SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY

APPLICATION FOR RENEWABLE NATURAL GAS TARIFF

(A.19-02-015)

(2ND DATA REQUEST FROM TURN)

DATE RECEIVED: 4-23-20
DATE RESPONDED: 5-7-2020

QUESTION 1:

Please identify all changes to the originally estimated program costs, first identified in Chapter 2 of the Prepared testimony of Joint IOU witness Wooden, as a result of Section V(H) of the settlement:

a. $785,000 in computer programming costs for SoCal Gas

b. $440,000 in program management costs over the first five years of program operations for SoCal Gas.

c. $441,000 in program management costs over the first five years of program operations for SDG&E.

d. $330,000 in marketing costs over the first five years of program operations for SoCal Gas.

e. $200,000 in marketing costs over the first five years of program operations for SDG&E.

RESPONSE 1:

a. This estimate has not changed. See response 2 below.

b. This estimate has not changed.

c. This estimate has not changed.

d. This estimate has not changed.

e. This estimate has not changed.

QUESTION 2:

Identify any additional costs that SDG&E and SoCal Gas believe will be incurred to support the program pursuant to the settlement beyond those identified in Question 1 (as provided in Table 3, Appendix A, Chapter 2 of Joint IOU direct testimony and Section V(H) of the Settlement). For each additional cost, identify whether it is anticipated to be capital or expense and the proposed method of cost recovery.

RESPONSE 2:

SoCalGas may incur additional capital costs for computer programming to support the California Alternate Rates for Energy (CARE) subscription rates specified in Section V.B.3 of the Settlement Agreement. Those costs have not been estimated. Pursuant to Section V.H.2 of the Settlement Agreement, cost recovery for computer system modifications is proposed from existing capital budgets approved in SoCalGas' GRC.

SDG&E did not estimate the IT costs to accommodate the new RNG Tariff program as the system SDG&E would use for billing these customers is not in place today and will be launched in early 2021.

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QUESTION 3:

Will SoCal Gas and SDG&E commit to limit program RNG procurement to supplies that are eligible under either SB 1440 or the Renewable Portfolio Standard program (pursuant to Public Utilities Code §399.12.6)?

RESPONSE 3:

SoCalGas and SDG&E will adhere to the fuel supply eligibility terms described in Section III.A. and IV.C.3 of the Settlement Agreement for this voluntary RNG Tariff program.

<u>QUESTION 4:</u>

Under the procurement requirements identified in Section IV of the settlement, would SoCal Gas or SDG&E be permitted to procure RNG entirely from existing sources? Is there any requirement that any portion of procurement be sourced from newly developed facilities?

<u>RESPONSE 4:</u>

SoCalGas and SDG&E object to the phrase "existing sources" as vague and ambiguous. Notwithstanding that objection, and subject thereto, SoCalGas and SDG&E respond as follows.

Pursuant to Section III.A.5 of the Settlement Agreement, SoCalGas and SDG&E will procure RNG that meets the requirements of Section 95852.1.1 of the Cap-and-Trade Regulation. Assuming the question's use of the phrase "existing sources" means receiving supply from a production facility that is already in operation, the applicable standards of the Cap-and-Trade Regulation allow for eligible sources to come from either "existing sources" or from newly developed facilities In both cases, however, the supplier must demonstrate an increase in fuel production capacity or recovery of biogas that was previously being vented or destroyed. See Section III.A.5 of the Settlement Agreement:

> RNG eligible for the biomethane exemption requirements set in the Mandatory Reporting of Greenhouse Gas Emissions ("MRR") and Cap-and-Trade Regulation, including that the RNG must be either: (A) an increase in the biomass derived fuel production capacity, at a particular site, where an increase is considered any amount over the average production at that site over the last three years; or (B) recovery of the fuel at a site where the fuel was previously being vented or destroyed for at least three years or since commencement of fuel recovery operations, whichever is shorter, without producing useful energy transfer.[1]

[1] RNG Tariff Settlement Agreement, Section III.A.5.

QUESTION 5:

What role will carbon intensity of supplies play in the ranking of RNG supply bids pursuant to the requirements of Section IV(B) of the settlement? Will the carbon intensity score be assigned a specific weight for the ranking of bids or be used as a general consideration?

RESPONSE 5:

The Utilities will include carbon intensity in the development of a bid evaluation methodology, as stated in the Settlement Agreement Section IV.B.2. An RNG supply ranking methodology has not yet been determined and will be developed in consultation with the Procurement Advisory Group (PAG).

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QUESTION 6:

Does the commitment not to procure RNG from “any supplies or attributes from sources contracted before January 1, 2012” (Settlement Section IV(C)(3)) apply to any RNG source eligible for a grandfathered exemption pursuant to 17 CCR § 95852.1.1? If no, explain what sources eligible for grandfathering under CARB rules are excluded from this commitment.

RESPONSE 6:

Yes.

<u>QUESTION 7:</u>

Settlement Section IV(C)(5) (sic) states that "Utilities will procure all environmental attributes associated with RNG supplies and require sellers to demonstrate that the RNG has not been used to comply with environmental or procurement requirements in any other state."

a. How will the Utilities implement this requirement?

b. Will the Utilities rely on attestations provided by the suppliers or conduct any other type of due diligence?

c. What exact types of environmental claims would be covered by this requirement?

<u>RESPONSE 7:</u>

a. Pursuant to Settlement Agreement Section IV.C.6, sellers will be required to demonstrate all environmental attributes will not be used to comply with environmental or procurement requirements in any other state through supporting documentation. The documentation may include, but is not limited to, nomination, invoice, scheduling, transportation and storage reports, in-kind fuel purchase and balancing reports from the producer and relevant contracts demonstrating chain of custody. Additionally, the seller will be contractually obligated through the purchase agreement to only deliver environmental attributes to the Utilities that have not been used to comply with environmental or procurement requirements within any other state or country.

b. Consistent with the Mandatory Reporting Regulation (MRR) reporting process, the Utilities will use a California Air Resources Board (CARB) authorized third-party verifier to review all claims and to protect against double-counting, as required by the MRR. Additionally, the Seller will be contractually obligated through the purchase agreement to only deliver environmental attributes to the Utilities that have not been used to comply with environmental or procurement requirements of any other state or jurisdiction.

c. SoCalGas and SDG&E object to the phrase "environmental claims" as vague and ambiguous. Notwithstanding that objection and subject thereto, SoCalGas and SDG&E respond as follows: The intent of Settlement Agreement Section IV.C.6 is to convey that the Utilities will require its sellers, as described in responses 7.a and 7.b above, to deliver RNG that has not been previously used to comply with any other environmental or procurement program.

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QUESTION 8:

Under the procurement process identified in the settlement, what is the expected duration of contracts that SoCal Gas or SDG&E will execute for RNG supplies to serve customers? Are there any minimum or maximum durations allowed under the settlement?

RESPONSE 8:

The Settlement Agreement does not place a limitation on the duration of supply contracts. Notwithstanding that fact, the RNG Tariff program is designed as a three-year pilot with a two-year ramp-down period. Therefore, it is unlikely the Utilities will initially contract beyond that five-year term.

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QUESTION 9:

Does the settlement limit the ability of So Cal Gas and SDG&E to enter into long-term contracts (at least 10 years in duration) for newly constructed sources of RNG supply? If yes, identify the specific limitation in the settlement. If no, explain the approval process that would apply to any long-term contracts.

RESPONSE 9:

The Settlement Agreement does not place a limitation on the duration of supply contracts. Notwithstanding that fact, the RNG Tariff program is designed as a three-year pilot with a two-year ramp-down period. Therefore, it is unlikely the Utilities will initially contract beyond that five-year term. In addition to its own due diligence, the Utilities will consult the PAG as described in Section IV.D of the Settlement Agreement.