

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 9, 2022

PG&E Advice Letter 4403-G-B
SoCalGas Advice Letter 5780-G-B
SDG&E Advice Letter 2960-G-B
Southwest Gas Advice Letter 1164-G-B

Sidney Bob Dietz II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94177
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Subject: Staff Disposition of PG&E AL 4403-G-B, SoCalGas AL 5780-G-B, SDG&E AL 2960-G-B and Southwest Gas AL 1164-G-B Proposed Methodology for Estimating Greenhouse (GHG) Emissions Reductions for Certain Biomethane Projects Eligible for Incentives

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 – submitted Advice Letters (ALs) 4403-G, 5780-G, 2960-G, and 1164-G pursuant to Ordering Paragraph (OP) 10 of Decision (D.) 20-12-031, which establishes a method of estimating greenhouse gas (GHG) emission reductions resulting from biomethane projects that interconnect to each of the Joint Utilities’ respective gas pipeline systems, after receiving funding from Cap-and-Trade allowance proceeds set aside for the monetary incentive program. The Joint Utilities have explained to our satisfaction that they have met the requirements set forth in D.20-12-031. The Joint Utilities second supplemental AL filing (PG&E’s AL 4403-G-B et al.) are approved with an effective date of April 26, 2022.

Attachment A contains a detailed discussion of the AL, the response and protest, replies, and Staff’s determination that the AL is compliant with OP 10 of D.20-12-031.

Please contact Love Asiedu-Akrofi of the Energy Division staff at love.asiedu-akrofi@cpuc.ca.gov if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Skala", followed by the word "FOR" in capital letters.

Pete Skala
Interim Deputy Executive Director for Energy and Climate Policy/
Interim Director, Energy Division
California Public Utilities Commission

cc: For SoCalGas: Grisel Juarez Velazquez
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Service List R.13-02-008

Attachment A:
Background and Disposition for
PG&E's AL 4403-G-B, et al.

Background

On December 17, 2020, the California Public Utilities Commission (CPUC) approved D.20-12-031, adopting the Standard Renewable Gas Interconnection Agreement. Ordering Paragraph (OP) 10 of that Decision states:

Pacific Gas and Electric Company (PG&E), Southwest Gas Corporation, Southern California Gas Company, and San Diego Gas and Electric 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 auctions 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 of 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 the Cap-and-Trade auction proceeds.

PG&E filed Advice Letter (AL) 4403-G on March 17, 2021 in response to the above requirement.¹ In its AL, PG&E, on behalf of the Joint Utilities, proposes an approach consistent with protocols that align with California Air Resources Board (CARB) Cap-and-Trade requirements and also with greenhouse gas (GHG) emission reduction estimation methodologies² for dairy pilot projects approved in D.17-12-004, *Decision Establishing Implementation and Selection Framework to Implement the Dairy Biomethane Pilots Required By Senate Bill 1383*, and other dairy biomethane projects eligible for receiving incentives from Cap-and-Trade auction proceeds approved in D.20-12-031.

For Dairy biomethane projects, the Joint Utilities propose using either of two methodologies that the CPUC required the SB 1383 dairy biomethane pilot projects to use to estimate GHG emission in D.17-12-004:

- 1) ARB Livestock Projects Compliance Offset Protocol or
- 2) FY 16/17/CDFR Dairy Digester Research and Development Program (DDRDP) Draft Quantification

For landfill-sourced biomethane, the Joint Utilities propose using the Environmental Protection Agency's (EPA's) Landfill Gas Energy Benefits Calculator: <https://www.epa.gov/lmop/landfill-gas-energy-benefits-calculator>.

¹ SoCalGas's AL 5780-G, SDG&E's AL 2960-G and Southwest Gas' AL 1164-G were jointly submitted with PG&E's AL to respond to this requirement.

² D.17-12-004, Appendix B, page 20.

For biomethane produced at wastewater treatment plants, the Joint Utilities propose using the Co-Digestion of Organics at Wastewater Treatment Plants Producing Biofuels or Bioenergy methodology (Equation 17) in CARB's "Quantification Methodology - California Department of Resources Recycling and Recovery Organics Programs": [Quantification Methodology for the Organics Grant Program](#)

Protest by Sierra Club and Leadership Counsel for Justice and Accountability, and Reply by the Joint Utilities to PG&E AL 4403-G, SoCalGas AL 5780-G, SDG&E 2960-G, Southwest Gas AL 1164-G

Sierra Club and Leadership Counsel for Justice and Accountability filed a protest to PG&E's AL 4403 on April 6, 2021.

Sierra Club and Leadership Counsel for Justice and Accountability argue that the Joint Utilities' proposed methodology on its own, would fail to prevent improper double counting of GHG reduction credits for investments in digester projects that have already claimed GHG reductions, and attributed them to other investments. In other words, "...The risk of improper double-counting of GHG reductions is high for dairy digester projects because many of these projects, as noted in Sierra Club's prior comments in this proceeding,³ have already received enormous public subsidies and claimed methane reductions in other contexts. In their protest, Sierra Club and Leadership Counsel for Justice and Accountability stated that Senate Bill 1383 Dairy Biomethane Pilot program has provided grants to dairy biomethane clusters based on a scoring process that included consideration of GHG emission reductions.⁴ The protest explains that the methodologies proposed by the Joint Utilities do not on their own identify such projects or ensure that they do not receive the allowance proceeds newly authorized by the CPUC. Therefore, the CPUC must provide direction to the Joint Utilities to ascertain that any approved methodology for assessing the GHG reductions of dairy biomethane projects both (1) accounts for reductions that the projects have claimed and attributed to other public investments and (2) prohibits the use of allowance proceeds for projects that have already fully claimed their GHG reductions.

PG&E filed timely replies to Sierra Club and Leadership Counsel for Justice and Accountability on, April 13, 2021. In their reply, the Joint Utilities reiterated that the AL filing on March 13, 2021 complied with requirements set forth in D.20-12-031 because the methodologies proposed in their filing are "mutually acceptable" scientific-based GHG emission reduction methodologies. Furthermore, regarding the issue of potential double counting, the Joint Utilities believe that the potential for double counting is beyond the scope of the utilities' advice letters. However, the Joint Utilities welcome additional guidance the CPUC may provide on reporting if the proposed methodologies are approved by Energy Division. The Joint Utilities noted that they support transparent and accurate reporting of all GHG emission reductions and concur with Sierra Club and Leadership Counsel for Justice and Accountability. As CARB and other governmental agencies such as the EPA issue updates to these proposed methodologies, the Joint Utilities recommend that the most current protocols should be used for reporting purposes.

³ Sierra Club, Scoping Comments on Assigned Commissioner's Scoping Memo and Ruling Opening Phase 4 of R.13-02-008 (Jan. 10, 2021), pp. 15-18 (listing public subsidies)

⁴ See CPUC, SB 1383 Dairy Biomethane Pilot Project Selection Committee Score Card Summary, https://www.cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/Utilities_and_Industries/Energy/Energy_Programs/Gas/Natural_Gas_Market/FinalSelectionComScoreCardSum.pdf.

First Supplemental Advice Letter PG&E AL 4403-G-A, SoCalGas AL 5780-G-A, SDG&E 2960-G-A, Southwest Gas AL 1164-G-A

After further consideration of double counting concerns raised by Sierra Club and Leadership Counsel for Justice and Accountability in their protests, the Joint Utilities filed the First Supplemental AL on January 12, 2022, which replaces the Joint Utilities' advice letters submitted on March 17, 2021, in their entirety. The First Supplemental AL presents a proposal to avoid the potential for double counting of GHG emissions by limiting the GHG emission reduction calculation to facilities used to condition and transport biogas downstream for delivery to the utility gas plant. Based on this proposal, 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. In addition to the above, 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.

Joint Utilities' Second Supplemental Advice Letter PG&E AL 4403-G-B, SoCalGas AL 5780-G-B, SDG&E 2960-G-B, Southwest Gas AL 1164-G-B

On January 26, 2021, the Joint Utilities filed a Second Supplemental Advice Letter that replaces the Joint Utilities' advice letters submitted on March 17, 2021, and supplemental advice letter submitted on January 12, 2022 entirely.

In the Second Supplemental Advice Letter, the Joint Utilities recognize that GHG calculation methodologies proposed in the March 17, 2021 Advice Letter are not appropriate for reporting the GHG benefits of expenditures of Cap-and-Trade auction proceeds under section 95893(e)(4)(B) of the Cap-and-Trade Regulation.

The Second Supplemental Advice Letter provides further clarification on the calculation of GHG benefits described in the first Supplemental Advice Letter. The Second Supplemental Advice Letter adds that for biomethane pipeline interconnection incentives, the GHG benefits exclude upstream methane emissions captured by the installation of dairy digesters and/or other technologies but are associated only with (1) reduced on-site combustion emissions and (2) displaced fossil fuel use by biomethane end-users. The Joint Utilities report that they will continue to consult with CARB staff as they work to develop a tool to calculate GHG emissions reductions associated with biomethane pipeline interconnection incentives, that is applicable to various baseline scenarios, and follows the general framework proposed. The tool shall be an appropriate means for the Joint Utilities to report annually to CARB the GHG emissions reductions associated with their use of allocated allowance value, in compliance with section 95893(e) of the Cap-and-Trade Regulation. The Second Supplemental Advice Letter also advised that reporting on the use of vintage 2022 allocated allowance value is due to CARB by June 30, 2023.

Sierra Club and Leadership Counsel for Justice and Accountability Protest of the Joint Utilities' Second Supplemental PG&E AL 4403-G-B /SoCalGas AL 5780-G-B/SDG&E 2960-G-B/Southwest Gas AL 1164-G-B

On February 15, 2022, Sierra Club and Leadership Counsel submitted a protest of the Joint Utilities' Second Supplemental AL 4403-G-B stating that the revised methodology proposed by the Joint Utilities still does not eliminate the potential for double counting to occur. Sierra Club and Leadership Counsel request that the CPUC should not approve AL 4403-G-B but rather (1) require accounting for any GHG reductions that the projects have claimed and attributed to other public funds; (2) prohibit the use of allowance proceeds for projects that have already fully claimed their GHG reductions; (3) demand more transparency in the developmental process of the proposed GHG calculator tool, and (4) require case by case project reviews that offer parties an opportunity to participate in the review process.

Joint Utilities' Reply to the Protest from Sierra Club and Leadership Counsel for Justice and Accountability to Second Supplemental PG&E AL 4403-G-B, SoCalGas AL 5780-G-B, SDG&E 2960-G-B, Southwest Gas AL 1164-G-B

On February 22, 2022, The Joint Utilities replied to Sierra Club and Leadership Counsel stating that the proposed GHG estimation methodology was developed based on consultation with CARB staff and meets the requirements of Section 95893(e)(4)(B) of the Cap-and-Trade Regulation for estimating the GHG emissions reductions associated with expenditures of natural gas Utility allocated allowance auction proceeds. Of particular interest is that the proposed methodology shall "...calculate GHG reductions associated with an incentive payment as a percentage of the total GHG reductions achieved by the interconnection project, with the percentage set equal to the share of total interconnection project costs covered by the incentive payment."⁵

Disposition

Energy Division Staff (Staff) has reviewed PG&E's AL 4403-G-B et al., Sierra Club and LCJA's protest, and PG&E's replies, and finds that the Second Supplemental AL complies with D.20-12-031, OP 10, which requires the following:

1. PG&E, Southwest Gas, SoCalGas and SDG&E must report annually to CARB on the use of auction proceeds for the biomethane monetary incentive fund in accordance with the Cap-and-Trade Regulation.
2. 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.

Staff finds that the Joint Utilities have met this requirement and concludes that Sierra Club and Leadership Counsel for Justice and Accountability's concerns about double counting can be addressed by the proposed methodology presented by the Joint Utilities.

Staff finds that the Joint Utilities have shown due diligence in its consultation with CARB to establish a mutually acceptable method for calculating GHG emission reductions resulting from biomethane

⁵ Reply of Pacific Gas and Electric Company (PG&E), Southern California Gas (SoCalGas), San Diego Gas and Electric (SDG&E) and Southwest Gas Corporation (Southwest Gas) ("the Joint Utilities") to the Protest from Sierra Club and Leadership Counsel for Justice and Accountability to PG&E AL 4403-G-B/SoCalGas AL 5780-G-B/SDG&E 2960-G-B/Southwest Gas AL 1164-G-B, pp. 3

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 have consulted with CARB staff, taken into consideration the double claiming concerns, and propose the following GHG estimation methodology for biomethane interconnection incentives funded with Cap-and-Trade auction proceeds:

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

Whereby:

Baseline GHGs are the annual emissions from current facility biogas management practices, if any, prior to changing the biogas end-use to pipeline injection

Project GHGs are the annual emissions after pipeline interconnection, including both biomethane combustion emissions by end-users and the emissions associated with upgrading biogas to biomethane for 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.

The calculation would exclude upstream biogas production facilities (which are not funded by Cap-and-Trade auction proceeds and often claim methane emission reductions under other funding sources) and any emissions from utility pipeline extension downstream of the interconnection receipt point. As ordered by D.20-12-031, the Joint Utilities' proposed method of estimation shall also 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 Regulations. Staff acknowledges that the proposed methodology is similar to others recognized by CARB, such as the DDRDP calculator tool, used to estimate GHG emissions reductions and co-benefits from projects receiving monies from the Greenhouse Gas Reduction Fund ("GGRF"). The DDRDP methodology, which also assigns GHG reductions in proportion to the percentage of total project costs covered by incentive payment, has also previously been recommended by the CPUC as being acceptable in D.17-12-004 for dairy biomethane digester projects. Calculating GHG emission reductions in this manner avoids the risk of double counting.

Based on the foregoing reasons, Staff concludes that the Joint Utilities have met with the requirements set forth in D.20-12-031. Therefore, the comments and protests filed by Sierra Club and Leadership Counsel for Justice and Accountability are rejected, and PG&E AL 4403-G-B, SoCalGas AL 5780-G-B, SDG&E 2960-G-B, and Southwest Gas AL 1164-G-B are approved.



Sidney Bob Dietz II
Director
Regulatory Relations

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P.O. Box 770000
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Fax: 415-973-3582

January 26, 2022

Advice 4403-G-B

(Pacific Gas and Electric Company ID U 39 G)

Advice 5780-G-B

(Southern California Gas Company ID U 904-G)

Advice 2960-G-B

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

Advice 1164-G-B

(Southwest Gas Corporation ID 905-G)

Public Utilities Commission of the State of California

Subject: Second 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 renewable natural gas (“RNG” or “biomethane”) interconnection incentives funded with Cap-and-Trade natural gas supplier allocated allowance auction proceeds (“Cap-and-Trade auction proceeds”). This supplemental advice letter submittal replaces the Joint Utilities’ advice letters submitted on March 17, 2021 and supplemental advice letters submitted on January 12, 2022 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

The GHG calculation methodologies proposed in the March 17, 2021 Joint Advice Letter were not appropriate for reporting the GHG benefits of expenditures of Cap-and-Trade auction proceeds under section 95893(e)(4)(B) of the Cap-and-Trade Regulation.

Separately, 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 lead to improper double claiming of GHG emissions reductions between biomethane pipeline interconnection incentives and separate funding sources for upstream methane-capture projects, such as dairy digester projects funded through the Dairy Digester Research and Development Program (DDRDP) or Aliso Canyon Settlement Agreement.³

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.

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.

As such, the Joint Utilities welcomed additional Commission guidance on reporting if the proposed methodologies were approved by Energy Division.⁴ Given the double-claiming and Cap-and-Trade Program compliance concerns, Energy Division suspended the Joint Advice Letter and directed the Joint Utilities to further consult with CARB staff on a suitable GHG calculation methodology.

Proposed GHG Emission Reduction Methodology for Projects Receiving Biomethane Pipeline Interconnection Incentives from Cap-and-Trade Allocated Allowance Auction Proceeds.

The Joint Utilities have consulted with CARB staff, taken into consideration the double claiming concerns, and propose the following GHG estimation methodology for biomethane interconnection incentives funded with Cap-and-Trade auction proceeds:

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

Where:

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

“*Project GHGs*” are the annual emissions after pipeline interconnection, including both biomethane combustion emissions by end-users and the emissions associated with upgrading biogas to biomethane for 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.

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.

To avoid the potential for double claiming of GHG emissions reductions, the Joint Utilities propose to limit the project boundary of the GHG emissions reduction calculation to facilities used to condition and transport biogas downstream for injection into the utility gas pipeline. 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 upstream biogas production facilities (which are not funded by Cap-and-Trade auction proceeds and often claim methane emission reductions under other funding sources) and any emissions from utility pipeline extension downstream of the interconnection receipt point.

For a biomethane pipeline interconnection incentive, the GHG benefits are associated only with (1) reduced on-site combustion emissions and (2) displaced fossil fuel use by biomethane end-users. For the incentive, the GHG benefits exclude upstream methane emissions captured by the installation of dairy digesters and/or other technologies.

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 consult with CARB staff as CARB staff work to develop a tool to calculate GHG emissions reductions associated with biomethane pipeline interconnection incentives that is applicable to various baseline scenarios and that follows the general framework proposed above. The tool will be appropriate for annual reporting by the Joint Utilities to CARB on the GHG emissions reductions associated with their use of allocated allowance value, pursuant to section 95893(e) of the Cap-and-Trade Regulation. Reporting on the use of vintage 2022 allocated allowance value will be due to CARB by June 30, 2023.

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 electronically via E-mail, no later than **February 15, 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

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

For PG&E: Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson

E-mail: PGETariffs@pge.com

For SoCal Gas: Grisel Juarez Velazquez
Sr. Regulatory Tariff Administrator

E-mail: GJuarezVelazquez@socalgas.com
E-mail: tariffs@socalgas.com

For SDG&E: Attn: Greg Anderson
Regulatory Tariff Manager

E-mail: GAnderson@sdge.com
E-mail: SDGETariffs@sdge.com

For SWG: Valerie J. Ontiveroz
Regulatory Manager/California
Southwest Gas Corporation

E-mail: valerie.ontiveroz@swgas.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

The Joint Utilities request that this Tier 2 advice letter become effective upon regular notice, **February 25, 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 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

Mark Sippola, California Air Resources Board (Mark.Sippola@arb.ca.gov)



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-B

Tier Designation: 2

Subject of AL: Second 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: 2/25/22

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: (415)973-2093
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

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



Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

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

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

Utility Name Page: Pacific Gas and Electric

Date Utility Notified: 4/15/2021

Company

E-Mailed to: PGETariffs@pge.com,

Utility Number/Type: 39-G

SHR8@pge.com, Rortiz@socalgas.com,

Advice Letter Number(s): 4403-G et al

GAnderson@sdge.com, SDGETariffs@sdge.com,

Date AL(s) Filed: 3/17/2021

Justin.brown@swgas.com

Utility Contact Person: Stuart Rubio

ED Staff Contact: Love Asiedu-Akrofi

Utility Phone No.: (415) 973-4587

ED Staff Email: love.asiedu-akrofi@cpuc.ca.gov

ED Staff Phone No.: (213) 620-2767

Jointly filed and suspended are:

Advice 5780-G

Southern California Gas Company ID U 904-G
Ray B. Ortiz

Advice 2960-G

San Diego Gas and Electric Company ID U 902-G
Greg Anderson

Advice 1164-G

Southwest Gas Corporation ID U 905-G
Justin Lee Brown

INITIAL SUSPENSION (up to 120 DAYS from the expiration of the initial review period)

This is to notify that the above-indicated AL is suspended for up to 120 days beginning **April 16, 2021** (30 days after the review period) for the following reason(s) below. If the AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division extends beyond the expiration of the initial suspension period, the advice letter will be automatically suspended for up to 180 days beyond the initial suspension period.

A Commission Resolution is Required to Dispose of the Advice Letter

Advice Letter Requests a Commission Order

Advice Letter Requires Staff Review

The expected duration of initial suspension period is 120 days

ADVICE LETTER (AL) SUSPENSION NOTICE
ENERGY DIVISION

FURTHER SUSPENSION (up to 180 DAYS beyond initial suspension period)

The AL requires a Commission resolution and the Commission's deliberation on the resolution prepared by Energy Division has extended beyond the expiration of the initial suspension period. The advice letter is suspended for up to 180 days beyond the initial suspension period.

If you have any questions regarding this matter, please contact Love Asiedu-Akrofi at Love.Asiedu-Akrofi@cpuc.ca.gov.

cc:

ED Tariff Unit

Nick Zanjani

Sierra Club

Leadership Counsel for Justice & Accountability



Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

March 17, 2021

Advice 4403-G

(Pacific Gas and Electric Company ID U 39 G)

Advice 5780-G

(Southern California Gas Company ID U 904-G)

Advice 2960-G

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

Advice 1164-G

(Southwest Gas Corporation ID 905-G)

Public Utilities Commission of the State of California

Subject: Proposed Methodology for Estimating Greenhouse (GHG) Emissions Reductions for Certain Biomethane Projects Eligible for Incentives.

Purpose

Pursuant to Decision (D.) 20-12-031 *Adopting the Standard Renewable Gas Interconnection and Operating Agreement* Ordering Paragraph (OP) 10, Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCal Gas), San Diego Gas and Electric Company (SDG&E), and Southwest Gas Corporation (SWG) (“Joint Utilities”) submit this Tier 2 Advice Letter to propose a mutually acceptable method for estimating GHG emissions reductions for certain biomethane projects.

Background

On December 17, 2020, the California Public Utilities Commission (CPUC or the Commission) approved D.20-12-031 (Decision or the Decision). OP 10 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.”

Discussion of GHG Emission Reduction Methodologies

Dairy Biomethane Projects:

In D.17-12-004, *Decision Establishing Implementation and Selection Framework to Implement the Dairy Biomethane Pilots Required By Senate Bill 1383*, the CPUC adopted a GHG emissions reduction estimation methodology.¹ There, the CPUC required the Dairy Pilot projects to use one of two GHG emission reduction estimation methodologies:

- 1) ARB Livestock Projects Compliance Offset Protocol
(<https://www.arb.ca.gov/cc/capandtrade/protocols/livestock/livestock.htm>); or
- 2) FY 16/17/CDFR Dairy Digester Research and Development Program Draft Quantification Methodology
(https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/cdfa_draftqm).

The California Air Resource Board (CARB) is “responsible for providing guidance on estimating the GHG emission reductions and co-benefits from projects receiving monies from the Greenhouse Gas Reduction Fund (GGRF). This guidance includes quantification methodologies, co-benefit assessment methodologies and benefit calculator tools.”² Adoption of either of these proposed methodologies would promulgate a reasonable approach and ensure consistency with the CARB protocols. Additionally, adopting consistent protocols will ensure alignment with GHG emission reduction estimation methodologies for dairy pilot projects approved in D.17-12-004 and other dairy biomethane projects eligible for receiving incentives from cap and trade auction proceeds approved in D.20-12-031.

The Joint Utilities support using either of these GHG emission reduction methodologies for estimating GHG emission reductions resulting from dairy biomethane projects that interconnect to Joint Utilities’ respective gas pipeline systems after receiving funding from Cap-and-Trade allowance proceeds set aside for the monetary incentive program.

¹ D.17-12-004, Appendix B, page 20.

² CARB, “Quantification Methodology” California Department of Resources Recycling and Recovery Organics Programs, California Climate Investments, June 15, 2020.
https://ww2.arb.ca.gov/sites/default/files/classic/cc/capandtrade/auctionproceeds/calrecycle_or_ganics_finalqm_6-15-20.pdf

Landfill Sourced Biomethane Projects:

For landfill-sourced biomethane, the Joint Utilities propose using the Environmental Protection Agency's (EPA's) Landfill Gas Energy Benefits Calculator: <https://www.epa.gov/lmop/landfill-gas-energy-benefits-calculator>.

Water Resource Recovery Facilities:

For biomethane produced at Water Resource Recovery Facilities the Joint Utilities propose using the Co-Digestion of Organics at Wastewater Treatment Plants Producing Biofuels or Bioenergy (Equation 17) in CARB's "Quantification Methodology - California Department of Resources Recycling and Recovery Organics Programs": https://ww2.arb.ca.gov/sites/default/files/classic/cc/capandtrade/auctionproceeds/calrecycle_organics_finalqm_6-15-20.pdf

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 **April 6, 2021**, 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: Erik Jacobson
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
Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

For SoCal Gas: Ray B. Ortiz
Tariff Manager – GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile: (213) 244-4957
E-mail: rortiz@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 and
SDGETariffs@sdge.com

For SWG: Mr. Justin Lee Brown
Senior Vice Present/General Counsel
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510
E-mail: justin.brown@swgas.com
Facsimile: (702) 364-3452

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, **April 16, 2021**, 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/

Erik Jacobson
Director, Regulatory Relations

cc:

Love Asiedu-Akrofi, CPUC Energy Division, love.asiedu-akrofi@cpuc.ca.gov.

Jean Spencer, CPUC, Energy Division, jean.spencer@cpuc.ca.gov.

Karin Sung, CPUC, Energy Division, karin.sung@cpuc.ca.gov.

Nick Zanjani, CPUC, Energy Division, nick.zanjani@cpuc.ca.gov.

Mario Cruz, California Air Resource Board, Climate Investment Branch,
mecruz@arb.ca.gov.

Bailey Smith, California Air Resource Board, Climate Investment Branch,
bailey.smith@arb.ca.gov

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 (ID 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

Tier Designation: 2

Subject of AL: Proposed Methodology for Estimating Greenhouse (GHG) 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: 4/16/21

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: Erik Jacobson, 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
Cenergy Power
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

IGS Energy
International Power Technology
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

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

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

Distribution List

Advice Letter No. 1164-G

In conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

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