as described under 430-215-0044(1) that indicates **emissions were less than 25,000 metric tons of CO<sub>2</sub>e**, excluding CO<sub>2</sub> from biomass-derived fuels, unless otherwise specified.
- An emissions data report as described under OAR 340-215-0044(1)(a) that includes emissions data and information described in 40 C.F.R. part 98 **Subpart HH – Municipal Solid Waste Landfills**;
- Natural gas supplier that is an **interstate pipeline**; and
- Any emissions data report submitted by **Bonneville Power Administration** acting as a third-party reporter on behalf of any consumer-owned utility.

# Less intensive verification defined

Includes all verification services required for full verification, except for site visit(s) and only requiring data checks and document reviews based on the analysis and risk assessment in the most recent sampling plan developed as part of the most current full verification.

# Less intensive verification requirements

Can take place for up to two years of every three-year period IF:

- No change in verification body from prior year.
- Positive verification statement in prior year.
- No change in operational control of the entity in prior year (including acquisition of another company and reporting on its behalf).

Verification body may still perform full verification during a less intensive verification year at its discretion.

# Re-verification

In certain cases (see OAR 340-272-0350(2)), DEQ may set aside the originally submitted verification statement and require the responsible entity to have its reporting for that year re-verified by a different verification body.

If this is the case, the responsible entity can continue to use its original verification body for its current year verification, unless that verification body has had its approval modified, suspended or revoked by DEQ.

# This concludes this presentation

For questions, please contact us:

[3PVerify@deq.oregon.gov](mailto:3PVerify@deq.oregon.gov)

**Thank you!**

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