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California Air Resources Board
1001 I Street
Sacramento, CA 95814
VIA ONLINE SUBMISSION

RE: Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions; Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

Dear CARB Members and Staff,

The Western Propane Gas Association (WPGA) appreciates the opportunity to comment on the proposed amendments to both the Mandatory Reporting of Greenhouse Gas Emissions (MRR) and California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Invest; C&I) from the public meeting on January 20, 2026.

Our members supply conventional and renewable propane throughout California for residential, commercial, industrial, agricultural, and transportation use. As a fuel industry, we strongly support the State's climate goals when implemented in a manner that preserves affordability, reliability, and parity across low-carbon fuels.

We would also like to thank CARB staff, including Syd Partridge, Mae Beth Lopez, and Michael Turgeon, for working with WPGA and our consultants to resolve concerns about draft language within the proposed amendments.

RENEWABLE PROPANE ALIGNMENT WITH OTHER BIOGENIC ENERGY RESOURCES

As stated in our previous submissions (October 26, 2023; June 21, 2024; November 12, 2025), WPGA has requested that renewable propane and other biogenic energy resources developed as liquefied petroleum gas (LPG) fuels be explicitly exempted under 17 CCR § 95852.2 "Emissions without a Compliance Obligation."

We are deeply grateful that CARB has responded to our previous comment letters and recognized the need to update this code section to bring it into alignment with other carbon market compliance mechanisms across North America. The inclusion of § 95852.2(a)(7) "biomass-derived gases" and § 95852.2(a)(9) "biogenic fraction of a fuel that is a co-product of the production of an exempt biomass-derived liquid hydrocarbon fuel" adequately addresses this longstanding omission of equitable treatment of biogenic energy resources.

This language, if adopted, would directly reduce the cost of compliance under C&I for renewable propane – decreasing the costs to both consumers and propane retailers while increasing the displacement of conventional propane for renewable forms in the non-transportation market.

PROPOSED CHANGE TO LPG IMPORTER DEFINITION IN DRAFT AMENDMENTS

WPGA appreciates CARB staff’s effort to address inconsistencies in the reporting of imported LPG. The Initial Statement of Reasons (ISOR) indicates that the proposed amendments seek to resolve circumstances in which the current “importer of fuel” point of regulation can be implemented in more than one way, leading to situations where imported LPG may be reported twice or not reported at all.¹

WPGA agrees that these ambiguities should be corrected. At the same time, the proposed remedy, shifting the reporting entity from the importer of fuel to the operator of an LPG receiving facility with at least 30,000 gallons of storage capacity and eliminating the reporting threshold for imported LPG suppliers, raises structural concerns. Particularly, it may move the point of regulation away from the commercial actor responsible for importing LPG into California commerce and toward downstream storage facilities that do not necessarily control the import transaction itself.

CARB states that the amendments are intended to clarify reporting responsibility rather than expand emissions coverage for this sector.² If that is the objective, then the most direct solution is to preserve the importer-based framework while clarifying responsibility through affiliated-entity aggregation and designation of a responsible reporting entity.

CARB’s rationale reflects a legitimate administrative concern. The ISOR explains that imported LPG transactions sometimes involve multiple contractual actors and varying transfer-of-title arrangements, which can lead to inconsistent reporting.³

Yet, the proposed solution shifts the regulatory anchor from the entity responsible for importing LPG into California commerce to the operator of a storage facility defined by a 30,000-gallon tank threshold. This threshold may exclude very small tanks, but it still captures facilities that function as local distribution or midstream storage nodes rather than upstream fuel suppliers.

CARB’s broader regulatory framework already contains tools to resolve such ambiguity. The MRR defines “supplier” to include entities under common ownership or common control and treats such entities as a single reporting entity.⁴ Applying that same principle to imported LPG would address the underlying concern while maintaining a consistent regulatory structure.

¹ California Air Resources Board. (2026). *Initial Statement of Reasons: Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions*, pp. 96-98.

² California Air Resources Board. (2026). *Initial Statement of Reasons: Proposed Amendments to the Cap-and-Invest Regulation*, p. 137.

³ CARB. *ISOR*, pp. 97-98.

⁴ CARB. *ISOR*, p. 17.

WPGA requests that CARB amend cross-references to the updated definition of “Liquefied petroleum gas receiving facility” as defined in MRR and C&I. The CARB draft language would, if placed into effect, have significant harm to small businesses and consumers across the state. Setting a LPG receiving facility to anyone with greater than 30,000 gallons of storage on-site would affect literally thousands of businesses, including those outside the propane industry.

To meet the goals of the proposed amendments, WPGA suggests adopting some form of the following language. It would minimize harm to businesses and consumers, maximize compliance with both MRR and C&I, and ease reporting for reportable entities:

Mandatory Reporting Regulation (MRR) on GHG Emissions § 95122(a)(6) – Importer Common Ownership Aggregation

"For purposes of determining whether an importer of fuel, as defined in section 95102(a), meets the reporting threshold under section 95101(c) or the compliance threshold under the Cap-and-Invest Regulation (title 17, CCR, section 95801 et seq.), all GHG emissions from fuel imported into California by any entity under common ownership, common control, or a common primary parent company shall be aggregated and considered part of a single supplier. For purposes of this subdivision, 'common primary parent company' means any entity that, directly or indirectly, holds a majority ownership interest in, exercises operational control over, or is under common management with the importer of fuel. An importer of fuel that is part of an affiliated group shall designate a single entity within that group to fulfill all reporting and compliance obligations on behalf of the group."

UPSTREAM/DOWNSTREAM SUPPLIER DEFINITIONS

WPGA appreciates the efforts of CARB staff to protect small businesses from potential harms associated with compliance costs or penalties associated with MRR and C&I. WPGA suggests that CARB use the following terms to further clarify which providers serve which markets:

UPSTREAM

These are suppliers who sell fuel in bulk quantities to large end-users as well as local retailers. Such industry terms referring to these parties include: producers, wholesale suppliers, upstream, midstream, brokers, multistate distributors, or other bulk suppliers.

DOWNSTREAM

These are suppliers who purchase bulk fuel and sell or distribute fuel in significantly smaller quantities to residential, commercial, agricultural, or industrial customers. Such industry terms referring to these parties include: marketers, retailers, or dispensers.

INDUSTRIAL ALLOWANCE ALLOCATIONS AND LEAKAGE PROTECTION

The Cap-and-Invest workshop highlighted the need to maintain adequate industrial allocations through 2030 and beyond to minimize emissions leakage and preserve California's manufacturing base. Propane users, including households, food processors, metal fabricators, agriculture operations, warehousing, and rural industrial sites, are directly affected by changes in allowance allocations, as propane is often their sole fuel for process heat and backup power.

WPGA supports CARB's intent to keep 100% assistance factors through 2030, as mandated by AB 1207, and to design a post-2030 allocation methodology that minimizes leakage risk and maintains affordability. We recommend CARB continue to work with affected stakeholders on the CAF schedule to avoid further tightening industrial allocations in the context of reduced overall budgets. A proportional reduction would shift additional cost burdens to propane end-users and create competitive disadvantages for California businesses already facing high energy costs.

POTENTIAL MULTI-PARTY LINKAGE OF C&I

One final item that WPGA wishes to comment upon is the possibility of linkage with both the U.S. state of Washington and the Canadian province of Québec.

While WPGA appreciates finding alignment in statutory and regulatory language across jurisdictions to ease compliance amongst parties that may simultaneously operate in different political jurisdictions, there remain significant challenges from any near-term linkage of carbon trading mechanisms. We would request that CARB refrain from any activities that would inextricably link California's functional market to those of its neighbors until such time as a multi-party convening can be made to address inconsistencies or pitfalls from linkage.

CONCLUSION

WPGA thanks CARB for its continued engagement and attention to affordability as it updates both MRR and C&I. We look forward to seeing future amendments to both rules to address our changes as suggested above.

Sincerely,



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