

# **Third Party Verification**

## **CFP Quarterly Reporting**

### **Responsible Entities Training Session**

Office of Greenhouse Gas Programs

March 24-25, 2022

# Purpose

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To inform responsible entities who participate in the Oregon Clean Fuels Program and are required to get their quarterly reports verified on information related to that process.

Many of the slides that you will see here today were presented by Liz Hardee who is our 3PV Administrator.

That presentation goes through more of the details that you need to keep in mind for the whole verification process. You can find the video and presentation on our website.

- [Video](#)
- [Slides](#)
- The slides for this presentation will also be made available after the sessions are over. We will be adding content to the presentation based on questions received at the session.

# Agenda

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- Website resources for responsible entities
- Determining if you are exempt from quarterly report verification
- Determining if you are required to verify quarterly reporting
- Specific CFP Reporting situations
- Other details
- Question and answer session

# CFP responsible entity resources

[www.oregon.gov/deq/ghgp/3pv/](http://www.oregon.gov/deq/ghgp/3pv/)



## Clean Fuels Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)

[www.oregon.gov/deq/ghgp/cfp/](http://www.oregon.gov/deq/ghgp/cfp/)



## For Registered Parties

[Oregon Fuels Reporting System](#)

[Fuel Pathways](#)

[Reference Materials](#)

[Regulation: OAR Chapter 340  
Division 253](#)

# Verification Rules

3PV follows [OAR 340-272](#), [OAR-340-272-0110](#) covers applicability for CFP

Rule	Contents
340-272-0010	Purpose and scope
340-272-0020	Definitions
<b>340-272-0100s</b>	<b>General requirements for responsible persons regarding verification</b>
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

# Are you exempt?

According to OAR 340-272-0110(3)(b)(A) in order to determine if you are exempt from reporting, you must add together your total credits and deficits from all related entities reporting to the CFP in the previous reporting year.

- If you are below the threshold of 6,000 credits and deficits that requires you to verify your quarterly reporting, you are exempt.
- If you have related entities participating in the CFP, make sure you are aggregating the credits and deficits for all of the related entities to determine your eligibility.

OAR 340-272-0110(3)...

(b) *Exemptions. The following are not subject to the requirements of this division:*

(A) *Persons that do not generate 6,000 or more total credits and deficits during the previous calendar year. For the purposes of this rule, any credits or deficits generated by persons that are related entities or share common ownership or control must be aggregated together to determine whether or not the exemption applies.*

# Are you exempt? Threshold Example

Entity A

2,000 credits  
+1,000 deficits  
3,000

Entity B

4,000 credits  
+1,000 deficits  
5,000

Separately, neither of these facilities meet the threshold for verification.

Entity A + Entity B

3,000  
+5,000  
8,000

However, related entities must aggregate their credits and deficits to determine if they meet the threshold

- Together the entities are above the threshold so both entities are subject to third party verification for their quarterly reporting

# Determining credits/deficits generated

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- Sign in to OFRS and navigate to the Annual Reports tab
- Choose Go to Report on 2021 CFP report
- Review Individual Quarter totals or scroll to bottom for the annual summary table



# Determining credits/deficits generated

- This will only show credits for the quarters you have reported at the time you review it
- Remember that you must look at this for each related entity and aggregate all credits and deficits

**2021 Annual Summary :**

	Credits (MT)	COH (MT)	CCM Credits (MT)	Deficits (MT)
Total Credits/Deficits (MT) Carried Over from 2020	0			0
Total Credits/Deficits (MT) in 2021	285			0
Total Credits (MT) Sold in 2021 (-)	0			
Total Credits (MT) Acquired in 2021	0			
Total Credits (MT) Purchased as Carryback Credits in 2022	0			
Total Administrative Credits Withheld /Total Administrative Credit Holds (MT) in 2021 (-)	0	0		
Total Credits (MT) Pending Sale in 2021 (-)	0			
Total Credits (MT) Exported in 2021 (-)	0			
Total Credits (MT) Retired in 2021 (-)	0			0
Total Credits (MT) Pledged for CCM in 2021 (-)	0		0	
Total Credits/Deficits (MT) Carried to 2022	285			0
Other Credits (MT) Pending in 2021	0			

# Determine if you are exempt from verifying quarterly reporting

According to OAR 340-272-0110(3)(b)(B) an entity is also exempt if:

During the year, only the following transaction types were reported:

- Export
- Gain of inventory
- Loss of inventory
- Not used for transportation



**AND** all 3 of the following provisions are met

1. All such transactions do not generate 6,000 or more total credits and deficits during the previous calendar year
2. The entity did not report any liquid fuel using the transaction types: Production in Oregon or Import into Oregon
3. The entity did not report any NGV fueling transactions

# Are you required to verify your quarterly reporting?

If the entity is not exempt and the entity and any related entities **generate a total of 6,000 or more credits and deficits** in the previous year and report the following transaction types below, then the entity is required to get their third quarterly reporting.

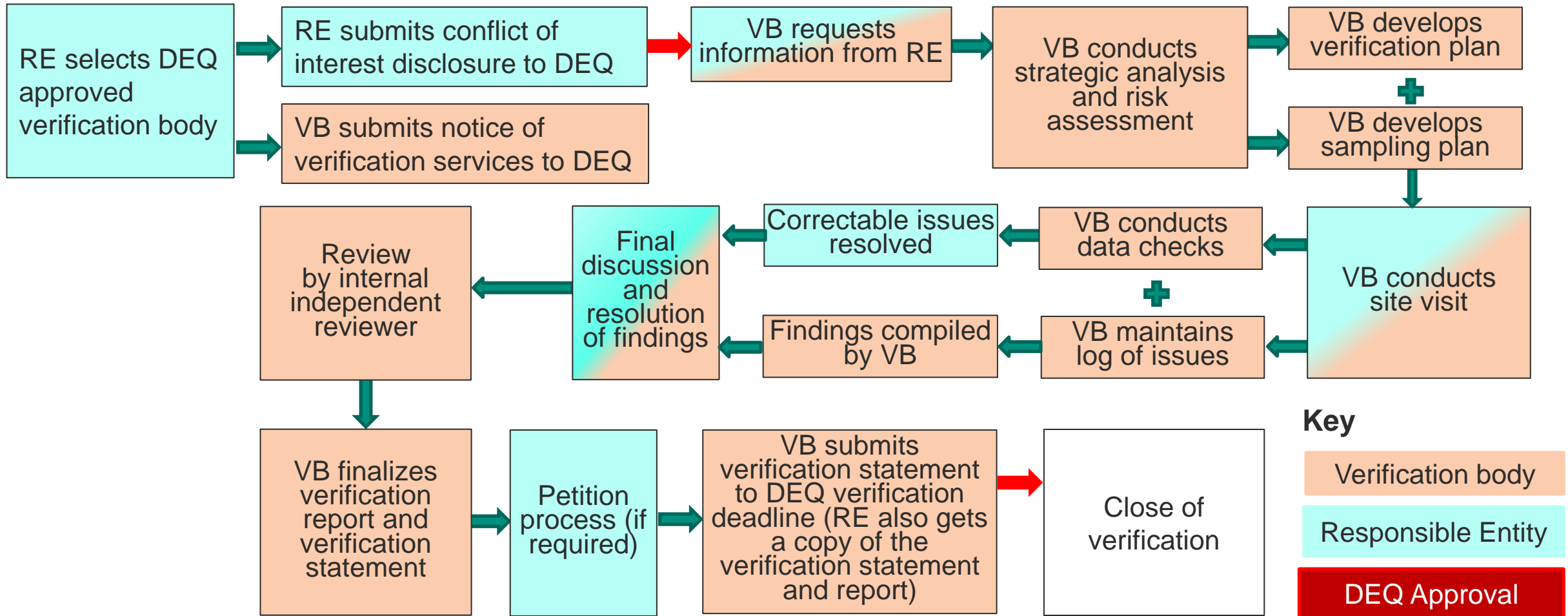
- For all liquid fuels:
  - Production in Oregon
  - Import
  - Export
  - Gain of inventory
  - Loss of inventory
  - Not used for transportation
  - Transactions used to claim exempt uses under OAR 340-253-0250

NGV fueling

LPG fueling

If you do not report one of the transaction types on this slide, you are not required to undergo verification.

# Verification process



# Responsibilities of the responsible entity

Engaging a verification body

Submitting the conflict of interest assessment to DEQ

Monitoring conflict of interest over time

Submitting required reporting to DEQ and attesting to its accuracy

Ensuring NOVS is submitted to DEQ by verification body and kept up to date if anything changes

Ensuring the verification statement is submitted to DEQ by verification body by the deadline

Ensuring verification services provided on its behalf meet program requirements

Correcting nonconformances and material misstatements

Submitting new reporting to DEQ if nonconformances or material misstatements are identified

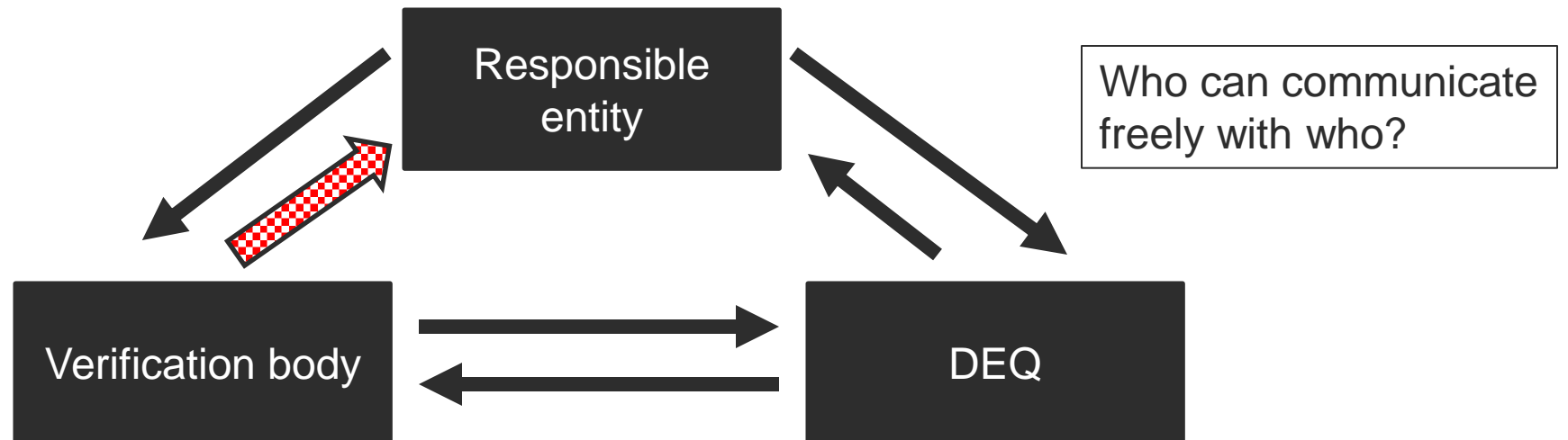
Being responsive to information requests from verification body and from DEQ (within 14 days for DEQ info requests)

Hosting the site visit

Retaining records according to program rules

# Communications

- Verifiers and verification bodies may request information from you, but they may NOT consult with you during the verification process.
- Consulting = offering any advice about calculating or reporting emissions, how to correct errors, fixing management systems, etc.



# Records retention

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Responsible entities must retain records necessary for completing verification services and records requested by the verification team according to the recordkeeping requirements of OAR chapter 340, division 253.

Responsible entities must retain for verification purposes and make available to the verification team the following:

- All information and documentation used to support fuels transactions in OFRS;
- All data and information required by or submitted under OAR chapter 340, division 253; and
- Other data and information as necessary in order for verification services to be completed.
  - Responsible entities must maintain documentation to support any revisions made to the initial report submitted to DEQ as a result of verification.
  - Documentation for all submittals must be retained by the responsible entity in paper or electronic format for a period of at least seven years.

# Adding verifiers to your account in OFRS

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- Verifier accounts have "reviewer" access, meaning they can read and download data, but not change or add any. They can also use the correspondence tab.
- Verifiers will be added to an organization's account like any other user.
- Organizations can deactivate verifier users once verification season is over.
- Verifiers should be added to organization accounts following NOVS/COI approval.
- New SQL reports being added to Data tab for CFP and GHG verification.



# Adding verifiers

Home User Profile Org Profile Buy (0) & Sell (0) Credit Transfers Credit Balance Partners Producers FPC CFP Reports Annual Reports Data

RptReviews Facility-FSE Registered FSE

Welcome: [REDACTED]

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### Manage User Profile

**User Details**

First Name: \* John Middle Initial: Initial  
Last Name: \* Doe  
Title: \* Verifier - Verification Body Relationship to the Organization: \* Verifier  
Business Phone: \* (123) 123-1234- Mobile Phone: ( ) - -  
Email: \* John@testvb.com  User Locked  Use, Move  
Confirm Email: \* John@testvb.com  Password Reset Needed  Security Question Reset Needed

**User Role**

Available Roles: ADMINISTRATOR, CREDIT FACILITATOR, CONTRIBUTOR, GHG USERS, REVIEWER

Assigned Roles: \* VERIFIER

User Role: \* REVIEWER

**Note:** Assign the appropriate Role(s) with User Profile.

Default Role: \* VERIFIER  Signatory Authority  Terms of Use  
 Data Tab

# Verifiers can see



Department of Environmental Quality Version: 2.2

[Contact Us](#) [Sign out](#)

Home User Profile Org Profile Partners Producers FPC CFP Reports Annual Reports Data RptReviews Registered FSE

↑ ↑ ↑

Welcome: XXXXXXXXXX

This is the Oregon Fuels Reporting System. Any reported data contained within this system or submitted through this system will be regarded by the ODEQ as official reporting for the CFP and/or GHG RP.

We have updated this system as the Oregon Fuels Reporting System for the Clean Fuels Program and Greenhouse Gas Reporting Program. If you run into any technical issues or glitches, please email us a description of what happened -- with a screengrab if possible -- at [OregonCleanFuels@deq.state.or.us](mailto:OregonCleanFuels@deq.state.or.us).

We have also updated the [User Guides for the Reporting Tool](#) and the [Alternative Fuels Portal](#).

If you are an existing CFP registered user and you need to gain access to the GHG Annual Reports through this system, please update your Organization Profile by selecting the appropriate GHG Registration Categories. Please refer to slides 8-10 in [our recent training webinar](#) for examples on updating your organization profile, and then slides 24-37 for the GHG Annual report. The video of that training session is [posted to Youtube here](#).

*Last updated: 12/3/2021*

**Important Note to Reporting Parties**

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# Quarterly Reporting Scenario Specifics

# Entity Name Changes

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When an entity changes their name in the OFRS, it changes the name on all of the transactions they have been a part of since they have been reporting in the system.

- You do not need to change any of your past documentation to match the name change.
- If your verifier needs information on this due to different names on your BOL, you can request that DEQ clarify this issue through email which is adequate documentation for the verifier.

# Flash sales

Flash sales are sales where one party buys fuel from a seller at a terminal and immediately sells this fuel at the terminal loading rack to a third-party.

To accurately report flash sales, the original seller and purchaser must identify and document where the transfer of title of the transacted fuels occurred. Under OAR 340-215, the position holder is the entity that last owns the gallons before they are dispensed at the terminal, the parties must identify if the transfer of title occurred prior to, or after, the fuel was dispensed. This must be determined based on documentation (a contract, bill of lading, invoice, etc.)

- If the transfer of title between the original seller and purchaser occurs **after** the fuel is dispensed at the rack, the original seller reports as the Position holder.
- If the transfer of title between the original seller and purchaser occurs **prior to** the fuel being dispensed at the rack the purchaser, who is conducting the flash sale, is the Position holder.
- If there is not sufficient documentation to determine when title passed, the original seller is the position holder.

# Flash sales

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## **The identified position holder must report the transaction in OFRS as:**

- “Position holder sale without obligation” for fuel staying in the state and list the purchaser as the business partner or
- “Position holder sale for export” if the final purchasing party is exporting the fuel. For exports, the parties must report chain of custody transactions below the rack and the exporter of record is required to report the exported volumes.

## **Examples of documentation that may be used to identify position holder:**

- General Provisions contracts/documents showing delivery, title, and risk of loss that document when the title of the fuel is transferred
- BOLs that give documentation regarding the passing of title
- Other documentation that details when the title passes between the two parties

# Exempt fuel use

Transportation fuel when used in the following vehicles can be claimed as exempt use

- (A) Aircraft;
- (B) Racing activity vehicles defined in ORS 801.404;
- (C) Military tactical vehicles and tactical support equipment;
- (D) Locomotives;
- (E) Watercraft;
- (F) Motor vehicles registered as farm vehicles as provided in ORS 805.300;
- (G) Farm tractors defined in ORS 801.265;
- (H) Implements of husbandry defined in ORS 801.310;
- (I) Motor trucks defined in ORS 801.355 if used primarily to transport logs; and

- (J) Motor vehicles that meet all of the following conditions:
  - (i) Not designed primarily to transport persons or property;
  - (ii) Operated on highways only incidentally; and
  - (iii) Used primarily for construction work\*

\*Please note that these vehicles cannot be designed primarily to transport persons or property, can only be operated on highways incidentally, and must be used primarily for construction work

# Exempt fuel use

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Documentation to support claims of exempt fuel use must be approved by DEQ and either:

- Establish that the fuel was sold through a dedicated source to use in one of the specified motor vehicles.
- Be on a fuel transaction basis if the fuel is not sold through a dedicated source.

In order to substantiate claims for exempt fuel use, entities must keep receipts or other valid documentation of these transactions to provide, if requested. The documentation must show that the fuel was sold to a specified motor vehicle, if not sold through a dedicated source.

If through a dedicated source, there must be documentation showing that the sale was going to a specific vehicle type for a valid exempt use.



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# Verification Details

# Correctable errors

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- Correctable errors identified by data checks that impact the data in the submitted report must be corrected by the responsible entity **before** completion of the verification statement.
- Submit a revised report to DEQ by requesting to re-open the report in OFRS.
  - This letter must be detailed enough that we can follow any changes that will be made to transactions, as well as giving justification for why changes need to be made.
  - Include FPC, transaction type, gallons to be updated, any transactions to be deleted, etc.
- Failure to fix correctible errors will lead to an adverse verification statement (unless the error does not impact credit or deficit calculations).

# What to do if data is missing

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If you were affected by a loss of data during the year, the following requirements apply regardless of the amount of data missing:

The verification team must confirm that the reported data or reported emissions for that source were calculated:

- Using any missing data procedures as required under OAR chapter 340, division 253; and
- That a reasonable temporary data collection procedure was used for the source; or
- That DEQ approved an alternative method.

# When are verification statements due?

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Verification deadlines for modifications to reports and verification statements submitted to DEQ are as follows:

- **August 31** for:
  - Any CFP report, as applicable under OAR 340-272-0110

# When to contact DEQ

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## Contact DEQ if:

- You believe that the applicable verification deadline will not be met.
- You were impacted by a data loss during the reporting year.
- There was a change in your organization that may impact the conflict of interest disclosure.
- You have a conflict with your verification body.
- You have technical questions related to reporting or verification.

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

# Thank you for attending!

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CFP email: [CleanFuelsProgram@deq.oregon.gov](mailto:CleanFuelsProgram@deq.oregon.gov)

GHG email: [GHGReport@deq.oregon.gov](mailto:GHGReport@deq.oregon.gov)

Third Party Verification email: [3PVerify@deq.oregon.gov](mailto:3PVerify@deq.oregon.gov)

# Questions from Sessions

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Is there a threshold to the percentage of ownership that designates a company a related entity?

- The definition of a related entity for CFP is found in [OAR 340-253-0040](#) (95) “Related entity” means any direct parent company, direct subsidiary, or a company with common ownership or control.
  - There is no consideration of the portion of ownership involved, so any percentage of ownership qualifies the company as a related entity.

# Questions from Sessions

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- What reporting year does verification start with?
  - Third party verification begins this year with the 2021 reporting year data.
- If a company generates credits/deficits as they import fuel but then passes those credits/deficits on in future transactions and that credit generation does not show up when the report is filed at the end of the quarter, do those credits/deficits count toward the applicability calculation for verification?
  - No, you only need to consider the credits/deficits that you hold obligation for when your reporting is filed at the end of the quarter.



# Questions from Sessions

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- Do purchased credits get counted when adding together credits/deficits to determine if we meet the 6,000 credit + deficit threshold that determines if we must participate in third party verification?
  - No, purchased credits acquired in the program do not count toward the total.

# Questions from Sessions

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- Are entities reporting electric charging required to undergo third party verification?
  - No, EV charging (the transaction type used to report electric charging) is not included in the transaction types that are required to undergo third party verification.