



**GAS PRELIMINARY STATEMENT PART DH**  
**GAS PROGRAMS BALANCING ACCOUNT (GPBA)**

Sheet 1

**DH. GAS PROGRAMS BALANCING ACCOUNT (GPBA)**

1. **PURPOSE:** The purpose of the Gas Programs Balancing Account (GPBA) is to record costs, adopted amounts, and revenues associated with gas programs in which both core and noncore customers participate.
2. **APPLICABILITY:** The GPBA applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances in the subaccounts of this account shall be through the Annual Gas True-up (AGT) advice letter process, or as otherwise authorized by the Commission.
4. **RATES:** The rates applicable to the following subaccounts will be set forth in Preliminary Statement Part B:
  - Greenhouse Gas Compliance Cost Subaccount
  - Greenhouse Gas Operational Cost Subaccount

The Greenhouse Gas Revenues, Low-Carbon Fuel Standard Revenues, Biomethane Environmental Proceeds, and Renewable Gas Interconnection Incentive Program subaccounts do not have rate components.

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5. **ACCOUNTING PROCEDURE:** The GPBA consists of the following subaccounts:

The "Greenhouse Gas Compliance Cost Subaccount" records greenhouse gas (GHG) compliance costs incurred on behalf of natural gas end-use customers under the Air Resource Board's (ARB) Cap-and-Trade Program and the associated revenues.

The "Greenhouse Gas Revenues Subaccount" records GHG revenues generated under the Cap-and-Trade Program through the auction of GHG allowances allocated to PG&E on behalf of natural gas end-use customers, less any revenues to cover GHG administrative costs, and revenues returned to customers.

The "Greenhouse Gas Operational Cost Subaccount" records the difference between the revenue and actual operational costs arising out of complying with the Cap-and-Trade Program obligations.

The "Low-Carbon Fuel Standard Revenues Subaccount" records the difference between the gas portion of the proceeds from the sale of consigned Low-Carbon Fuel Standard (LCFS) credits, less any approved program costs and the LCFS revenues returned to gas customers.

The "Biomethane Environmental Proceeds Subaccount" records the difference between the gas portion of the proceeds received by PG&E from sellers of environmental credits, less any approved program costs and the proceeds returned to gas customers as part of its Voluntary Renewable Natural Gas (or Biomethane) Procurement pilot.

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Sheet 2

5. ACCOUNTING PROCEDURE (Cont'd):

The "Renewable Gas Interconnection Program Incentive Subaccount" is to record and track PG&E's respective share of the \$40 million California Air Resources Board (CARB) allocation of cap-and-trade allowance proceeds (42.34% or \$16.936 million) compared to the monetary incentive payments to biomethane producers for the development, deployment, and utilization of the utilities' gas pipeline pursuant to Decision 20-12-031.

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a. Greenhouse Gas Compliance Cost Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A debit entry equal to GHG compliance costs incurred, including financing costs on the monthly GHG compliance instruments inventory held for future compliance, under the ARB's Cap-and-Trade Program;
- 2) A credit entry equal to the revenues from the AB 32 GHG Compliance rate component, excluding Revenue Fees and Uncollectible (RF&U) accounts expense;
- 3) A debit/(credit) entry to record the incurred covered entity exemption related costs<sup>1</sup>
- 4) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

b. Greenhouse Gas Revenues Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A credit entry equal to GHG revenues generated from auctions of consigned natural gas GHG allowances;

<sup>1</sup> D.14-12-040 at Ordering Paragraph (OP) 6 and D.15-10-032 at OP 2 and 11.

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Sheet 3

5. ACCOUNTING PROCEDURE (Cont'd):

Greenhouse Gas Revenues Subaccount (Cont'd):

- 2) A debit entry equal to the GHG revenue to recover natural gas GHG residential CA Climate Credit administrative costs approved through a reasonableness review, which is transferred to the Greenhouse Gas Expense Memorandum Account – Gas (GHGEMA-G);
- 3) A debit entry equal to the GHG allowance revenues returned to customers, net of an allowance for RF&U;
- 4) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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c. Greenhouse Gas Operational Cost Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A debit entry equal to the operational costs arising from complying with ARB Cap-and-Trade Program obligations, attributable to the following:
  - a) GHG compliance costs relating to the operation of PG&E's gas compressor stations and any other facilities
  - b) GHG compliance costs attributable to lost and unaccounted for gas
  - c) Any other GHG Compliance cost attributable to gas operations
- 2) A credit entry equal to the revenues from the AB 32 GHG Operational Cost rate component, excluding RF&U;
- 3) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and
- 4) An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

d. Low-Carbon Fuel Standard Revenues Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A credit entry equal to the proceeds from the sale of LCFS credits;
- 2) A debit entry equal to any incurred expenses related to the program;

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Sheet 4

5. ACCOUNTING PROCEDURE (Cont'd):

Low-Carbon Fuel Standard Revenues Subaccount (Cont'd):

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- 3) A debit entry equal to the portion of LCFS revenues returned to customers, excluding RF&U;
- 4) A debit entry equal to the amount paid to the California Air Resources Board (CARB) or any other authority as ordered by the Commission;
- 5) A debit or credit entry to transfer amounts to and from other accounts upon approval by the Commission and;
- 6) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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e. Biomethane Environmental Proceeds Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A credit entry equal to the proceeds received by PG&E related to environmental credits sold by a biomethane seller;
- 2) A debit entry equal to any incremental incurred expenses related to the Voluntary Renewable Natural Gas Procurement Plan pilot;
- 3) A debit entry equal to the proceeds returned to customers;
- 4) A debit or credit entry to transfer amounts to and from other accounts upon approval by the Commission and;
- 5) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

f. Renewable Gas Interconnection Incentive Program Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A credit entry to record the incentive funding from GHG proceeds as approved by the CPUC in the annual AGT filing. A corresponding debit entry is recorded to the Greenhouse Gas Revenues Subaccount;
- 2) A debit entry equal to the incentive payments covering eligible interconnection costs incurred by biomethane interconnector;
- 3) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and;

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Sheet 5

5. ACCOUNTING PROCEDURE (Cont'd):

Renewable Gas Interconnection Incentive Program Subaccount (Cont'd):

- 4) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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Note: All accounting entries described above, shall exclude an allowance for Revenue Fees and Uncollectible (RF&U) accounts expenses.

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Advice 5087-G  
Decision D.25-05-003

Issued by  
**Shilpa Ramaiya**  
Vice President  
Regulatory Proceedings and Rates

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Resolution