



State of Oregon

**DEQ** Department of Environmental Quality

# Third-Party Verification: What Responsible Entities Need to Know

Office of Greenhouse Gas Programs

November 2021

# Purpose

---

To provide an update on Oregon's Third-Party Verification Program for participants in the Clean Fuels Program and GHG Reporting Program

NOTE: This presentation does not cover the verification process in detail- our intent is to provide a more detailed training on verification procedures in the first quarter of 2022

# Agenda

---

- Overview of 3PV
- Implementation update and timeline
- Verifier and VB approval process
- Next steps

# Overview of Third-Party Verification Requirements

# Why require third-party verification?

---

- Improve data reliability to track progress toward targets and support policy discussions
- 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

# Applicability - Clean Fuels Program

**Quarterly reports** (subject to annual verification, but may be reviewed quarterly if desired)

Limited to the following transaction types:

- All liquid fuels
- NGV fueling
- Propane fueling
- Exemptions:
  - Entities regardless of transaction type that do not generate  $\geq 6,000$  credits and deficits during the previous calendar year
  - Entities that 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

# Applicability - Clean Fuels Program

---

- **Each annual fuel pathway (CI) report submitted**
  - 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
- **Fuel pathway (CI) applications are NOT required to obtain 3PV, but those that elect to have applications verified will be prioritized for approval**



# Applicability - GHG Reporting Program

- Each **emissions data report** meeting the following conditions:
  - Any report with emissions  $\geq 25,000$  metric tons of CO<sub>2</sub>e
    - Threshold for determining applicability includes vented and fugitive emissions, but excludes CO<sub>2</sub> from biomass-derived fuels
    - 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)

# Applicability – GHG Reporting Program

Exemptions. The following are not subject to the requirements of this division:

- 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.
- 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 (BPA)** acting as a third-party reporter on behalf of any consumer-owned utility.

# Applicability – GHG Reporting Program

---

## **Cessation of reporting/verification**

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

# Less Intensive Verification

---

- 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.
- Can take place for up to 2 years of every 3 year period IF:
  - No change in verification body
  - Positive verification statement in prior year
  - No change in operational control of the entity in prior year
- Verification body may perform full verification at its discretion

# Basics of Third-Party Verification

# 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** - DEQ receives a verification statement upon completion of services

# Verification Statements

---

**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.

# 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 fuel transaction reports due -  
90 days after end of each quarter  
Fuel pathway reports due - March 31  
Annual 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

# Find a Verification Body



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

<https://www.oregon.gov/deq/ghgp/3pv>

# Find a Verification Body

This page provides information for entities responsible for having their information verified for Oregon's Clean Fuels Program.

## Important deadlines:

- Quarterly fuel transaction reports due - 90 days after end of each quarter
- Fuel pathway reports due - March 31
- Annual reports due - April 30
- Verification statements due - August 31

## Who is required to obtain verification services?

For the Clean Fuels Program, verification requirements can be found in [OAR 340-253-0110](#) and apply to:

- Holders of certified fuel pathways and specified source feedstock suppliers and other persons with site-specific carbon intensity data that apply as a joint applicant that generate more than 6,000 total credits and deficits during the previous calendar year for the quantity of fuel produced at a given production facility
- CFP quarterly reporters that generate more than 6,000 total credits and deficits during a calendar year

Fuel pathway applications are not required to be verified but if they are, DEQ will prioritize processing the application.

Verification requirements start with calendar year 2021 data.

## Find a verifier

Only DEQ-approved verifiers and verification bodies may perform verification services in Oregon. All verifiers and verification bodies are accredited by the California Air Resources Board (CARB) in the verification services they provide.

- [NEW Oregon CFP Approved Verifiers List \(Modified: 10/18/21\)](#)
- [NEW Oregon CFP Approved Verification Bodies List \(Modified: 10/18/21\)](#)

## Resources

- [NEW Frequently Asked Questions for CFP Responsible Entities \(Modified: 10/20/21\)](#)

- Lists of DEQ-approved verification bodies and verifiers will appear under “Find a verifier”

# Process to Approve Verifiers and Verification Bodies

# Accreditation

Verifiers and verification bodies must be properly accredited to apply to perform verification services in Oregon:

## Clean Fuels Program

Must be accredited by the California Air Resources Board Low Carbon Fuel Standard (LCFS) program

## GHG Reporting Program

Must be accredited by the California Air Resources Board Mandatory Reporting Rule (MRR) program

OR

Verification body must be accredited by the ANSI National Standards Board's GHG Validation and Verification Bodies accreditation program

# Approval

---

## Other requirements

### Verifiers

- \*Education
- \*Experience
- \*Exams

### Verification Bodies

- \*Staffing (including DEQ-approved verification staff)
- \*Information about organization's operations and policies

DEQ approval is valid for three years from the date of issue

# Next Steps

# Next Steps

---

- Contracting
  - Publication of approved verifier and verification body lists means contracting can begin between approved verification bodies and responsible entities
  - DEQ is not involved in the contracting process
  - DEQ does not collect fees for verification; fees are set during contracting by the parties



# Next Steps

---

- Conflict of Interest
  - Conflict of interest forms will be published on our website
  - Responsible entities and verification bodies must ensure that potential conflicts of interest are mitigated ahead of verification for 2021 program year

# Next Steps

---

**“Conflict of interest”** means a situation in which, because of financial or other activities or relationships with other persons or organizations, a verification body is unable or potentially unable to provide an impartial verification statement of a potential client’s report or fuel pathway application, or the verification body’s objectivity in providing verification services is or might be otherwise compromised.

High Potential Conflict of Interest: CANNOT be mitigated. The responsible entity will need to contract a different verification body.

Medium Potential Conflict of Interest: Can be mitigated by submitting a plan to DEQ that details how the activities/persons with a conflict of interest will be insulated from the verification.

# Next Steps

---

- Verification training
  - DEQ will hold additional trainings in Q1 of 2022 to provide clarity on verification procedures
- If your reporting contact is different from your third-party verification contact, please let us know at [3PVerify@deq.state.or.us](mailto:3PVerify@deq.state.or.us)

# Thank you for attending!

---

## Resources:

Third-Party Verification webpage:

<https://www.oregon.gov/deq/ghgp/3pv/>

“Information for Responsible Entities”

On 3PV webpage under “Resources”, click link “Sign-up for program updates” to join our GovDelivery listserv

Email: [3PVerify@deq.state.or.us](mailto:3PVerify@deq.state.or.us)