

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



September 6, 2022

PG&E Advice Letter 4513-G-A

Sidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94177
Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Subject: Staff Disposition of PG&E Supplemental AL 4513-G-A, Renewable Natural Gas Procurement for Compressed Natural Gas Vehicles.

Dear Mr. Dietz:

Pacific Gas and Electric Company (PG&E) submitted Advice Letter (AL) 4513-G, to maintain the Biomethane Environmental Proceeds (BEP) Subaccount in the Gas Preliminary Statement Part DH, Gas Programs Balancing Account (GPBA). AL 4513-G also requested to convert the Voluntary Renewable Natural Gas Procurement Pilot (Pilot) into an ongoing program.

On November 12, 2021, Clean Energy filed a protest to PG&E's AL 4513-G arguing that the Pilot should not be allowed to be converted to a full program. PG&E filed supplemental AL 4513-G-A, which replaced AL 4513-G in its entirety. In its supplemental filing, PG&E removed its request to convert the Pilot into an ongoing program. Clean Energy did not submit a protest in response to the Supplemental AL 4513-G-A. PG&E's supplemental AL 4513-G-A is approved with an effective date of August 30, 2022.

Attachment A contains a detailed discussion of AL 4513-G, the protest, supplemental AL 4513-G-A, and Staff's determination.

Please contact Christopher Arroyo at Energy Division at christopher.arroyo@cpuc.ca.gov if you have any questions.

Sincerely,

Handwritten signature of Leuwam Tesfai in black ink.

Leuwam Tesfai
Deputy Executive Director for Energy and Climate Policy
Director, Energy Division
California Public Utilities Commission

cc: For Clean Energy J. Nathan Jensen
Senior Vice President, Co-Head Renewable Fuels & Chief Legal Officer
Clean Energy
4675 MacArthur Court, Suite 800
Newport Beach, CA 92660
Tel: (949) 437-1180
E-mail: nate.jensen@cleanenergyfuels.com

Attachment A:
Background and Disposition for
PG&E's AL 4513-G-A.

Background

Advice Letter PG&E AL 4513-G.

On June 2018, the CPUC's Energy Division approved PG&E AL 3961-G creating a subaccount within the Gas Preliminary Statement DH – Gas Programs Balancing Account to track environmental proceeds received by PG&E and rebated to its customers as part of its Voluntary Renewable Natural Gas (RNG) Procurement Pilot (Pilot) to support Senate Bill (SB) 1383 (Lara, 2016). SB 1383 required the CPUC to work with the California Energy Commission (CEC) and the California Air Resources Board (CARB) to consider policies to support the development and use of renewable gas that reduces short-lived climate pollutants (SLCPs) in California. SB 1383 also required the CPUC to take the following actions:

- (1) Work with CARB to establish energy infrastructure development and procurement policies to “achieve a 40 percent reduction of methane from the level in 2013, by 2030”;
- (2) Work with CEC and CARB to develop recommendations about the development and use of renewable gas, including biomethane and biogas, as part of its 2017 Integrated Energy Policy Report (IEPR); and
- (3) Direct gas corporations to “implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system and allow for rate recovery of reasonable infrastructure costs.”

PG&E generates Low Carbon Fuel Standard (LCFS) credits that it subsequently sells to provide rebates to its CNG customers by lowering the overall cost of fueling at its CNG filling stations. PG&E solely dispenses bio-CNG (i.e., CNG derived from RNG rather than fossil natural gas). Under PG&E's current arrangement, the RNG seller/developer is the regulated party, so the seller is responsible for generating the LCFS credits. In addition, the seller generates Renewable Identification Number (RIN) credits under the U.S. Environmental Protection Agency's (U.S. EPA) Renewable Fuel Standard (RFS).

On October 22, 2021, PG&E submitted AL 4513-G requesting the CPUC's approval to maintain its Biomethane Environmental Proceeds subaccount within the Gas Preliminary Statement DH – Gas Programs Balancing Account to facilitate RNG procurement under the Program. PG&E also requested the CPUC to convert the Pilot into an ongoing program.

Protest by Clean Energy.

On November 12, 2021, Clean Energy filed a protest to PG&E AL 4513-G. The protest requests the CPUC suspend the AL and suggests that PG&E should be ordered to provide further data and analysis of the impact that a three-year continuation of the Pilot would have on private enterprise. Clean Energy raises the following concerns regarding PG&E's proposal:

- (1) Non-compliance with the statutory prohibition on unfair competition with non-utility enterprises.
- (2) Exceeding the directives in SB 1383 and D.17-12-004 to implement no less than five pilot dairy biomethane projects for demonstration purposes.

- (3) Omitting material analysis of existing privately-owned and operated CNG filling stations dispensing bio-CNG (with which PG&E would be competing) and failing to include material data on the utilization at PG&E's existing CNG stations.

Clean Energy states that the Pilot approved in June 2018 for three years was intended to support voluntary RNG procurement pursuant to SB 1383 and mentions that while Clean Energy would not oppose an extension of the Pilot with adequate safeguards and required reporting, the Pilot should not be allowed to be converted to a full program on the basis of the submitted AL.

Supplemental Advice Letter PG&E AL 4513-G-A.

On May 13, 2022, PG&E submitted AL 4513-G-A replacing AL 4513-G in its entirety. In the supplemental AL PG&E removed its request to convert the Pilot into an ongoing program and, instead, solely requests approval to maintain the Biomethane Environmental Proceeds Subaccount within the Gas Preliminary Statement DH – Gas Programs Balancing Account to track proceeds received by PG&E and rebated to its customers from the sale of consigned LCFS and RIN credits generated by the renewable natural gas seller, any associated program costs, and the proceeds returned to CNG customers.

Clean Energy did not submit a protest in response to the Supplemental AL 4513-G-A.

Disposition

Energy Division Staff (Staff) has reviewed PG&E AL 4513-G, Clean Energy's protest, and PG&E AL 4513-G-A, and finds that the supplemental AL is consistent with the intent of SB 1383's and AL 3961-G's purposes which are:

- (1) The CPUC should work with the CEC and CARB to consider "policies to support the development and use of renewable gas that reduce short-lived climate pollutants in California."
- (2) The CPUC should work with CARB to establish energy infrastructure development and procurement policies to "achieve a 40 percent reduction of methane from the level in 2013, by 2030."
- (3) The CPUC should work with the CEC and CARB to develop recommendations surrounding development and use of renewable gas, including biomethane and biogas, as part of its 2017 IEPR.
- (4) The CPUC should direct gas corporations to "implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system and allow for rate recovery of reasonable infrastructure costs."
- (5) R.17-06-015, which is an outgrowth of SB 1383, designed the implementation and selection framework to implement dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system.
- (6) PG&E has the authority to procure gas and serve CNG vehicles under D.91-07-018, D.95-11-035, and associated Gas Schedules G-NGV1 and G-NGV2.

Staff finds that PG&E's supplemental AL makes moot Clean Energy's concerns about converting the Voluntary Renewable Natural Gas Procurement Pilot into an ongoing program. Clean Energy's protest is therefore rejected.

Therefore, PG&E's AL 4513-G-A is approved.

May 13, 2022

Advice 4513-G-A

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Supplemental: Renewable Natural Gas Procurement for Compressed Natural Gas Vehicles

This supplement supersedes Advice Letter 4513-G in its entirety. The purpose of this supplement to Advice Letter 4513-G is to remove the request to convert the Voluntary Renewable Natural Gas Procurement pilot into a program and, instead, solely request the continuance of the Biomethane Environmental Proceeds Subaccount.

Purpose

In compliance with California Public Utilities Commission (CPUC or Commission) Rulemaking (R.) 17-06-015, and consistent with the intent of Senate Bill (SB) 1383, Pacific Gas and Electric Company (PG&E) submits this advice letter to maintain the Biomethane Environmental Proceeds (BEP) Subaccount in the Gas Preliminary Statement Part DH, Gas Programs Balancing Account (GPBA),¹ in order to rebate environmental credits earned by Compressed Natural Gas (CNG) Vehicle customers through the procurement and consumption of Renewable Natural Gas (or Biomethane).

This submittal also complies with gas procurement for the core portfolio under Gas Preliminary Statement Part D and Decision (D.) 97-08-055 (the Gas Accord), in two ways:

- The core portfolio includes gas to serve CNG vehicle use within PG&E's service territory; and
- Renewable natural gas, by definition, is a form of pipeline-quality gas on PG&E's system as is fossil natural gas, all of which is used to serve PG&E's core portfolio.

PG&E is also authorized to fuel CNG vehicles under D.91-07-018, D.95-11-035, and associated Gas Schedules G-NGV1 and G-NGV2.

¹ The GPBA was established in AL 3551-G to record costs, adopted amounts, and revenues associated with natural gas programs in which both core and noncore customers participate, in accordance with D.14-12-040.

Background

In June 2018, the Energy Division approved PG&E's Advice Letter 3961-G, creating a subaccount within the Gas Preliminary Statement DH – Gas Programs Balancing Account to track environmental proceeds received by PG&E and rebated to its customers as part of its Voluntary Renewable Natural Gas Procurement Pilot to support SB 1383.

SB 1383 requires the CPUC to work with the California Energy Commission (CEC) and the California Air Resources Board (CARB) to consider “policies to support the development and use of renewable gas that reduce short-lived climate pollutants in the California, as directed by [Health and Safety Code Section] 39730.8(d).”²

Importantly, SB 1383 also requires the CPUC to take the following actions:

- Work with CARB to establish energy infrastructure development and procurement policies to “achieve a 40 percent reduction of methane from the level in 2013, by 2030[,]” consistent with Health and Safety Code Section 39730.7(d)(1)(A).³
- Work with CEC and CARB to develop recommendations surrounding development and use of renewable gas, including biomethane and biogas, as part of its 2017 Integrated Energy Policy Report (IEPR).⁴
- Direct gas corporations to “implement not less than five dairy biomethane pilot projects to demonstrate interconnection to the common carrier pipeline system and allow for rate recovery of reasonable infrastructure costs.”⁵

As an opt-in entity under CARB's Low Carbon Fuel Standard (LCFS) regulation,⁶ PG&E generates LCFS credits that it subsequently sells and rebates (via an annual Clean Fuel Rebate) to its CNG customers and lowers overall costs for PG&E's CNG fleet.⁷

Under the LCFS regulation, the regulated parties differ for renewable CNG compared to fossil CNG. Specifically, under renewable CNG, the renewable natural gas seller/developer is the opt-in regulated party, while for fossil CNG, the CNG dispensing entity is the opt-in regulated party. As such, the renewable natural gas seller is responsible for generating the LCFS credits. In addition, the seller generates Renewable Identification Number (RIN) credits under the U.S. Environmental Protection Agency's (U.S. EPA) Renewable Fuel Standard (RFS),⁸ which are not available for fossil CNG.

² D.17-12-004, Dec. 18, 2017, at 6

³ See *id.* at 11.

⁴ See *id.* at 5-6.

⁵ *Id.* at 2.

⁶ See generally Low Carbon Fuel Standard, CARB, available at <https://www.arb.ca.gov/fuels/lcfs/lcfs.htm>.

⁷ While PG&E's Core Gas Supply department is the procurement arm for renewable natural gas (as is currently for fossil natural gas serving CNG load), only CNG customers benefit financially from environmental credits from RNG bought for CNG load, not the rest of the core portfolio.

⁸ See generally Renewable Fuel Standard Program, U.S. EPA, available at <https://www.epa.gov/renewable-fuel-standard-program>.

PG&E may have one or more contracts with renewable gas sellers whereby financial proceeds from the generation and monetization of these environmental credits are then rebated to PG&E's CNG customers. Rebating both RIN and LCFS credits offers more financial benefit for PG&E's CNG customers and fleet than fossil CNG.

PG&E's generation of LCFS credits under its LCFS implementation plan⁹ will continue for any residual CNG load not served by renewable natural gas, as well as for its electric vehicle load.

PG&E seeks to ensure that its CNG customers continue to receive a benefit equal to or greater than the annual Renewable Natural Gas Fuel Credit that customers receive when selling fossil CNG.¹⁰ This rebate from proceeds from the sale of LCFS and RIN credits would be tracked using the existing Biomethane Environmental Proceeds Subaccount within the Gas Programs Balancing Account.

Request

PG&E requests Commission approval to maintain the Biomethane Environmental Proceeds Subaccount within the Gas Preliminary Statement DH – Gas Programs Balancing Account to track proceeds received by PG&E and rebated to its customers from the sale of consigned LCFS and RIN credits generated by the renewable natural gas seller, any associated program costs, and the proceeds returned to CNG customers.

PG&E respectfully requests the Commission approve this Advice Letter submittal in an expeditious manner due to the time-sensitive nature of expiring contracts.

This submittal will 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 electronically via E-mail, no later than June 2, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

⁹ PG&E's LCFS Implementation Plan was filed under Advice Letter 3575-G dated March 18, 2015, approved via disposition letter dated August 7, 2015.

¹⁰ Currently PG&E's annual Clean Energy Rebate is provided to fossil CNG customers under PG&E's LCFS Implementation Plan (Advice Letter 3575-G dated March 18, 2015, approved via disposition letter dated August 7, 2015; available at https://www.pge.com/rates/tariffs/tm2/pdf/GAS_3575-G.pdf)

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

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 and 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

Pursuant to General Order (GO) 96-B, Rule 5.2, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, June 12, 2022, which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for R.17-06-015. 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.17-06-015
Jonathan Bromson, Legal Division
Franz Cheng, Energy Division
Jean Spencer, Energy Division
Elizabeth LaCour, Energy Division
Renee Guild, Energy Division
Kevin Flaherty, Energy Division
Melicia Charles, Energy Division
Audrey Neuman, Energy Division
Scott Logan, Public Advocates Office
R. Mark Pocta, Public Advocates Office
Michael Tan, Public Advocates Office
Nick Zanjani, Energy Division
Love Asiedu-Akrofi, Energy Division



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 (ID U39 G)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@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) #: 4513-G-A

Tier Designation: 2

Subject of AL: Supplemental: Renewable Natural Gas Procurement for Compressed Natural Gas Vehicles

Keywords (choose from CPUC listing): Compliance, Procurement

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

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:

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: 6/12/22

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

California Public Utilities Commission
Energy Division Tariff Unit Email:
EDTariffUnit@cpuc.ca.gov

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson
Title: Director, Regulatory Relations
Utility/Entity Name: Pacific Gas and Electric Company

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email: PGETariffs@pge.com

Contact Name:
Title:
Utility/Entity Name:

Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

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

AT&T Albion Power Company	East Bay Community Energy Ellison Schneider & Harris LLP Engineers and Scientists of California	Pioneer Community Energy
Alta Power Group, LLC Anderson & Poole	GenOn Energy, Inc. Goodin, MacBride, Squeri, Schlotz & Ritchie Green Power Institute Hanna & Morton ICF International Power Technology	Public Advocates Office Redwood Coast Energy Authority Regulatory & Cogeneration Service, Inc. SCD Energy Solutions San Diego Gas & Electric Company
Atlas ReFuel BART		SPURR San Francisco Water Power and Sewer Sempra Utilities
Barkovich & Yap, Inc. Braun Blasing Smith Wynne, P.C. California Cotton Ginners & Growers Assn California Energy Commission	Intertie	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.
California Hub for Energy Efficiency Financing	Intestate Gas Services, Inc. Kelly Group Ken Bohn Consulting Keyes & Fox LLP Leviton Manufacturing Co., Inc.	TransCanada Utility Cost Management Utility Power Solutions Uplight Water and Energy Consulting Wellhead Electric Company Western Manufactured Housing Communities Association (WMA) Yep Energy
California Alternative Energy and Advanced Transportation Financing Authority California Public Utilities Commission Calpine	Los Angeles County Integrated Waste Management Task Force MRW & Associates Manatt Phelps Phillips Marin Energy Authority McClintock IP McKenzie & Associates	
Cameron-Daniel, P.C. Casner, Steve Center for Biological Diversity	Modesto Irrigation District NLine Energy, Inc. NRG Solar	
Chevron Pipeline and Power City of Palo Alto	OnGrid Solar Pacific Gas and Electric Company Peninsula Clean Energy	
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		