

**SOUTHERN CALIFORNIA GAS COMPANY  
SAN DIEGO GAS & ELECTRIC COMPANY**

**APPLICATION FOR RENEWABLE NATURAL GAS TARIFF  
(A.19-02-015)**

**(1<sup>ST</sup> DATA REQUEST FROM THE SIERRA CLUB)**

**DATE RECEIVED: 3-13-19**

**DATE RESPONDED: 3-27-19**

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**Introductory Note:**

SoCalGas and SDG&E note that the data request is premature, as the requesting entities are not yet parties to this proceeding and have not submitted responses or protests to the application. However, in the interest of transparency and expediting this proceeding, SoCalGas and SDG&E provide the following responses.

**QUESTION 1:**

Page 1 of the Application of SoCalGas and SDG&E for Renewable Natural Gas Tariff states that it requests authorization of a “program that offers customers the option to purchase Renewable Natural Gas (RNG), e.g., natural gas from emissions from the agricultural and waste sectors.”

- a. What types of gas sources from the agricultural and waste sectors will be eligible for procurement under the RNG TARIFF (e.g. manure from dairies, landfill gas, wastewater treatment plant gas, forestry residues, or agricultural residues)?
- b. Does the RNG TARIFF include purchase of methane created from the gasification of biomass?
- c. Please identify the witness(es) responsible for this answer.

**RESPONSE 1:**

- a. Procured RNG could include any of those feedstocks listed in the question, but current law limits renewable gas injection to only biomethane. Biomethane is defined as biogas that is produced from the anaerobic decomposition of organic material. (See Sections 25420 and 25421 of California Health and Safety Code).
- b. No, methane created from the gasification of biomass does not currently qualify under section 25420 and 25421 of California Health and Safety Code.
- c. Andrew Cheung

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**QUESTION 2:**

Page 3:1-4 of the Direct Testimony of Tanya Peacock states that “SoCalGas is proposing a voluntary RNG tariff to provide customers an opportunity to purchase RNG above any potential baseline requirement that might be established by SB 1440, thus increasing the amount of RNG in the system without placing the financial burden on all customers.” Public Utilities Code Section 651(b)(3), added by SB 1440, provides that if the Public Utilities Commission adopts specific biomethane procurement targets or goals for each gas corporation, it shall:

(3) Ensure that biomethane eligible for any procurement program meets one of the following conditions:

- (A) The biomethane is delivered to California through a dedicated pipeline.
  - (B) The biomethane is delivered to California through a common carrier pipeline and meets both of the following requirements:
    - (i) The source of biomethane injects the biomethane into a common carrier pipeline that physically flows within California, or toward the end user in California for which the biomethane was produced.
    - (ii) The seller or purchaser of the biomethane demonstrates that the capture or production of biomethane directly results in at least one of the following environmental benefits to California:
      - (I) The reduction or avoidance of the emission of any criteria air pollutant, toxic air contaminant, or greenhouse gas in California.
      - (II) The reduction or avoidance of pollutants that could have an adverse impact on waters of the state.
      - (III) The alleviation of a local nuisance within California that is associated with the emission of odors.
- a) Will biomethane procured under the proposed RNG TARIFF conform to the requirements of Section 651(b)(3)? If not, please explain all differences between biomethane eligible for procurement under SB 1440 and biomethane eligible for procurement under the proposed RNG TARIFF.
- b) Please identify the witness(es) responsible for this answer.

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**RESPONSE 2:**

- a. SoCalGas and SDG&E's proposed voluntary tariff is not bound by Public Utilities Code Section 651(b)(3), but both utilities are supportive of growing the biomethane market in California.
- b. Tanya Peacock

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**QUESTION 3:**

Page 4:7 of the Direct Testimony of Tanya Peacock states that “since BioMAT launched in 2016, program participation has remained low.”

- a. Please explain why the Sempra Utilities believe an additional bioenergy procurement mechanism is needed given the low participation in the BioMAT program. Please provide all analysis supporting this answer.
- b. Please identify the witness(es) responsible for this answer.

**RESPONSE 3:**

- a. The Renewable Natural Gas program proposed in A.19-02-015 is intended to serve a much different market and purpose than the existing BioMAT program. The existing BioMAT program offers a feed in tariff for electric generators that use biogas as a fuel source, while the proposed program would offer a renewable natural gas commodity directly to customers.
- b. Tanya Peacock

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**QUESTION 4:**

4:17-5:3 of the Direct Testimony of Tanya Peacock refers to voluntary renewable power programs offered by electric utilities. In D.15-01-051, the Decision Approving Green Tariff Shared Renewables (GTSR) Program, the Commission found that “GTSR requires ‘additionality,’ meaning that GTSR subscriber demand should result in commensurate incremental renewable energy facilities being developed beyond what would have been built in the absence of the GTSR Program.” (See page 20 of D.15-05-051).

- a. Please explain how customer demand for the proposed RNG TARIFF will result in a commensurate increase in biomethane facilities being developed beyond what would have been built in the absence of the RNG TARIFF.
- b. Please state whether biomethane sold under the RNG TARIFF could come from an existing biomethane facility.
- c. Please identify the witness(es) responsible for this answer.

**RESPONSE 4:**

- a. First, this request appears to incorrectly assume demand is required to create a commensurate increase in new supplies and/or that SoCalGas and SDG&E claim that in the application. Second, SoCalGas believes that it is not unreasonable to assume that the proposed RNG Tariff will provide a market for RNG in non-transportation sectors. When combined with SB 1440, these two utility procurement programs could provide stability to the RNG market by helping to drive the demand for RNG, creating market forces that would increase supply and lower the overall cost.
- b. Yes.
- c. Tanya Peacock

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**QUESTION 5:**

Page 3:19 of the Direct Testimony of Grant Wooden states that “The enrollment pages will contain complete information about the program....”

- a. Will the enrollment pages include information about the specific location of the source(s) of biomethane procured under the RNG TARIFF? If not, will this information be publicly available? If yes, how?
- b. Will the enrollment pages include information about the specific source of the biomethane procured under the RNG TARIFF (e.g. dairy, landfill, wastewater treatment plant, forestry or agricultural waste)? If not, will this information be publicly available? If yes, how?
- c. Please identify the witness(es) responsible for this answer.

**RESPONSE 5:**

- a. No, SoCalGas and SDG&E do not currently intend to provide the specific locations of RNG purchased for the program.
- b. Unknown at this time as SoCalGas and SDG&E have not designed the enrollment webpages. SoCalGas and SDG&E will provide customers an annual report that includes the sources of RNG purchased for the program.
- c. Grant Wooden

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**QUESTION 6:**

Page 14:11-12 of the Direct Testimony of Grant Wooden states that “SoCalGas has estimated the annual fee for Green-e certification at \$25,000. Actual Green-e certification costs are unknown at this time.”

- a. Please explain how costs in excess of \$25,000 annually for Green-e certification will be allocated (e.g. borne by shareholders of Sempra Utilities, borne by all ratepayers, borne by RNG TARIFF participants).
- b. Please explain how the protocol by which biomethane will be certified as Green-e will be developed.
- c. Will the Green-e certification protocol developed for the RNG TARIFF be subject to public comment prior to Commission approval of the RNG TARIFF?
- d. Will the Green-e certification protocol developed for the RNG TARIFF be subject to Commission review prior to program approval?
- e. Please identify the witness(es) responsible for this answer.

**RESPONSE 6:**

- a. Administrative and marketing costs for the program would be recovered from RNG Tariff program participants via the RNG Tariff program charge per utility.
- b. The Green-e RNG certification protocol is still in development by the Center for Resource Solutions (CRS) and not yet established. More information can be found at <https://www.green-e.org/news/031219>.
- c. According to the webpage listed above, the Green-e RNG certification will be open to public comment.
- d. CRS controls the development process for the Green-e certification. More information on that process can be found on the webpage listed above.
- e. Grant Wooden and Tanya Peacock.

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**QUESTION 7:**

Page 15 of the Direct Testimony of Grant Wooden estimates over \$500,000 in combined marketing costs from SoCalGas (\$330,000) and SDG&E (\$200,000) for the RNG TARIFF.

- a. Please explain how marketing costs in excess of the \$330,000 for SoCalGas and \$200,000 for SDG&E will be allocated (e.g. borne by shareholders of Sempra Utilities, borne by all ratepayers, borne by RNG TARIFF participants).
- b. Will marketing materials for the RNG TARIFF be subject to Commission review prior to dissemination to prospective customers?
- c. Please identify the witness(es) responsible for this answer.

**RESPONSE 7:**

- a. Administrative and marketing costs for the program would be recovered from RNG Tariff program participants via the RNG Tariff program charge per utility.
- b. SoCalGas and SDG&E have not considered proposing the Commission review marketing materials.
- c. Grant Wooden



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**QUESTION 8:**

Pages 16-17 of the Direct Testimony of Grant Wooden discusses regulatory reporting requirements on the RNG TARIFF.

- a. Does reporting include the specific location of the source(s) of methane procured under the RNG TARIFF?
- b. Does the reporting include the specific source of the methane procured under the RNG TARIFF (e.g. dairy, landfill, wastewater treatment plant, agricultural or forestry waste)?
- c. Please explain how greenhouse gas reductions will be calculated?
- d. Will the determination of greenhouse gas reductions account for methane leakage in biomethane production (e.g. during capture of biogas, treatment to biomethane, and injection into delivery pipeline)?
- e. Will the determination of greenhouse gas reductions account for methane leakage from point of injection into pipeline to delivery and use by end-use customer?
- f. Please explain how greenhouse gas reductions may be calculated differently depending on regulatory requirements for different methane sources (e.g. dairies and landfills).

**RESPONSE 8:**

- a. That report has not been designed yet and it is premature to declare what data will or will not be included in reports to the Commission.
- b. That report has not been designed yet and it is premature to declare what data will or will not be included in reports to the Commission. SoCalGas and SDG&E will provide customers an annual report that includes the sources of RNG purchased for the program.
- c. In order to align with California's Cap and Trade program, CO2 emissions from combustion of biomass-derived fuels will result in zero GHG emissions as per Section

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95852.2 of the Regulations for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms.

- d. No, as leakage is not a factor in Section 95852.2 for the determination of CO2 emissions from combustion of biomass-derived fuels.
- e. No, as leakage is not a factor in Section 95852.2 for the determination of CO2 emissions from combustion of biomass-derived fuels.
- f. SoCalGas and SDG&E object to this question as overbroad and unduly burdensome, and vague and ambiguous. More information on how GHG reductions can be calculated for different methane sources can be found at <https://www.arb.ca.gov/Fuels/Lcfs/Lcfs.htm>.

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**QUESTION 9:**

Page 2:9-12 of the Direct Testimony of Andrew Cheung states that “the Utilities requested and received CPUC approval in 2018 to procure RNG for their utility-owned natural gas vehicle refueling stations. Subsequently, Gas Acquisition conducted a request for offers for these stations, received several offers, and is in the process of evaluating RNG supply options.”

- a. Please provide the referenced request for offers and the offers received in response to the solicitation. (To the extent the Sempra Utilities assert some or all of this information is market sensitive, please provide an NDA to allow Sierra Club review of the entirety of the requested materials).

**RESPONSE 9:**

- a. SoCalGas objects to the request as seeking irrelevant information that is confidential and proprietary, and an NDA would be insufficient to protect the information in light of this confidentiality (and the lack of relevance). SoCalGas and SDG&E are open to providing relevant information following a meet and confer to discuss the precise information the propounding parties are seeking.

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**QUESTION 10:**

Page 3:12-15 of the Direct Testimony of Andrew Cheung states that “Gas Acquisition will optimize cost-effectiveness in its selection of RNG supplies for this program by balancing contract term with a diversity of RNG sources from within California and out-of-state.”

- a. Are there any limits on out-of-state biomethane procurement under the proposed program (e.g. could all biomethane procured to meet demand under the RNG TARIFF be from out-of-state biomethane sources)?
- b. Could biomethane procured under the RNG TARIFF originate from outside the continental United States?
- c. Please identify the witness(es) responsible for this answer.

**RESPONSE 10:**

- a. No.
- b. Yes.
- c. Andrew Cheung

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**QUESTION 11:**

Does the RNG TARIFF proposal allow for the purchase of renewable attributes of gas separate from gas purchase (e.g. a system analogous to unbundled RECs)?

**RESPONSE 11:**

In purchasing gas for the RNG Tariff, SoCalGas intends to enter into contracts that bundle physical RNG and renewable attributes. However, the proposed RNG Tariff does not prohibit SoCalGas from purchasing renewable attributes separate from physical RNG.