

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

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

(DATA REQUEST SIERRA CLUB-SEMPRAUTILITIES-04)

**DATE RECEIVED: 11-1-19
DATE RESPONDED: 11-18-19**

QUESTION 1:

Page 7:1-2 of the Rebuttal Testimony of Andrew Cheung states that “the Utilities will retain a independent third-party verification company to verify that the RNG suppliers have complied with the LCFS methodology.”

- a. Is the verifier referred to in this statement different from the verifier used for purposes of compliance with cap-and-trade section 95852.1.1?
- b. Please describe the auditing process for the above-referenced verification process.
- c. Will the costs of verification be borne solely by RNG Tariff customers? If not, please explain your answer.

RESPONSE 1:

- a. Yes. The Utilities will utilize a firm with expertise in the LCFS methodology for calculating carbon intensity separate from the verifier used for compliance with Cap-and-Trade and MRR reporting.
- b. The Utilities propose to utilize the above referenced firm to audit the carbon intensity scores provided by the RNG supplier. The auditing process of the supplier-provided carbon intensity score will consist of a thorough review of the calculation framework, assumptions, and data used in their estimates. Additionally, the firm will conduct a parallel and independent carbon intensity estimate for the RNG supplies.
- c. Yes.

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QUESTION 2:

Page 5-5 of EPA's Landfill Gas Contract and Permitting, states the following (full chapter available at https://19january2017snapshot.epa.gov/sites/production/files/2016-09/documents/pdh_chapter5.pdf) and included with this data request).

5.3 Environmental Attribute Agreements

An LFG energy project developer may sell a project's environmental attributes for additional revenue, or to provide more revenue to the landfill owner. Environmental attributes can be sold together or separately, depending on the market and the nature of the contract entered into by the landfill owner or LFG energy project owner. Broadly, there are two types of environmental attributes:

- Direct – destruction of methane (a potent GHG)
- Indirect – displacement of fossil fuel use by LFG use, a renewable energy resource

All contracting parties should ensure that ownership of the environmental attributes, including the rights to the GHG emission reductions, are clearly defined. Historically, agreements have been relatively clear about ownership of LFG rights; however, contract language has not been as clear with respect to evolving environmental markets and incentives such as renewable energy certificates, tax credits and GHG credits. A clear definition of which party owns each of the environmental attributes of the LFG is critical for new project agreements and amendments to older agreements.



pdh_chapter5.pdf

- a. Is it SoCalGas' position that for purposes of contracting with biomethane under Section 95852.1.1 to meet a cap-and-trade compliance obligation, SoCalGas need only contract for the indirect environmental attribute of biomethane (displacement of fossil fuel use)? If not, please explain your answer.

RESPONSE 2:

a. The Utilities will contract for all relevant environmental attributes associated with the production of the RNG purchased from the supplier(s). The Utilities will not contract for only a portion of the environmental attributes in the manner described in Question 2.a, for purposes of the RNG Tariff.

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QUESTION 3:

Page 8:8-10 of the Rebuttal Testimony of Andrew Cheung states that “the Cap-and-Trade program does not preclude end-users of biomethane from making legitimate environmental marketing statements regarding the use of RNG for purposes of lowering their emissions.”

- a. Please identify all “legitimate environmental marketing statements” available to a subscriber to the RNG Tariff, including, but not limited to, whether, and to what extent, a subscriber can claim enrollment reduces its GHG emissions, and whether the subscriber can claim to be supplied by renewable gas. Please explain the basis for your answer.
- b. Will SoCalGas provide potential customers to the RNG Tariff instruction on what “legitimate environmental marketing statements” can and cannot be made as a result of subscribing to the RNG Tariff.

RESPONSE 3:

a. The Utilities object to this request as being outside the scope of their prepared testimony, and as being overly burdensome. The Utilities cannot identify all conceivable marketing statements that may be made by its RNG Tariff program participants. To the extent that Sierra Club is inquiring about an individual participant’s associated GHG emissions reductions, these will depend on the participation level of the customer and the carbon intensities of the supplies. It is the intent of the Utilities that the annual customer reports to the program participants will contain the relevant information and help inform those marketing statements. This issue is also addressed in the Supplemental Testimony of Mr. Cheung under Scoping Issue 5.

b. No. The Utilities will provide the information discussed in testimony to customers. It would be impractical and overly burdensome to put SoCalGas in the position of anticipating and verifying all potential environmental marketing statements that could be made.

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QUESTION 4:

Will marketing materials disclose that enrollment in the RNG Tariff reduces SoCalGas' cap-and-trade compliance obligations? If not, please explain why.

RESPONSE 4:

Please see response to Sierra Club Data Request 2, Question 11, which clarifies that the creation of marketing material has not begun. However, Applicants' proposed tariff Schedule No. G-RNG, included as Attachment B to Chapter 2 (Wooden), states that when arriving at the total RNG commodity charge, the rate will be calculated as "less the estimated value of an amount reflecting the reduction in SoCalGas' cap-and-trade obligation from bringing biomethane into the Utility's system." To be clear, SoCalGas' cap-and-trade obligation is as a supplier of natural gas to customers, and SoCalGas' customers pay in their rates the cost of SoCalGas' cap-and-trade obligation on their behalf.

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QUESTION 5:

Page 4:23-25 of the Rebuttal Testimony of Andrew Cheung states that “For landfill gas projects that generate electricity, when they reach the end of their power purchase agreement, they will likely need to look for a replacement offtake commitment from another counterparty.”

- a. Please list all landfill gas projects that have gone offline due to an expiring power purchase agreement.
- b. For each listed project in response to (a), please state whether the landfill vented or flared landfill after going off-line.
- c. Please provide documentation supporting your responses.

RESPONSE 5:

a. The Utilities object to this request as being outside the scope of their prepared testimony. Without waving this objection, and subject thereto, the Utilities respond as follows. The Landfill Gas Energy Project database compiled by the Landfill Methane Outreach Program (LMOP) at the Environmental Protection Agency provides information that may be relevant to this question. As of July 2019, there were 398 landfill projects that generated electricity but are now shutdown.¹

b. The Utilities object to this request as being outside the scope of their prepared testimony. Without waving this objection, and subject thereto, the Utilities respond as follows. Based on the same LMOP database, of the 398 projects currently shutdown there were 126 projects that had also recorded volumes being flared.²

c. The Utilities object to this request as being outside the scope of their prepared testimony. Without waving this objection, and subject thereto, the Utilities respond as follows. See the attached excel file.



lmopdata (1).xlsx

¹ LMOP defines the “shutdown” status as when a “project or expansion has ceased operations.”

² In attachment A, see column “T,” titled “LFG Flared (mmscfd).”

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QUESTION 6:

Has SoCalGas previously contracted with an eligible source of biomethane under Section 95852.1.1 to meet its cap-and-trade obligations? If yes please, provide copies of all relevant contracts. (Sierra Club and Leadership Counsel can execute an NDA to the extent this information is confidential).

RESPONSE 6:

Yes, SoCalGas has contracted for biomethane from a source that could be eligible under Section 95852.1.1 of the cap-and-trade regulations. However, the contract was not primarily entered into with the purpose of reducing SoCalGas' cap-and-trade obligations, so it does not contain terms particular to those obligations. SoCalGas has therefore not contracted for biomethane wherein the contract identified a requirement for the fuel to be eligible under Section 95852.1.1 so that the fuel could be used to meet SoCalGas' cap-and-trade obligations. Therefore, SoCalGas has no responsive documents, but is willing to meet and confer to discuss this issue further if needed.