

ACCESS TO THE SOCALGAS PIPELINE SYSTEM

The Utility shall provide nondiscriminatory open access to its system to any party (hereinafter "Interconnector") for the purpose of physically interconnecting with the Utility and effectuating the delivery of natural gas, subject to the terms and conditions set forth in this Rule and the applicable provisions of the Utility's other tariff schedules including, but not limited to, the gas quality requirements set forth in Rule No. 30, Section I. None of the provisions in this Rule shall be interpreted so as to unduly discriminate against or in favor of gas supplies coming from any source.

A. Terms of Access

1. The interconnection and physical flows shall not jeopardize the integrity of, or interfere with, normal operation of the Utility's system and provision of service to its customers.
2. The Interconnector and Utility must execute Form No. 6450, Interconnection Agreement (IA) and Form No. 6435, Operational Balancing Agreement (OBA). If the Interconnector is a California Producer without an effective agreement providing for access to the Utility's system, then that Interconnector and the Utility must execute Form No. 6454, California Producer Interconnection Agreement (CPIA) and Form No. 6452, California Producer Operational Balancing Agreement (CPOBA).
3. The Interconnector shall pay for all equipment necessary to effectuate deliveries at point of interconnection, including, but not limited to, valves, separators, meters, quality measurement, odorant and other equipment necessary to regulate and deliver gas at the interconnection point. The Interconnector shall also pay for computer programming changes to the Utility's Electronic Bulletin Board (EBB) scheduling system, if any, required to add the Interconnector's new interconnection point. The Interconnector and the Utility must execute Form No. 6430, Exhibit D, Interconnect Collectible System Upgrade Agreement or Form 6456, Exhibit C, California Producer Interconnect Collectible System Upgrade Agreement (CPICSUA).
 - a. Pursuant to D.15-06-029, as modified by D.16-12-043, the Utility shall provide a monetary incentive to eligible Biomethane Interconnectors built before December 31, 2021. The monetary incentive program shall be in effect until the end of December 31, 2021, or until the program has exhausted its \$40 million funding, including the California Council on Science and Technology study costs. If there are funds remaining at the time of program termination, Biomethane Interconnectors that have started to deliver qualifying biomethane into the Utility's pipeline system as of the termination date of this program are eligible for an incentive payment if they otherwise meet the program criteria. The monetary incentive is for up to 50% of the eligible interconnection costs incurred by a Biomethane Interconnector, up to \$3 million per interconnection for a non-dairy cluster biomethane project. For a dairy cluster biomethane project, as defined in the Public Utilities Code Section 399.19, the monetary incentive is for up to 50% of the eligible interconnection costs and costs incurred for biogas gathering lines.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5090
 DECISION NO. 16-12-043

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 6, 2017
 EFFECTIVE Mar 8, 2017
 RESOLUTION NO. _____

Rule No. 39

Sheet 2

ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(Continued)

A. Terms of Access (Continued)

a. (Continued)

“Biogas gathering lines” means multiple pipelines installed to transport biogas from three or more dairies in close proximity to one another to a centralized gas processing facility for pipeline injection. To be eligible, Biomethane Interconnector deliveries must: (1) comply with Utility Tariff Rule Nos. 30 and 39; and (2) produce biomethane flow for 30 out of 40 days within the minimum and maximum measurement range of the meter. Biomethane Interconnectors must declare in a written notice to the Utility at least two business days in advance, the specific start and end date of this 40 day testing period. The 30 out of 40 day requirement is extended 1 day for each day that the Biomethane Interconnector is unable to produce flow because of an interruption of delivery as set forth in Rule No. 23. Biomethane Interconnectors may elect to restart the 40 day testing period by providing a new written notice declaring the new start and end dates at least two business days in advance of when the new 40 day testing period is to begin. The monetary incentive is limited to eligible interconnection costs, which include Consulting Service Agreement (interconnection capacity study and preliminary and detailed engineering studies) costs, and costs associated with facilities downstream of the Biomethane Interconnectors’ processing plants used for delivering biomethane into the Utility’s system. For dairy cluster biomethane projects, the costs incurred for biogas gathering lines to help reduce emissions of short-lived climate pollutants pursuant to Section 39730 of the Health and Safety Code shall be considered an eligible cost. Other costs associated with processing and blending facilities upstream of Utility point of receipt interconnection point, including facilities serving natural gas to the Biomethane Interconnector’s facilities, are ineligible.

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Within 60 days following successful compliance with the 30 out of 40 day biomethane delivery requirement, the Utility will pay the Biomethane Interconnector in the amount up to 50% of the eligible reconciled and undisputed portions of the interconnection costs, not to exceed \$3 million per interconnection for a non-dairy cluster biomethane project, or \$5 million per interconnection for a dairy cluster biomethane project. Payment will be provided to the Biomethane Interconnector if all costs have been paid in full; if there are remaining costs it shall be treated as a credit. In the event that all interconnection costs have not been reconciled by the Utility and the Biomethane Interconnector within 60 days following the successful compliance with the 30 out of 40 day biomethane delivery requirement, the Utility shall resume paying the Biomethane Interconnector upon cost reconciliation. If additional eligible cost information becomes available within 12 months following the initial payment, the Utility shall pay to the Biomethane Interconnector up to 50% of the remaining eligible interconnection costs, not to exceed \$3 million per interconnection for a non-dairy cluster biomethane project, or \$5 million per interconnection for a dairy cluster biomethane project, including all previous payments. The Utility will provide notification to the CPUC Director of the Energy Division and the Biomethane Interconnector of the initial payment as well as any other potentially eligible future payments.

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Sheet 3

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(Continued)

A. Terms of Access (Continued)

4. The point of interconnection shall be established as a transportation scheduling point, pursuant to the provisions of Rule No. 30, if the Interconnector abides by the standards of the North American Energy Standards Board.
5. The maximum physical capacity of the interconnection will be determined by the sizing of the point of receipt, including the metering and odorization capacities, but is not the capacity of the Utility's pipeline system to transport gas away from the interconnection point and is not, nor is it intended to be, any commitment by the Utility of takeaway capacity. The Utility separately provides takeaway services, including the option to expand system capacity to increase takeaway services, through its otherwise applicable tariffs.
6. The available receipt capacity for any particular day may be affected by physical flows from other points of receipt, physical pipeline and storage conditions for that day, and end-use demand on the Utility's system.
7. The Utility will expand specific receipt point capacity and/or takeaway capacity at the request and expense of a supply source, third party storage providers, CPUC-regulated intrastate pipelines, interconnecting interstate pipelines, or other parties. The Interconnector and the Utility must execute a Collectible System Upgrade Agreement (Form 6420) prior to any work being completed.
8. As defined in an IA, the Interconnector shall pay all costs associated with the odorant of the delivered natural gas less the historical costs, on a per unit basis; the Utility has paid for odorant required for existing interstate supplies being delivered as of the date of D.06-09-039. The historical cost is \$0.0003 per Dth. As defined in a CPIA (Form 6454), the Interconnector shall pay all costs associated with the odorization of the delivered natural gas.
9. An Interconnector that is a California Producer that currently has, or will be requesting, access to the Utility's transportation system or is presently interconnected to the Utility without a gas chromatograph and all related equipment, communications facilities and software shall fund Utility installation of a gas chromatograph and all related equipment, communications facilities and software for the purpose of gathering data and monitoring and enforcing gas quality, as specified in Rule No. 30. Refusal on the part of a California Producer to accept these conditions will result in the denial of access to the Utility's transportation system.

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(Continued)

B. Interconnection Capacity Studies

1. Any party, including an interconnecting pipeline or a supply source, may request an Interconnection Capacity Study to determine the Utility's downstream capability to take natural gas away from the interconnection point and the associated Utility facility enhancement costs. Upon the request of an entity to establish or increase takeaway capacity from a receipt point, the Utility will make a timely determination of the facilities (and facility modifications) and associated costs that are required to add the requested takeaway capacity on both a Displacement Receipt Point Capacity basis and Expansion Receipt Point Capacity basis. The Utility shall make this determination on a nondiscriminatory and transparent basis, without favoring any region of its territory and without favoring any entity.
2. All analyses shall take into consideration new supplies and facilities that have been or will be installed pursuant to a previously executed Collectible System Upgrade Agreements (CSUA) in effect. Priority for purposes of determining facility costs will be established on the basis of the date a party executes a CSUA. The CSUA shall include the activities from initial study through construction under terms mutually agreeable to the Utility and the party in Appendix "B" to the CSUA. In order to keep its place in the priority established by D.06-12-031 for determining facilities costs, an Appendix "B" must be completed within 90 days of the Commission Resolution approving Advice Letter 3706-A. The Utility shall maintain a queue of executed CSUAs with completed Appendix "B", including project milestones and completion dates. Any CSUA party will be subject to replacement in the queue if any date for performance within its CSUA has expired. The Utility will be provided a 30-day notice of cancellation and allow for a subsequent 60-day period to cure any non-performance. The Utility will file an Advice Letter for Commission approval to re-order the queue due to the non-performance of a CSUA holder.
3. Any party interested in funding an Interconnection Capacity Study must submit a written request for access, which includes where and when the new supply will be delivered to the Utility and the volume required to be received. Within 30 business days, the Utility will provide a written proposal to the party to evaluate the system impact of the new supplies including the estimated time and cost to perform this analysis. For California Producers, the Utility will provide a $\pm 20\%$ cost estimate for the capacity study, but in any event Interconnector is responsible to pay for the entire actual cost of the capacity study.
4. The party and the Utility must execute a Consulting Services Agreement (Form 6440) or Collectible System Upgrade Agreement (Form 6420) and Confidentiality Agreement (Form 6410) prior to any work being completed and provide payment equal to the estimated cost of the Interconnection Capacity Study prior to the Utility proceeding with the Interconnection Capacity Study. The party will be responsible for the actual costs of the analysis; to this end, an invoice or refund will be issued to the supplier at the completion of the analysis for any difference between the actual costs and the estimate.

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(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 4874
DECISION NO. 15-06-029

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Oct 9, 2015
EFFECTIVE Nov 8, 2015
RESOLUTION NO. _____

Rule No. 39

Sheet 5

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(Continued)

B. Interconnection Capacity Studies (Continued)

5. The cost estimate provided in the Interconnection Capacity Study will not include cost estimates for land acquisition, site development, right-of-way, metering, gas quality, permitting, regulatory, environmental, unusual construction costs, and operating and maintenance costs. Upon completion of the Interconnection Capacity Study and for an additional charge, the Utility will perform a more detailed Preliminary Engineering Study that will include such cost estimates associated with these elements, if requested by the party in writing. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Preliminary Engineering Study.
6. In addition, upon formal written request by any party, the Utility will prepare a Detailed Engineering Study, which will: (1) describe all costs of construction, (2) develop complete engineering construction drawings, and (3) prepare all construction and environmental permit applications and right-of-way acquisition requirements. The party shall pay an estimated charge before the Utility will begin the Detailed Engineering Study. As with the Interconnection Capacity Study, the party will be responsible for the actual costs to perform the Detailed Engineering Study.
7. Customers will have three funding options for increasing receipt point capacity. First, a customer may elect to pay 100% of the costs, including applicable CIAC taxes, to the Utility to complete the installation of the necessary facility without any refund of the advanced funds and not be charged an incremental reservation rate on a going forward basis. Second, a customer may elect to pay 100% of the costs to the Utility to complete the installation of the necessary facility, receive a refund of those advanced funds after gas first flows through the receipt point, and be charged an incremental reservation rate on a going forward basis. Third, a customer may elect to install the necessary facility themselves under the direction of the Utility, transfer ownership of the necessary facilities, along with any payment of applicable CIAC taxes, and not be charged incremental reservation rate on a going forward basis.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4874
DECISION NO. 15-06-029

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ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Oct 9, 2015
EFFECTIVE Nov 8, 2015
RESOLUTION NO. _____