PACIFIC GAS AND ELECTRIC COMPANY
GAS TRANSMISSION APPLICANT SERVICE GUIDE

PURPOSE:

The *Pacific Gas and Electric Company Gas Transmission Applicant Service Guide* (Guide) is a general reference for transmission service applicants (Applicants) seeking interconnection of large electric generating plants to PG&E's gas transmission pipeline system. The procedures provided here may also be used by PG&E for other gas transmission interconnections, including third party storage, third party pipelines and other large end-use customers. This Guide may be revised from time to time to reflect ongoing changes in providing gas service to PG&E's customers. Applicants are responsible for acquiring the latest revision from PG&E

Overview of the Gas Transmission Service Connection Process:

The Gas Transmission Service Connection Process has four steps:

1. **Preliminary Request for Information**. Potential Applicants typically contact PG&E during the initial phase of collecting data for siting the generation facility in order to obtain very general information on the gas service. PG&E will respond to the *Preliminary Request for Information* at no cost to the potential Applicant.

   The potential Applicant usually first contacts a Corporate Account Manager or Major Account Representative, (Account Representative), who in turn forwards the request to the Gas Transmission Connection Project Manager (Request Coordinator). The Request Coordinator then works with PG&E's Transmission System Planners to perform an *Informational Review* (see below). The Account Representative serves as the primary liaison between PG&E and the Applicant for both gas and electric interconnection, while the Request Coordinator serves as the primary contact with the Applicant for gas related issues.

   The *Preliminary Request for Information* is initiated when the Applicant provides the Request Coordinator with:

   - a completed Cogeneration / Power Plant Interconnection Information Sheet, and
   - a formal written request to provide the Applicant with preliminary information on the gas service connection.

   PG&E will normally provide the Applicant with estimated size of the transmission main extension, potential interconnection point(s) to PG&E's transmission system, the estimated minimum gas service pressure, an indication of the need for system reinforcement or modifications, a gross estimate of the cost, and the time required for PG&E to respond to the next step, a *Preliminary Application for Service*. The information provided to the Applicant is based upon readily available information, no detailed engineering is performed. The time required to respond an *Informational Review* is dependent upon the complexity of the route and the availability of planning

resources, but usually requires about 10 working days. Although PG&E's formal response is based upon readily available information and considerable assumptions, PG&E will meet with the Applicant, at the Applicant's request, to discuss the proposed connection in detail.

2. **Preliminary Application for Service.** The objective of the *Preliminary Application for Service* is to develop information for the Applicant to include in its California Energy Commission (CEC) Application for Certification (AFC) if required, or to provide preliminary engineering information on the gas service transmission main, connection tap, and meter. PG&E considers the potential gas load as speculative at this time.

   The *Preliminary Application for Service* is initiated once the Applicant provides PG&E with:

   - a letter requesting PG&E to proceed with the System Impact and Preliminary Facilities Studies,
   - an updated Cogeneration / Power Plant Interconnection Information Sheet, and
   - a cash advance as specified by PG&E when responding to the *Preliminary Request for Information*.

   Once the Applicant submits a *Preliminary Application for Service*, PG&E's Transmission System Planners and Pipeline Engineers will perform engineering studies and consult with other PG&E departments to determine what modifications to existing facilities and what new facilities are required. PG&E will develop an order-of-magnitude (plus or minus 50%) estimate of the associated costs and the schedule to build an interconnection and/or reinforcement to PG&E's Transmission System. The estimated schedule is based on preliminary assumptions regarding construction conditions and will reflect PG&E's standard engineering, project management and construction practices. The estimated schedule will also reflect permit acquisition requirements assuming PG&E will design, engineer, build and owns the facilities. The *Preliminary Application for Service* step generally includes a three phased response;

   - Phase 1 - System Impact Study
   - Phase 2 - Preliminary Facilities Study
   - Phase 3 - Additional information as requested by Applicant

   A Transmission System Planner determines the impact on PG&E's existing gas transmission system, and identifies alternatives gas service pipeline routes to serve the new gas load in the *System Impact Study* (SIS). A Pipeline Engineer develops PG&E's preferred design (typically PG&E's least cost alternative), and determines order-of-magnitude costs in the *Preliminary Facilities Study* (PFS). The Request Coordinator combines the data from the SIS and PFS and responds to the Applicant. At the Applicant's expense, additional information can be provided. PG&E reviews the alternatives with the Applicant and a service route is finalized. Completion time for the SIS and PFS is dependent upon the complexity of the project, but will typically be about 12 weeks.

   Advances for this work can range between $5,000 to $70,000. If the project proceeds to the next step, remaining advance funds, if any, will be applied to the advance required

for the next step. Any unused advance funds will be refunded to the Applicant when the project is complete, or terminated.

3. **Formal Application and Approval for Service**. The Applicant can request gas service from PG&E any time after the Applicant has submitted, and PG&E has accepted a Preliminary Application for Service. Normally, the Applicant applies near the time the Applicant's permits (AFC, land use permit, air permit, etc.) are expected to be approved. However, the time of filing the Formal Application for Service is at the Applicant's discretion. The Applicant will submit a request for PG&E to construct all or a portion of the required facilities as defined by the *Preliminary Application for Service*. The *Formal Application for Service* is deemed valid once the Applicant provides PG&E with:

   - a letter requesting gas service from PG&E, and that PG&E proceed with the construction of facilities,
   - a final Cogeneration / Power Plant Interconnection Information Sheet,
   - plot plan, meter site, or other information which would enable PG&E to begin design and construction of the gas service, and
   - a cash advance, as specified by PG&E in its response to the Preliminary Application for Service, for final engineering and the purchase of land rights for which PG&E is responsible.

Once PG&E receives the Formal Application for Service, PG&E will review the application an notify the Applicant within 10 working days if the information provided in the application is adequate, or request additional information. Once the information provided by the Applicant is deemed to be complete, PG&E initiates the following work in preparation for construction:

- Phase 1 - Detailed engineering design
- Phase 2 - Project authorization, and ordering long lead time materials
- Phase 3 - Contracts and facilities agreements

PG&E first develops the detailed engineering design of the transmission pipeline, metering and other required facilities. This may include such activities as land and easement work, reviewing material availability, meter set design, etc. PG&E then develops a detailed job estimate which includes construction costs used for project authorization and for developing contracts and facilities agreements. Once the job estimate is approved, and PG&E receives all necessary advances, PG&E orders long lead time material. PG&E typically requests the Applicant execute required contracts under existing Gas Rules 2, 15 and/or 16.

The time for PG&E to respond to a request for a Formal Application for service is dependent upon the extent of the project work required, but is typically completed within 4 months from the time PG&E deems the Formal Application for Service complete.

After PG&E completes its engineering in this step, PG&E will provide the Applicant a final billing and construction letter delineating the remaining costs and a cost payment schedule to be paid by the Applicant to receive gas service, and a construction schedule.

4. **Construction**.

   Prior to releasing a job to construction:

   - the Formal Application for Service must be made, the project authorized, and the contracts in place, and
   - all permits, land leases and applicable rights-of-ways, must be obtained by the Applicant.

   When these conditions have been met, a pre-construction meeting will be held to begin the construction phase. During both engineering and construction, PG&E and the Applicant will work closely together to assure mutual expectations are met and the schedule is kept. After the facilities are constructed, and the facilities are released for operation, the job is then completed and closed.

Establishing Engineering Priority

An engineering priority is required to establish the order in which PG&E allocates engineering resources to provide an Applicant with a gas service. These engineering resources are typically planning, engineering and land departments, (Engineering Services). PG&E will provide Engineering Services to Applicants on the basis of this engineering queue. Positions in the queue are based upon the date that PG&E receives the required information and advances as specified in the four steps of the gas transmission connection process as described above.

Once a connection step is complete and PG&E provides the Engineering Services for a specific step, the Applicant must reestablish its position in the engineering queue by providing the necessary information for the next step of the connection process.

Engineering Services are geographically organized, and the position in the Engineering Services queue is area specific. That is, two requests placed at the same time in different areas may have different positions in the Engineering Services queue, depending on the work load for the specific area.

Establishing Priority Access to Pipeline Capacity

Priority access to pipeline capacity is required to define when PG&E will include the Applicant's proposed load in future system planning calculations. Until such time as the Applicant establishes priority access to pipeline capacity, PG&E considers the project as speculative and does not consider proposed project gas loads in subsequent analyses. Prior to securing priority access to pipeline capacity, the system reinforcements and modifications for the various engineering studies are subject to revision. These revisions can be a result of other Applicants establishing priority access to pipeline capacity, system design or operating changes, or any other action that would modify the design criteria assumptions made by PG&E in developing engineering and cost data.

Establishing priority access to pipeline capacity by an Applicant may change the system design criteria of other Applicants who have not established priority access to pipeline capacity on the affected system. Should an Applicant establish priority access to pipeline capacity which affects another Applicant's gas service design, PG&E will notify the affected Applicant that system design criteria has changed and offer, at the affected Applicant's expense, to update the system engineering that has been done to date using the revised design criteria.

Once the Applicant establishes priority access to pipeline capacity, the final system impacts are established, engineering is reviewed, and cost estimates are re-evaluated. Also, future impacts to the system, whether based upon new customer loads or system operating modifications, will not affect the Applicant's connection costs or minimum gas volumes to the proposed facility. However, PG&E is not obligated to maintain the existing, or future gas pressure above that which is specified by current Gas Rules.

Priority access to pipeline capacity is established when:

1. The Applicant requests a Preliminary Application for Service and PG&E deems it to be complete, and

2. The Applicant requests a Formal Application for Service and PG&E deems the information and advance provided to PG&E it to be complete.

In order for an Applicant to maintain its priority access to pipeline capacity it must exercise its rights by completing the following steps:

1. Provide all payments for construction prior to the dates as specified in the final billing and construction letter.

2. Within 60 calendar days of receiving PG&E's final billing letter as discussed in step 3 of the gas transmission connection process, the Applicant shall:
    - Execute all required contracts (Rule 2, 15 and/or 16);
    - Submit, or have submitted, to the California Energy Commission, an Application for Certification for the proposed power plant, if applicable.

3. For generating facilities requiring CEC approval, the Applicant must, within 18 months of establishing priority access to pipeline capacity:
    - obtain approval of the AFC from the CEC.
    - obtain all land use permits for construction from lead local agency.
    - Should the Applicant for any reason withdraw its AFC from the CEC, the Applicant will lose its priority access to pipeline capacity.

4. If CEC approval is not required, the Applicant must, within 3 months of establishing priority access to pipeline capacity, obtain all land use permits for construction.

If the Applicant establishes access to pipeline capacity and fails to meet any of the above criteria, the Applicant loses its established priority access to pipeline capacity. It is important that the Applicant obtains access to pipeline capacity early in the process, but not prematurely where the Applicant will not be able to meet the conditions to retain access to pipeline capacity.

Conclusion

The information provided in this guide is general in nature. The specific costs and timelines are unique to each request for interconnection. Should you have any specific question on this process, please feel free to contact Jeff Ryan at 925-974-4349 (Email jgr4@pge.com) or Bob Cowden at 415-973-6544 (Email rsca@pge.com).