

January 12, 2022

Advice 4403-G-A

(Pacific Gas and Electric Company ID U 39 G)

Advice 5780-G-A

(Southern California Gas Company ID U 904-G)

Advice 2960-G-A

(San Diego Gas and Electric Company ID 902-G)

Advice 1164-G-A

(Southwest Gas Corporation ID 905-G)

Public Utilities Commission of the State of California

Subject: **Supplemental:** Proposed Methodology for Estimating Greenhouse Gas Emissions Reductions for Certain Biomethane Projects Eligible for Incentives.

Purpose

Pursuant to Decision (D.) 20-12-031 (“Decision”) *Adopting the Standard Renewable Gas Interconnection and Operating Agreement* Ordering Paragraph (“OP”) 10, Pacific Gas and Electric Company (“PG&E”), Southern California Gas Company (“SoCalGas”), San Diego Gas and Electric Company (“SDG&E”), and Southwest Gas Corporation (“SWG”) (collectively, the “Joint Utilities”) submit this supplemental Tier 2 Advice Letter to propose a methodology for estimating greenhouse gas (“GHG”) emissions reductions for certain renewable natural gas (“RNG” or “biomethane”) interconnection projects. This supplemental advice letter submittal replaces the Joint Utilities’ advice letters submitted on March 17, 2021 in their entirety.

Background

On December 17, 2020, the California Public Utilities Commission (“CPUC” or “Commission”) approved Decision 20-12-031 OP 10 of the Decision states:

“Pacific Gas and Electric Company, Southwest Gas Corporation, Southern California Gas Company, and San Diego Gas & Electric Company must report to

CARB on the use of auction proceeds for the biomethane monetary incentive fund in accordance with the Cap-and-Trade Regulation. To ensure uniform reporting to CARB on annual GHG emission reductions attributable to the use of the auction proceeds spent during the previous calendar year per Section 95893(e)(4)(B) of the Cap-and-Trade Regulation, the Joint Utilities shall jointly file a Tier 2 Advice Letter no later than three months from the date of adoption of this decision establishing a mutually acceptable method for estimating GHG emission reductions resulting from biomethane projects that interconnect to the respective gas pipeline systems after receiving funding from Cap-and-Trade allowance proceeds set aside for the monetary incentive program. The Joint Utilities are authorized to require GHG emission reduction data from recipients of Cap-and-Trade auction proceeds.”

On March 17, 2021, the Joint Utilities submitted their Joint Advice Letter. The Joint Utilities recognized the important role the California Air Resource Board (“CARB”) plays in providing guidance on estimating GHG emissions reductions and co-benefits from projects receiving monies from the Greenhouse Gas Reduction Fund (“GGRF”) and proposed 1) two CARB methodologies previously recognized by the Commission as being acceptable in D.17-12-004 for dairy projects,¹ 2) one methodology for landfill projects supported by the U.S. Environmental Protection Agency (“EPA”), and 3) a final methodology accepted by CARB for water resource recovery facilities.²

On April 6, 2021, Sierra Club and Leadership Counsel for Justice and Accountability protested the Joint Utilities original Tier 2 Advice Letter 4403-G. The protest argued that the methodologies in the Joint Utilities’ original proposal would not prevent improper double counting of GHG emissions reduction credits for investments in digester projects that have already claimed GHG emissions reductions and attributed them to other investments.³

On April 13, 2021, the Joint Utilities responded to the protest of Sierra Club and Leadership Counsel for Justice and Accountability. In the response, the Joint Utilities concurred with Sierra Club and the Leadership Counsel that as CARB and other governmental agencies such as the EPA issue updates to these proposed methodologies, the most current protocols should be used for reporting purposes.

¹ The CARB Livestock Projects Compliance Offset Protocol or 2) the FY 16/17 California Department of Food and Agriculture Dairy Digester Research and Development Program (“DDRDP”) Draft Quantification Methodology.

² PG&E AL 4403-G / SoCalGas AL 5780-G / SDG&E 2960-G / SWG AL 1164-G (Proposed Methodology for Estimating Greenhouse Gas Emissions Reductions for Certain Biomethane Projects Eligible for Incentives).

³ Sierra Club and Leadership Counsel for Justice and Accountability Protest of the Joint Utilities’ Tier 2 Advice Letter 4403-G (Proposed Methodology for Estimating Greenhouse Gas Emissions Reductions for Certain Biomethane Projects Eligible for Incentives) at 1.

As such, the Joint Utilities welcomed additional Commission guidance on reporting if the proposed methodologies were approved by Energy Division.⁴

Discussion of GHG Emission Reduction Methodology for Projects Receiving Biomethane Incentives from Cap-and-Trade Allowance Proceeds

The Joint Utilities have taken into consideration the double counting concerns and propose the following GHG estimation methodology which can be used to illustrate GHG emissions displaced as a result of utilizing incentives provided through the allocation of Cap-and-Trade funds:

$$\text{Avoided GHGs} = \text{Baseline GHGs} - \text{Project GHGs} + \text{Displaced GHGs} - \text{Induced GHGs}$$

Where:

“*Baseline GHGs*” are the annual emissions under the baseline scenario by current facility biogas management practices, if any, prior to changing the biogas end-use to pipeline injection;

“*Project GHGs*” are the annual emissions, including both biomethane combustion emissions by end-users and the emissions associated with upgrading biogas to biomethane after the biogas end-use has changed to pipeline injection;

“*Displaced GHGs*” are the annual emissions from fossil fuel combustion by end-users that is replaced by biomethane combustion after pipeline interconnection; and

“*Induced GHGs*” are the annual emissions that result from a facility using a replacement energy source for on-site processes that were formerly powered by the biogas that is being injected into the pipeline under the project.

To avoid the potential for double counting of GHG emissions, the Joint Utilities propose to limit the GHG emission reduction calculation to facilities used to condition and transport biogas downstream for delivery to the utility gas plant. The GHG emission reduction calculation would therefore include: (i) biogas collection lines; (ii) biogas conditioning and upgrading facilities; (iii) pipeline lateral; (iv) compression; and (v) the utility interconnection receipt point. The calculation would exclude biogas production facilities and any utility pipeline extension downstream of the interconnection receipt point.

⁴ Reply of the Joint Utilities Gas to the Protest from Sierra Club and Leadership Counsel for Justice and Accountability to PG&E AL 4403-G / SoCalGas AL 5780-G / SDG&E 2960-G / SWG AL 1164-G.

Additionally, each project will be reviewed on a case-by-case basis to establish baseline emissions, project emissions, displaced emissions (natural gas or diesel combustion by end-users) and induced emissions (as applicable).

The Joint Utilities will work collaboratively with CARB to develop the proposed methodology into a tangible compliance tool for reporting due to CARB in 2023.⁵

Tariff Revisions

The submittal would not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **February 1, 2022**, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to the Joint Utilities either via E-mail or U.S. mail (and by facsimile, if possible) at the addresses shown below on the same date it is mailed or delivered to the Commission:

For PG&E: Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

⁵ CARB is “responsible for providing guidance on estimating the GHG emission reductions and co-benefits from projects receiving monies from the GGRF. This guidance includes quantification methodologies, co-benefit assessment methodologies and benefit calculator tools.”

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

For SoCal Gas: Grisel Juarez Velazquez
Sr. Regulatory Tariff Administrator
555 West Fifth Street – GT14D6
Los Angeles, CA 90013-1011
Facsimile: (213) 244-4957
E-mail: GJuarezVelazquez@socalgas.com
E-mail: tariffs@socalgas.com

For SDG&E: Attn: Greg Anderson
Regulatory Tariff Manager
8330 Century Park Court, CP31F
San Diego, CA 92123-1548
E-mail: GAnderson@sdge.com
E-mail: SDGETariffs@sdge.com

For SWG: Valerie J. Ontiveroz
Regulatory Manager/California
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
E-mail: valerie.ontiveroz@swgas.com
Facsimile: (702) 364-3446

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

The Joint Utilities request that this Tier 2 advice letter become effective upon regular notice, **February 11, 2022**, which is 30 calendar days after the date of submittal.

Authorization

This Advice Letter is submitted by PG&E on behalf of, and with the authorization from, SoCalGas, SDG&E, and SWG.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for **R.13-02-008**. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

cc: Service List R.13-02-008



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 G)

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person: Stuart Rubio

Phone #: (415) 973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: SHR8@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4403-G-A et el

Tier Designation: 2

Subject of AL: Supplemental: Proposed Methodology for Estimating Greenhouse Gas Emissions Reductions for Certain Biomethane Projects Eligible for Incentives

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.20-12-031

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 2/11/22

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Sidney Bob Dietz II, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency
Financing

California Alternative Energy and
Advanced Transportation Financing
Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison
Schneider & Harris LLP Energy
Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz &
Ritchie

Green Power Institute
Hanna & Morton
ICF
International Power Technology

Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated
Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead
Electric Company
Western Manufactured Housing
Communities Association (WMA)
Yep Energy