

2023 Third Party Verification Kickoff Training

Office of Greenhouse Gas Programs

February 2023

Purpose

To provide important 3PV reminders that apply to all CFP and GHG Reporting program entities

Agenda

- Resources
- 2023 program updates
- Lessons learned from 2022 verification year
- Forms
- Enforcement process
- Important reminders

Definitions

Responsible entity: Regulated entity under either the Greenhouse Gas Reporting or Clean Fuels Program that meets the requirements for third party verification listed in OAR 340-272.

Verification body: Company hired by the responsible entity to perform verification services on its reported data.

Verification bodies and the verifiers they use must be DEQ approved to provide services for the type of reporting they will verify.

Resources

Resources for responsible entities

www.oregon.gov/deq/ghgp/3pv/



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](#)



Resources

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

[Implementation Timeline](#)

[Sign-up for program updates](#)

Verification resources

- Resources are included at the bottom of each page

Who is required to obtain verification services?

For the Clean Fuels Program, verification requirements can be found in [OAR 340-272-0110](#) 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.

Important deadlines:

- Quarterly Reports due 90 days after end of each quarter
- Annual Fuel Pathway Reports due March 31
- Annual Compliance Reports due April 30
- Verification Statements due August 31

Resources

- [Frequently Asked Questions for CFP Responsible Entities](#)
- [Conflict of Interest Disclosure Form](#)
- [Annual Fuel Pathway Report Verification Training](#)
- [Conflict of Interest Training](#)
- [Quarterly Fuel Reporting Verification Training](#)

- Video: [Verification Applicability and Implementation](#) (18:33)
 - [Slides](#)
- Video: [Verification Process and Preparation](#) (33:48)
 - [Slides](#)

Verification bodies list

- Verification body lists are included under “Find a verification body”
- Check list each year as verification body approvals can change

Find a verification body

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.

- [Oregon CFP Approved Verification Bodies List](#)
- [Oregon CFP Approved Verifiers List](#)

2023 program updates

Site visits

- Full verification (including the site visit) is required in 2023 according to OAR 340-272
- Beginning in 2024, reporting entities who meet the requirements for less intensive verification listed in OAR 340-272 will be allowed to move to this schedule, with a site visit every three years

Site visits

In-person site visits are mandated by OAR 340-272-0420 and the sites that must be visited are described by program:

CFP: “one site visit to each facility; If the responsible entity keeps records supporting a report or fuel pathway application subject to verification under this division in a location that is different from the fuel production facility, then such verifier(s) must at a minimum make one site visit to the location where those records are stored”. (OAR 340-272-0420(2)(b))

GHGRP: one site visit to each facility for which an emissions data report is submitted; The headquarters or other location of central data management must be visited when the responsible entity is an electricity supplier or fuel supplier, including natural gas suppliers”. (OAR 340-272-0420(3)(b))

Clean Fuels Program rule updates

- In 2022, Oregon's Environmental Quality Commission adopted updates to Division 253, the Oregon Clean Fuels Program regulation
- Updates adopted in 2022 take effect Jan. 1, 2023 and the updates will be reflected on the Oregon SoS website on this date
- **However, because verification applies to the prior year's data, we will use the version of the division that was in effect for 2022.**
- This can be found at the following link:
<https://www.oregon.gov/deq/ghgp/Documents/cfpDiv253rules.pdf>

Lessons from 2022

How long does verification take?

Report type	Average number of months*
Annual fuel pathway report	4
CFP quarterly fuel transactions report	3
Stationary source emissions data report	2
Fuel supplier emissions data report	3
Electricity supplier emissions data report	3
Natural gas supplier/system emissions data report	3

* Time from approval date of COI to submission date of verification statement

Report corrections:

- Depends on complexity
- 1 day to several weeks
- Allow 2-3 days for DEQ processing and 1-2 weeks for the verification body to perform a final check

Give yourself plenty of time to get verification completed before the deadline. Verification bodies may not take on new clients closer to the deadlines!

Finding a verifier

Q: Why aren't there any verification bodies based in Oregon?

A: DEQ requires VBs to be accredited in existing programs and as a result, they are located throughout the US. All verifiers and verification bodies approved have been appropriately trained to provide verification services here. We hope that our new 3PV program requirements will lead to new VBs to form in Oregon.

Find a verification body

Only DEQ-approved verifiers and verification bodies may perform verification services in Oregon. All verifiers are either accredited by the California Air Resources Board (CARB) or are associated with a verification body that is accredited by the ANSI National Accreditation Board's GHG Validation and Verification Body accreditation program in the verification services they provide.

- [Oregon GHG Reporting Program Approved Verification Bodies List](#)
- [Oregon GHG Reporting Program Approved Verifiers List](#)

How to prepare for verification

- Entities should have information available and organized for their verification bodies. This includes:
 - Reported and attested data as submitted to DEQ
 - Any information and documentation used to calculate and report emissions, fuel quantities, and fuel and electricity transactions
 - All data and information required by or submitted to the Clean Fuels or GHG Reporting programs
- Retain this information for a minimum of 7 years

Materiality

- **All correctible errors must be corrected**, even if they are less than 5% of reported emissions or credit/deficit calculations
- A correctible error is defined as any error that impacts reported emissions for the Greenhouse Gas Reporting program, or credit/deficit calculations for the Clean Fuels program

Reporting corrections

If reporting errors are discovered during verification, they will need to be fixed by the entity to avoid issuance of an adverse verification statement.

Responsible entity must request the re-opening of their reporting from DEQ in the appropriate reporting system.

Include:

- Indication that errors were discovered during verification
- Description of the error(s)
- Complete description of changes to be made to reporting to correct the error(s)

Include all changes to be made in the request; changes not requested will not be granted. Reporting cannot be opened before the requested changes are known.

Reporting corrections

For entities reporting to both the GHG Reporting Program and the Clean Fuels Program:

- OFRS pulls data from CFP reporting to fill in pieces of the GHG reporting
- If CFP reporting is re-opened for reporting updates, the GHG Reporting Program must also be re-opened and re-submitted to ensure any changes affecting the GHG annual data is pulled correctly from the CFP reporting
- If only subject to verification for GHG reporting, you may also need to open the CFP report to make corrections because this is where much of the data for the annual GHG report comes from

Reporting corrections

Reporting corrections can impact reporting for business partners if transactions between partners are reported incorrectly.

DEQ may ask business partners undergoing verification to wait until verification is done for each of their business partners to make reconciliation corrections. This will prevent companies having to re-open their reporting multiple times to make updates during the verification process.

Related entities

Both OAR 340-253 and OAR 340-215 define related entities as follows:

“Related entity” means any direct parent company, direct subsidiary, or a company with common ownership or control.

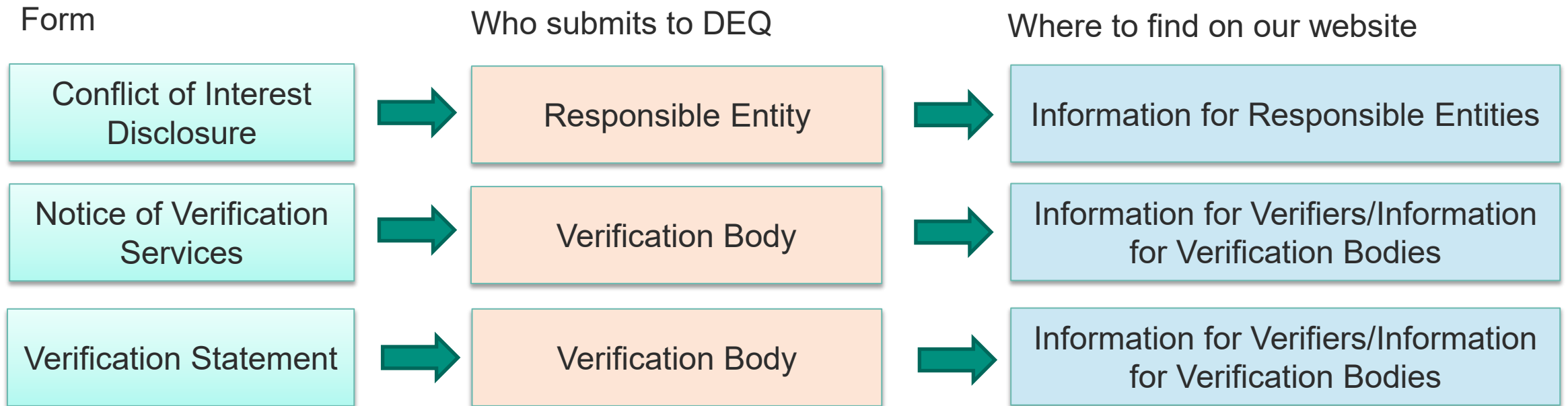
According to OAR 340-272, related entities must aggregate together when determining whether they are exempt from verification requirements.

For the purposes of determining third party verification applicability, “common ownership or control” is any percentage of ownership or control over another company.

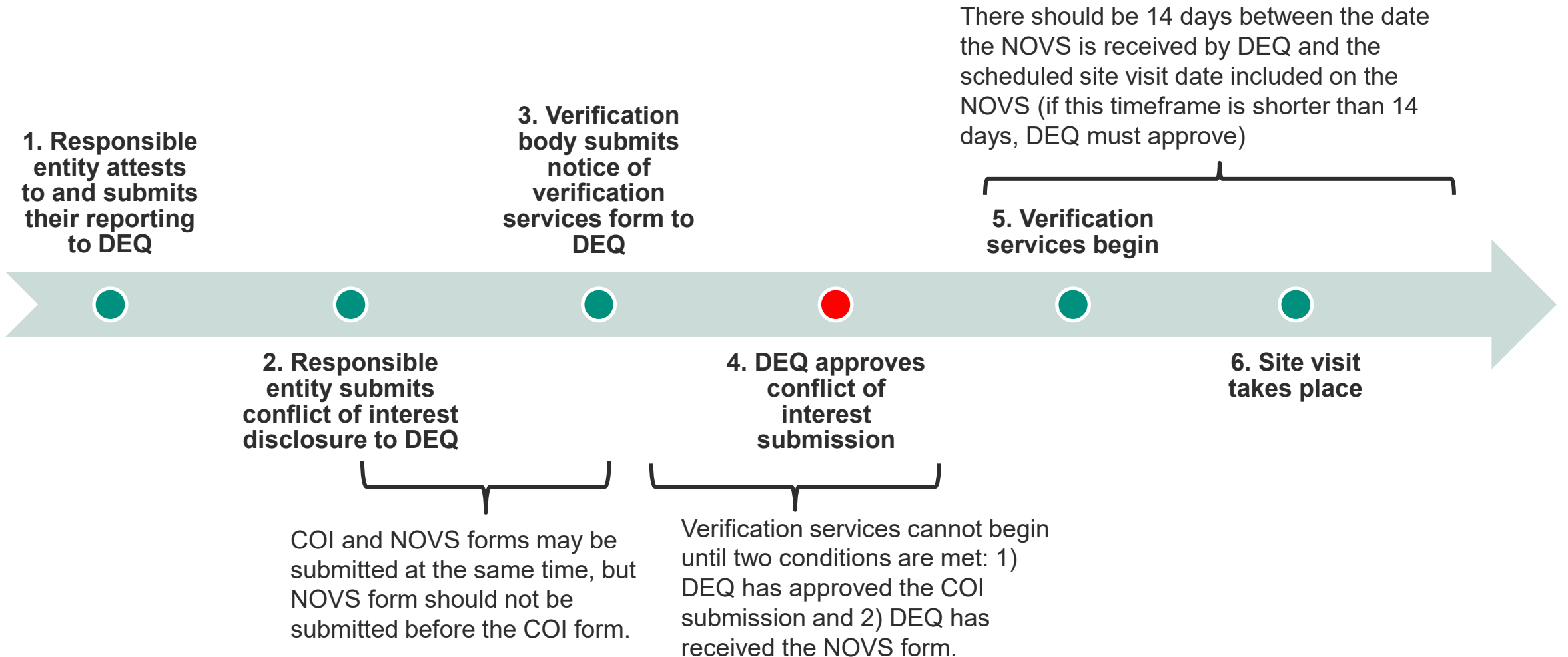
Example: Company A and Company B each own 50% of company C, though Company C is under the complete operational control of Company A. If the three companies together meet the threshold for verification, all must have their data verified- even if one or more of them do not meet the threshold independently.

DEQ forms

Overview of DEQ Forms



Timing of form submissions



Conflict of Interest

- Please disclose any prior verification services provided by your verification body using the attachment function in the COI form
- Responsible entities may not use the same verification body to verify their submitted information for more than six consecutive years.

Adobe Sign

Each form has a time limit of 60 minutes. If the form times out, try the following:

- Using a different web browser to open the form
- Using a private window in your browser to open the form
- Clearing your browser's cache/cookies
- Disconnecting from VPN to fill in the form

If you still have problems with the form timing out after trying these, please contact 3PVerify@deq.oregon.gov.

Adobe Sign

- Option to submit a form will appear once all required fields are filled in
- Forms CANNOT be modified once submitted- contact DEQ if you need to make a change
- New COI/NOVS form submittals are required if:
 - There has been an addition to the verification team (e.g. new DEQ-approved verifier was hired; best practice is to include all individuals who may participate in verification)
 - There have been changes to the organizational structure of the verification body (e.g. merger, acquisition or divestiture)
 - Circumstances have changed such that a new potential for conflict of interest has arisen
 - It is a new verification year (save a copy of your submission)
- New form submittals are NOT required if:
 - Someone has left the verification team

Adobe Sign

There is a **size limit** on file attachments: 10MB (or 100 pages)

- If you need to attach a file that exceeds these limits, please email it to us directly

Text boxes:

- Should re-size your text to fit the space allotted when the form is submitted, but if there is a lot of text, may look “cut-off”
- **DEQ will still get your full submission!**
- If you’re concerned your copy won’t have the full text:
 - Copy/paste your saved text into a separate document
 - Email us, we can send you an excel version

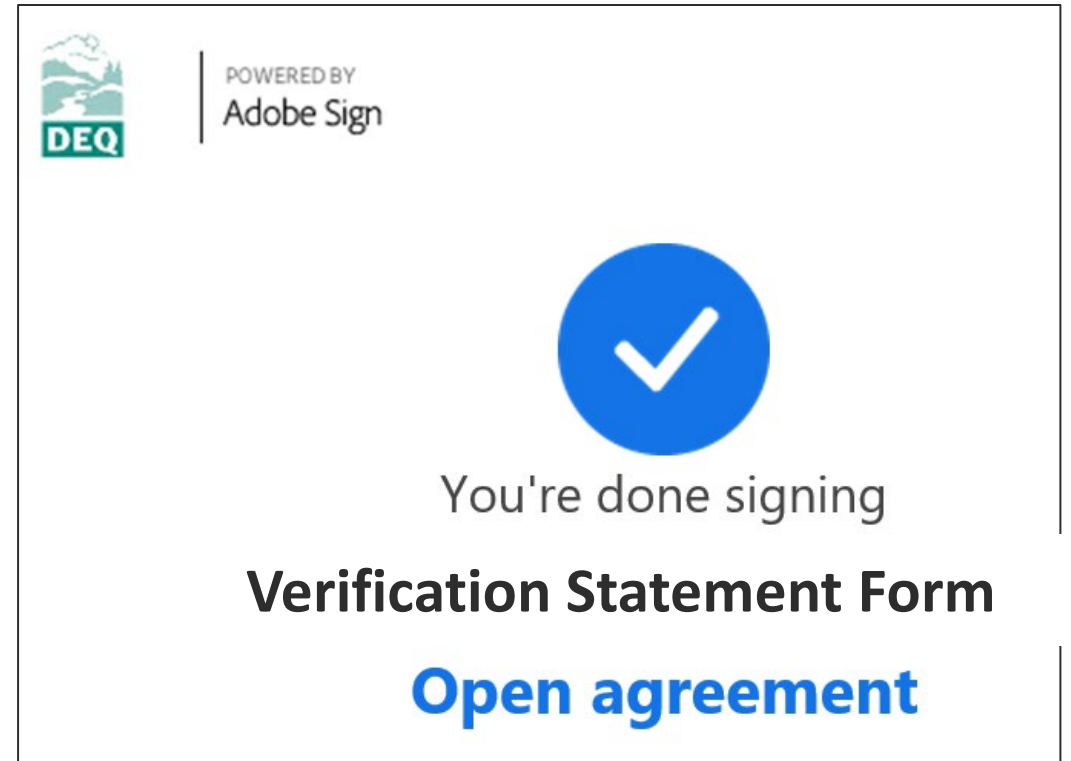
3PVerify@deq.oregon.gov

Adobe Sign

Once signed and submitted, Adobe Sign will send an authentication link to the email provided on the form.

Once you click this link, you should see an onscreen confirmation your form has been submitted.

You will also receive a confirmation email from Adobe Sign, which will include a link to save and print a copy of the form for your records.



Enforcement process

Enforcement

Types of enforcement actions:

- Warning letter (WL): Used to note a violation of regulation
- Warning letter with opportunity to correct (WLLOC): Used to note a violation of regulation and provide a timeline to correct the violation
- Pre-enforcement notice (PEN): Used to refer a violation to DEQ's Office of Compliance and Enforcement. Includes an assessment of a civil penalty.

Enforcement

- Violations are classified in OAR 340-012
- Additional guidance is provided for program-specific actions and consider the type of violation, whether it is a first or repeat violation, and other factors

Enforcement example #1

Q: What happens if my company misses the verification deadline?

- First violation: WLOC
- Second violation, or if reporting remains uncorrected:
PEN

Enforcement example #2

Q: What happens if my company fails to submit revised reporting to DEQ as the result of errors found during verification?

- Adverse verification statement
- Automatic PEN
- Entities may face additional enforcement from the program they report to if errors remain uncorrected
- DEQ also may require re-verification of the resubmitted information by a different verification body

Other enforcement examples

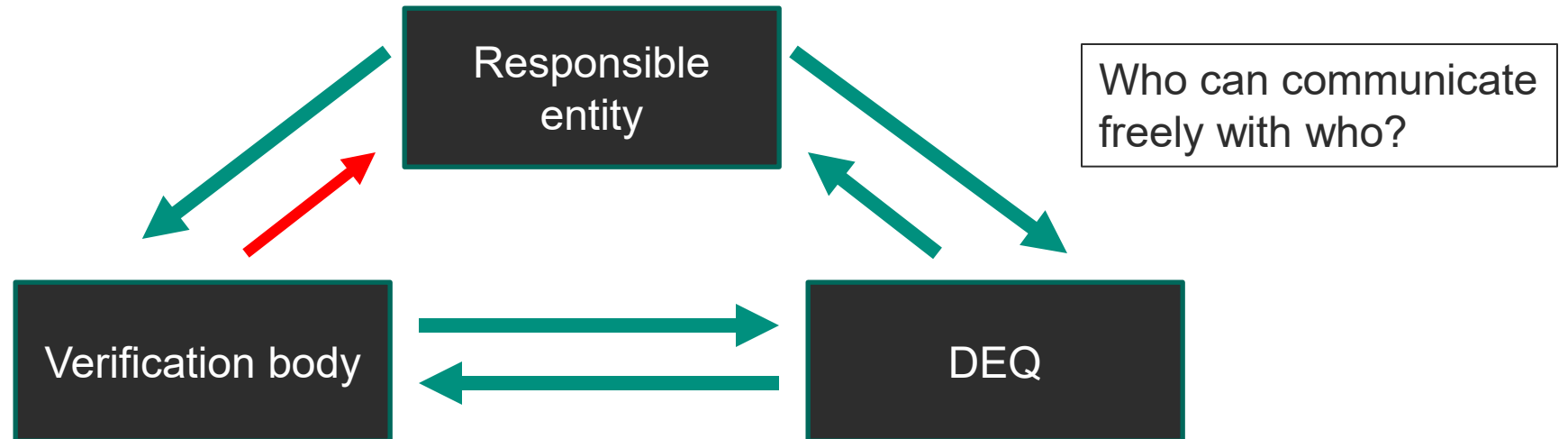
Other regulatory violations may also lead to enforcement, but the type of enforcement employed will depend on the violation

- If violation is not correctible, WL
- If violation is correctible, WLOC
- If second violation or if correctible violation remains uncorrected: PEN
- Examples: Failing to perform conflict of interest assessment before verification services begin, failing to provide requested information to verification body or DEQ

Important reminders

Communications

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



Conflict of Interest monitoring

- Verification bodies and responsible entities are required to monitor the potential for conflict of interest for one year following the completion of verification services and report any new potential conflicts to DEQ.
 - Report any new contracts between the verification body and responsible entity or new conflict of interest circumstances within 30 days
 - Include information about the work to be performed
 - DEQ will determine whether the new contract or circumstance impacts the ability of the verification body to provide services for the responsible entity

Contacting DEQ

Contact DEQ if:

- You have a question about reporting or verification
- You are concerned about your ability to meet the verification deadline
- You need approval for an alternate method of data collection
- You are having issues with your verification body
- You need support on a form submittal, on reporting corrections, or with using the reporting system

3PVerify@deq.Oregon.gov

Title VI and alternative formats

DEQ does not discriminate on the basis of race, color, national origin, disability, age or sex in administration of its programs or activities.

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