BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for Renewable Natural Gas Tariff	Application 19-02-015 (Filed February 28, 2019)

PROTEST OF SIERRA CLUB

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Dated April 5, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for Renewable Natural Gas Tariff	Application 19-02-015 (Filed February 28, 2019)

PROTEST OF SIERRA CLUB

On February 28, 2019, Southern California Gas Company ("SoCalGas") and San Diego Gas & Electric Company ("SDG&E") (collectively, "Sempra Utilities") jointly filed the instant Application for authority to offer a voluntary Renewable Natural Gas Tariff ("Biomethane Tariff"). The Application appeared on the Daily Calendar on March 6, 2019. Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission" or "CPUC") Rules of Practice and Procedure, Sierra Club timely submits this protest.

I. INTRODUCTION

In its Application, the Sempra Utilities seek approval of a Biomethane Tariff that would be "similar in concept to the electric green tariff shared renewables (GTSR) programs" and allow gas customers to voluntarily purchase biomethane.[1] Yet the GTSR programs approved by this Commission are crafted to ensure "additionality," meaning that "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."[2] The Sempra Utilities' proposed voluntary biomethane procurement program contains no such assurance. To the contrary, the Biomethane Tariff would allow the Sempra Utilities to simply sell the renewable attributes of methane that is already captured under existing programs and regulations from sources anywhere in the country, or even from sources outside the United States.[3] Accordingly, the proposed Biomethane Tariff is a misleading paper exercise that does not provide the environmental

[1] Application of Southern California Gas Company and San Diego Gas & Electric Company for Renewable Natural Gas Tariff at 2 (Feb. 28, 2019) ("Application").
[2] Decision ("D.") 15-01-051 at 20 (Jan. 29, 2015), http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M146/K250/146250314.PDF.
[3] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.4(b), 10(b), 11.

benefits it purports to and does not meet the Commission's standard of incrementality for green energy programs. The Commission should dismiss the Application and make clear that any proposed green tariff program must demonstrate incrementality for it to be considered for approval.

Even if the Sempra Utilities' failure to put forth an incremental green tariff proposal were not grounds for immediate rejection, the Commission should find the Application is incomplete. A third party is developing the proposed certification protocol for the biomethane credits used under the Biomethane Tariff and is not expected to finalize this process until mid-2020. The Application also provides no detail on how CO_2 reductions from program participation, which can vary significantly depending on biomethane feedstock, would be calculated. These information gaps make it impossible for the Commission and parties to assess the environmental integrity of the program.

The Application's failure to ensure program participation provides meaningful and measurable environmental benefits has real environmental and public health consequences. In their effort to secure an over $500,000 combined marketing budget to convince program participants that their continued combustion of gas is somehow now "green," the proposed program is an exercise in greenwashing. It perniciously distracts from meaningful measures, such as switching from gas to efficient electric end uses, that improve indoor and outdoor air quality and are critical to addressing the ever-deepening climate crisis.

Furthermore, even if the Application did ensure the incrementality of procured biomethane, the program contains no safeguards for how the biomethane is sourced to avoid environmental harms. Biomethane is not clean and renewable like naturally occurring and pollution-free sources of energy such as the sun and the wind. It is a byproduct of the decision to dispose of organic waste such as food scraps and cow manure in an anaerobic (oxygen-free) environment. If SoCalGas' past marketing materials are any guide, customers will be assured biomethane generation is environmentally benign. Yet the manure pits that produce biomethane also result in localized odor, air and water quality impacts to the already overburdened communities where large-scale dairy operations are frequently located.[4] While capturing biogas is one way to prevent it from escaping into the atmosphere, another is to adopt more sustainable

[4] For this reason, the Application's use of the term "Renewable Natural Gas Tariff" is misleading and the Commission should refer to the program under the neutral and more accurate term "Biomethane Tariff."

methods of waste disposal that avoid its generation and associated localized impacts in the first place. In attempting to create a market for biomethane, the program commodifies pollution and incentivizes the practices that result in its creation. In failing to ensure the program does not facilitate biogas creation that would not otherwise occur or could not be avoided through more sustainable waste management practices, the program may exacerbate health and safety risks in communities where sources of biomethane generation are located.

Studies cited by the Application itself demonstrate that California's biomethane potential amounts to less than four percent of total statewide gas demand. Directing this fuel to applications that are hard to electrify, and that are as close as possible to where biomethane is produced to minimize leakage, is a far more strategic use of this limited resource than ad hoc subscriptions that perpetuate reliance on extended gas delivery infrastructure for uses that can be feasibly electrified. Notably, the Commission is required under Senate Bill ("SB") 1440 to consider adoption of biomethane procurement targets that are a cost-effective means of achieving California's methane reduction requirements. The Commission has not yet conducted this assessment. Entertaining supplemental efforts such as the proposed Biomethane Tariff, particularly as it demonstrates no measurable environmental benefit, lacks information critical to an assessment of its merit, and appears designed solely to obstruct needed progress on electrification, is premature and squanders limited Commission and party resources.

II. GROUNDS FOR PROTEST

While Sierra Club is in the preliminary stage of its investigation, this Protest identifies the following potential issues raised by the Sempra Utilities' Application.

A. The Application Should Be Rejected Because it Fails to Meet Incrementality Standards Adopted by the Commission for Voluntary Green Energy Programs.

With regard to voluntary subscription programs for additional renewable energy, the Commission made clear in its GTSR Decision that "subscriber demand should result in commensurate incremental renewable energy facilities being developed beyond what would have been built in the absence of" the program.[5] The proposed Biomethane Tariff fails this test

[5] D.15-01-051 at 20.

because biomethane procured under the program can come from existing biomethane facilities, and as the Sempra Utilities admit, the program is not designed to conform to the incrementality requirements of the GTSR Decision.[6]

The Application's failure to ensure incrementality means that program participation will not actually result in greenhouse gas reductions that would not otherwise occur. For example, federal and state regulations already require landfills that meet certain size and pollutant emissions thresholds to install gas collection and control systems.[7] The Environmental Protection Agency ("EPA") reports that 52 of those landfills inject the captured methane into a pipeline.[8] The Biomethane Tariff appears to allow the Sempra Utilities to simply contract for the renewable attributes of this methane and sell it to its customers for a premium as "green energy." Given there are no geographic constraints on the sources of biomethane procured under the program and the program allows for the unbundling of the renewable and physical attributes of procured gas, there are therefore any number of already captured sources of biomethane that could be contracted with to meet program demand. Indeed, there appears to be nothing preventing captured methane from receiving credit under the Low Carbon Fuel Standard ("LCFS") and a contract through the Biomethane Tariff, resulting in double counting of the same biomethane to purportedly decarbonize both vehicles and buildings.

While the Sempra Utilities tout public support for the Biomethane Tariff, entities submitting support letters attached to the Application appear to be operating under the mistaken belief that program participation would "reduce their carbon footprint."[9] There is no reduction in participants' carbon footprint because the program does not require any action to reduce greenhouse gas pollution beyond what would already occur. As the Commission found in D.15-01-051, incrementality is fundamental to any legitimate voluntary green procurement program. Because the proposed Biomethane Tariff does not meet this standard, it must be rejected.

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[6] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.4.
[7] *See* California Air Resources Board, Appendix A: Landfill Methane Regulation, Cal. Code Regs. tit. 17, § 95464(b), https://www.arb.ca.gov/cc/landfills/docs/stateplan/appendixa.pdf; 80 Fed. Reg. 59276 (Emissions Guidelines and Compliance Times for Municipal Solid Waste Landfills) at 59313-59314; 81 Fed. Reg. 59332 (New Source Performance Standards) at 59370.
[8] U.S. EPA, *Landfill Gas Energy Project Data and Landfill Technical Data*, https://www.epa.gov/lmop/landfill-gas-energy-project-data-and-landfill-technical-data.
[9] *See* Application, Attach. A (Letters of Support).

B. The Application Should Be Deemed Incomplete Because it Lacks Critical Information on Verification and Carbon Accounting.

The Application proposes to use an as-of-yet undeveloped protocol to certify the biomethane credits that would be used under the proposed tariff. Development of the "Green-e" credit protocol will be controlled by the Center for Resource Solutions ("CRS"), not the Commission, and is not expected to be completed until mid-2020.[10] Accordingly, there is no ability for the Commission or parties to review a completed protocol as part of this Application and assess its overall merit. To the extent the Commission is unwilling to reject the Application outright on incrementality grounds, it should be deemed incomplete for lacking any detail on the rules under which biomethane would be certified under the program.

While the Sempra Utilities make the unsupported assertion that the Biomethane Tariff will "provide stability to the RNG market by helping to drive the demand for RNG,"[11] the Commission should not assume that an undefined future certification protocol will provide robust assurances of environmental benefits from program participation. If such a program were modeled on CRS's existing voluntary renewable energy credit ("REC") standard, Green-e Energy, it would fall far short of ensuring the additionality that is fundamental to the integrity of the GTSR program. Green-e Energy's criteria for certified products are far lower than standards in California's compliance market: the criteria verify only that the RECs come from projects built in the last 15 years, and are not counted toward a state's renewable energy goal.[12] As CRS states, voluntary RECs from its certification programs do not cause renewable energy to be created; their purported value is that they "*may* still have an impact in the electricity market by increasing demand for renewable energy."[13] Even this modest claim about the value of certified voluntary RECs is suspect.[14] Studies of Green-e power facilities found the voluntary REC

[10] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.6(d); Green-e, Green-e Renewable Fuels (Mar. 12, 2019), https://www.green-e.org/news/031219.
[11] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.4(a).
[12] Green-e, Green-e Energy (Feb. 14, 2019), https://www.green-e.org/docs/Green-e%20Energy%201-pager.pdf.
[13] CRS, *Additionality and Renewable Energy Certificates: Understanding the value of REC claims* (Mar. 7, 2016), https://resource-solutions.org/wp-content/uploads/2016/03/RECs-and-Additionality.pdf (emphasis added).
[14] Edward Holt *et al.*, *The Role of Renewable Energy Certificates in Developing New Renewable Energy Projects*, NREL, at 19 (June 2011) ("voluntary RECs generally do not by themselves [drive project development]."), https://www.nrel.gov/docs/fy11osti/51904.pdf.

market to have "negligible influence" on additional investment in renewable power generation capacity.[15] Given the clear risks that a volunteer certification protocol will fail to ensure measurable environmental benefits, this Application cannot legitimately proceed without a finalized protocol available for Commission and party review.

Similarly, the Application provides no detail on how the Sempra Utilities would report "GHG Reductions achieved" under the Biomethane Tariff.[16] In response to a data request on how greenhouse gas reductions would be calculated, the Sempra Utilities stated only that "[i]n order to align with California's Cap and Trade program, CO_2 emissions from combustion of biomass-derived fuels will result in zero GHG emissions as per Section 95852.2 of the Regulations for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms."[17] The cited regulation does not state that biomass-derived fuels are designated as having zero greenhouse gas emissions, it merely exempts biomethane and biogas from an entity's cap and trade compliance obligations.[18] Furthermore, what may or may not count toward an entity's cap and trade compliance requirements is not informative of emissions reductions resulting in participation in a voluntary biomethane tariff.

In general, the use of unbundled green energy credits should not count towards greenhouse gas reductions. For example, the California Energy Commission has recommended that Category 3 unbundled RECs cannot be reported as zero greenhouse gas electricity on an electric utility's Power Content Label.[19] The impact of biomethane capture on greenhouse gas emissions will depend on several factors, including what feedstocks are used to produce the biomethane and how they would otherwise have been managed. For example, anaerobic digestion techniques at wastewater treatment plants can lead to more methane production than would have occurred under typical management practices when plant operators supplement wastewater sludge with food scraps and agricultural waste. This can result in a net increase in methane emissions from leakage that can offset any climate benefits from displaced fossil gas

[15] Michael Gillenwater *et al.*, *Additionality of wind energy investments in the U.S. voluntary green power market*, Renewable Energy, Vol. 63, at 15 (Mar. 2014), https://www.sciencedirect.com/science/article/pii/S0960148113005338.
[16] Prepared Direct Testimony of Grant Wooden at 17 (Feb. 2019).
[17] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.8
[18] *See* Cal. Code Regs. tit. 17, § 95852.2.
[19] California Energy Commission, Power Source Disclosure Draft Regulations, Section 1393(a)(1), https://www.energy.ca.gov/power_source_disclosure/16-OIR-05/.

combustion.[20] In failing to provide a methodology relevant to CO_2 reductions from participation in the proposed biomethane program, the Sempra Utilities have precluded the Commission and parties from being able to meaningfully evaluate its purported greenhouse benefits.

C. Marketing a Non-Additional "Green" Product Misleads the Public and Diverts Attention from Needed Meaningful Action to Reduce Greenhouse Gas Emissions and Combustion of Fossil Fuels.

Energy products that are advertised as having climate benefits but do not actually function to reduce greenhouse gas emissions mislead customers, foster customer complacency with the continued combustion of fossil fuels, and detract from urgently needed efforts to enact real solutions. The Application requests over $500,000 for the marketing budget to advertise the new program, but does not provide any assurances that potential customers will be provided full and accurate information on exactly what they are buying.

Past marketing materials from SoCalGas on biomethane are not reassuring. Prior advertisements have failed to present full and accurate information on the impacts of this fuel, instead implying that it is innocuous.[21] For example, SoCalGas advertisements assert that with biomethane, "methane that is captured is not released into the atmosphere" – without acknowledging the serious and pervasive problem of methane leakage.[22] Scientists have estimated that methane leakage throughout the gas pipeline system is about 2.3 percent – much higher than current EPA estimates.[23] Additionally, gas also leaks from the pipes inside homes and buildings: a recent report by Lawrence Berkeley National Laboratory ("LBNL") found that a significant amount of methane (estimated at 0.5% of gas use) leaks inside our homes on a daily basis, causing indoor air quality concerns as well as climate impacts.[24] Indeed, LBNL estimates

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[20] Rebecca Gasper & Tim Searchinger, *The Production and Use of Waste-Derived Renewable Natural Gas as a Climate Strategy in the United States*, World Resources Institute, at 16 (April 2018), https://www.wri.org/publication/renewable-natural-gas.

[21] Attach. B, SoCalGas RNG Flyer.

[22] *Id.* at 2.

[23] Environmental Defense Fund, *New Study Finds U.S. Oil and Gas Methane Emissions Are 60 Percent Higher Than EPA Reports* (June 21 2018), https://www.edf.org/media/new-study-finds-us-oil-and-gas-methane-emissions-are-60-percent-higher-epa-reports-0. Methane has a greenhouse gas impact 28 to 86 times the strength of carbon dioxide, regardless of whether the source is fossil gas or biomethane. *See, e.g.*, California Air Resources Board, *Short-Lived Climate Pollutant Reduction Strategy*, at 40-42 (Mar. 2017), https://www.arb.ca.gov/cc/shortlived/meetings/03142017/final_slcp_report.pdf (using 20-year GWP).

[24] Marc L. Fisher *et al.*, *An Estimate of Natural Gas Methane*

that 60 percent of homes in the state that cook at least once per week with a gas stove can exceed federal outdoor standards for nitrogen dioxide, formaldehyde, and carbon monoxide.[25] This information is germane to customers' understanding of the climate and health impacts of subscription to the Biomethane Tariff. To the extent the Application proceeds, the Commission must review marketing materials to ensure they clearly communicate that program participation does not provide measurable environmental benefits and perpetuates the harm to public health and safety from continued reliance on gas combustion in buildings.

Furthermore, it appears customers will not be provided with sufficiently detailed information on the sources of biomethane procured under the program to enable informed decision-making. The Sempra Utilities do not intend to provide customers with information on the specific locations of biomethane procured, only an annual report on the general type of source.[26] Without more detailed information on the source location (as is provided in the GTSR program), customers may be misled into believing their participation in the tariff has led biomethane to be injected into a pipeline headed towards their house, or at least into a pipeline in Southern California – when, in fact, the biomethane they have paid a premium for may be produced outside the continental United States. When this relevant information is withheld from customers, they are prevented from making a fully informed decision. Customers, mistakenly believing they have addressed the greenhouse gas emissions from their gas consumption, may be dissuaded from taking other actions necessary to address the climate crisis, such as switching to electric end uses that have the potential to be truly emissions-free.

D. The Biomethane Tariff Has the Potential to Exacerbate Localized Environmental Impacts Associated with Disposal Practices that Result in Biomethane Generation.

While the Sempra Utilities suggest creation of additional biomethane supply is inherently environmentally beneficial, the conditions that result in biomethane generation also can have significant localized environmental impacts. For example, in the San Joaquin Valley, where

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Emissions from California Homes, Environmental Science & Technology (Aug. 2, 2018), Vol. 52, No. 17, https://pubs.acs.org/doi/10.1021/acs.est.8b03217.

[25] *See* Jennifer M. Logue *et al.*, *Pollutant Exposures from Natural Gas Cooking Burners: A Simulation-Based Assessment for Southern California*, Environmental Health Perspectives (2013), Vol. 122, No. 1, at 43-50, https://ehp.niehs.nih.gov/doi/10.1289/ehp.1306673.

[26] Attach. A, SoCalGas and SDG&E Response to Sierra Club Data Request-01, Q.5.

most of California's dairies are located, residents simultaneously battle some of the nation's worst air pollution[27] and highest rates of water contamination.[28] Dairies fuel both, producing significant amounts of reactive organic gases that contribute to ozone formation,[29] and driving nitrate pollution in groundwater.[30] Ammonia and other emissions, as well as the powerful odors that cause irritation to local residents, increase with herd sizes. Dairies in California that have received support for anaerobic digesters for the production of biomethane are some of the largest industrial feedlots in the country, with average herd sizes of 7,430 cows.[31] By way of reference, Wisconsin, the second largest dairy state, has an average herd size of 134 cows.[32]

Because economic use of anaerobic digesters relies on the enormous manure lagoons that only large factory farms can produce, the commodification of biomethane generation can perpetuate and incentivize further consolidation of massive herds in California's dairy operations. Committing to produce biomethane from waste streams such as manure lagoons at industrial dairy feedlots forecloses the possibility of transitioning to agricultural practices such as pasture-based farming, scrape and compost, and dry handling, that do not create methane in the first place.[33] These alternatives to biomethane generation can advance the transition away from industry practices that burden local communities and offer important co-benefits such as increased soil health and reduced water contamination. To the extent the Biomethane Tariff

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[27] Rory Carroll, *Life in San Joaquin valley, the place with the worst air pollution in America*, The Guardian (May 13, 2016), https://www.theguardian.com/us-news/2016/may/13/california-san-joaquin-valley-porterville-pollution-poverty.

[28] Eli Moore *et al.*, *The Human Costs of Nitrate-contaminated Drinking Water in the San Joaquin Valley* , Pacific Institute (Mar. 2011), https://pacinst.org/wp-content/uploads/2013/02/nitrate_contamination3.pdf.

[29] Cody J. Howard *et al.*, *Reactive Organic Gas Emissions from Livestock Feed Contribute Significantly to Ozone Production in Central California, Environmental Science & Technology* (Mar. 1, 2010), Vol. 44, No. 7, https://pubs.acs.org/doi/abs/10.1021/es902864u.

[30] Moore *et al.*, *supra* note 28.

[31] California Climate and Agriculture Network, *California Dairies Tackle Methane Emissions*, http://calclimateag.org/california-dairies-tackle-methane-emissions/ (citing California Department of Food and Agriculture, *A Report to the Joint Legislative Budget Committee* (July 2018), https://www.cdfa.ca.gov/oefi/ddrdp/docs/MethaneReduction_July2018.pdf).

[32] Wisconsin Milk Marketing Board, *2017 Dairy Data*, at 2, http://www.wisconsindairy.org/assets/images/pdf/WisconsinDairyData.pdf. The average number of cows per dairy in California is 1,304. California Department of Food and Agriculture, *California Dairy Statistics Annual, 2017 Data*, at 3 https://www.cdfa.ca.gov/dairy/pdf/Annual/2017/2017_Statistics_Annual.pdf.

[33] Adam Kotin *et al.*, *Diversified Strategies for Reducing Methane Emissions from Dairy Operations*, California Climate and Agriculture Network, at 8 (Oct. 2015), http://calclimateag.org/wp-content/uploads/2015/11/Diversified-Strategies-for-Methane-in-Dairies-Oct.-2015.pdf.

would result in additional biomethane capture, the failure to ensure the program does not facilitate additional biomethane generation that would otherwise not occur or be avoided through alternative waste management practices functions to incentivize methane production at the expense of the health and safety of surrounding communities.

E. A Voluntary Biomethane Tariff is Not a Strategic Use of Limited Biomethane Supply.

While the Sempra Utilities assert that biomethane "plays an important and growing role in ... displacing traditional natural gas," biomethane's potential to displace fossil gas is, in fact, extremely limited.[34] The Application references three studies to support the idea that biomethane supply is plentiful, but all of these studies are used in a way that overstates their potential. The first reference is to a study by UC Davis that found 90 billion cubic feet per year (Bcf/y) of biomethane is "technically producible" from landfill gas, dairy manures, municipal solid waste, and wastewater treatment plants.[35] This total includes supplies of biomethane that the study's authors considered "prohibitively expensive," with only 82 Bcf/y "attractive for private investment" after incentives from California's Low Carbon Fuel Standard and the federal Renewable Fuel Standard program are considered.[36] In 2017, California's natural gas consumption totaled 2,110 Bcf/y.[37] Accordingly, under the UC Davis study, economically feasible biomethane potential represents less than four percent of total gas demand.[38]

The Application also cites to a report by the consultancy ICF International, which finds 104 to 208 Bcf/y of potential biomethane supply.[39] The methodology used in the ICF report is not sufficiently explained in the whitepaper, which states only that its estimates were determined through review of other studies on biomethane supply (from which ICF's estimates differ

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[34] Prefiled Direct Testimony of Andrew Cheung at 1:15–17 (Feb. 2019).
[35] *Id.* at 1:19–2:3 (citing Amy Jaffe *et al.*, *The Feasibility of Renewable Natural Gas as a Large-Scale, Low Carbon Substitute*, STEPS Program, Institute of Transportation Studies, UC Davis, https://ww3.arb.ca.gov/research/apr/past/13-307.pdf).
[36] Jaffe *et al.*, *supra* note 35, at ix, 53.
[37] U.S. Energy Information Administration, *Natural Gas Consumption by End Use*, https://www.eia.gov/dnav/ng/ng_cons_sum_dcu_SCA_a.htm.
[38] This percentage is derived from the UC Davis study's conclusion that up to 82 Bcf/y of biomethane is economically feasible and the U.S. Energy Information Administration's data providing California's 2017 natural gas consumption of 2,110 Bcf/y.
[39] Philip Sheehy & Jeffrey Rosenfeld, Design Principles for a Renewable Gas Standard, ICF International, at 8 (Dec. 19, 2017), https://www.icf.com/resources/white-papers/2017/design-principles-for-renewable-gas.

markedly) and based on "other resources" that are not identified.[40] More to the point, the ICF estimate is not limited to biomethane from waste and includes agricultural and forestry product residue.[41] These products do *not* normally decompose in an anaerobic environment and create fugitive methane, so using them to make biomethane creates methane where none would otherwise have existed. Potential studies that include biomass are fundamentally misplaced because California's climate policies such as SB 1383 are rightfully focused on reducing existing sources of methane, not creating new ones. Indeed, creating new sources of methane can increase overall emission "due to methane leaks and venting that occurs throughout the RNG supply chain."[42] For this same reason, the U.S. Department of Energy's "Billion-Ton Report," also referenced in the Application, includes both biomass and fuels derived from algae in its potential estimates and is not relevant for determining biomethane potential in California.[43]

Rather than devote the limited quantity of biomethane to natural gas end uses that can be feasibly electrified, biomethane should be reserved for applications that are difficult to electrify and close to the source of biomethane generation so that leakage and extended reliance on natural gas infrastructure is minimized. A voluntary biomethane tariff, which does not distinguish between whether its use is for an application that can be feasibly electrified, is not a strategic use of this limited resource.

III. EFFECT OF THE APPLICATION ON THE PROTESTANT

Sierra Club is a non-profit public benefit corporation with over 800,000 members nationwide, and more than 174,000 members living in California. Many of these members are residential customers of SoCalGas and SDG&E. One of Sierra Club's highest priorities is to achieve rapid and equitable decarbonization through effective polices that reduce greenhouse gas pollution. In proposing an ineffectual program that misleads the public into believing program participation provides a measurable environmental benefit, the Application is anathema to these efforts. The instant proceeding harms the interest of Sierra Club members by resulting in an illusory solution to the climate crisis at the expense of meaningful alternatives, such as fuel

[40] *Id.* at 7.
[41] *Id.* at 8.
[42] Gasper & Searchinger, *supra* note 20, at 16.
[43] U.S. Department of Energy, *2016 Billion-Ton Report* (July 2016), https://www.energy.gov/eere/bioenergy/2016-billion-ton-report.

switching from gas to electric end uses, which provide real climate and air quality improvements.

IV. NEED FOR EVIDENTIARY HEARINGS

Should the Application not be dismissed for failing to meet the Commission's incrementality standard for green tariff programs, or deemed incomplete for failing to provide specificity of verification and carbon accounting on contracted biomethane credits, then evidentiary hearings will likely be necessary to resolve disputed issues of material fact. Issues include: (1) the purported greenhouse gas benefits of procured biomethane; (2) the potential for localized environmental impacts from procured biomethane; and (3) the potential of the Biomethane Tariff to inhibit adoption of meaningful action to reduce greenhouse gas and air pollution, such as through conversion from natural gas to electric end uses. Yet despite these significant factual disputes, the Application does not include evidentiary hearings. The Application's failure to include hearings significantly prejudices protestants by leaving no meaningful opportunity to question the Sempra Utilities on their rebuttal testimony.

V. SCHEDULE

Evidentiary hearings should be included in the schedule and occur no sooner than 45 days after the service of rebuttal testimony to allow sufficient time for data requests on rebuttal testimony, with opening briefs due no sooner than 30 days after the conclusion of evidentiary hearings.

VI. COMMUNICATION OF SERVICE

For the purpose of receipt of all correspondence, pleadings, orders, and notices in this proceeding, the following representative for Sierra Club should be placed on the service list as a "party":

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Sierra Club has corresponded with the Docket Office and its remaining representatives have

already been added to the service list as "information only."

VII. CONCLUSION

Sierra Club appreciates the opportunity to submit this protest.

Dated April 5, 2019

Respectfully submitted,

/s/ Matthew Vespa

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A.19-02-015

Attachment A

SoCalGas and SDG&E Response to Sierra Club Data Request-01

SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY

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

(1ST DATA REQUEST FROM THE SIERRA CLUB)

DATE RECEIVED: 3-13-19

DATE RESPONDED: 3-27-19

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

SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY

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

(1ST DATA REQUEST FROM THE SIERRA CLUB)

DATE RECEIVED: 3-13-19

DATE RESPONDED: 3-27-19

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:

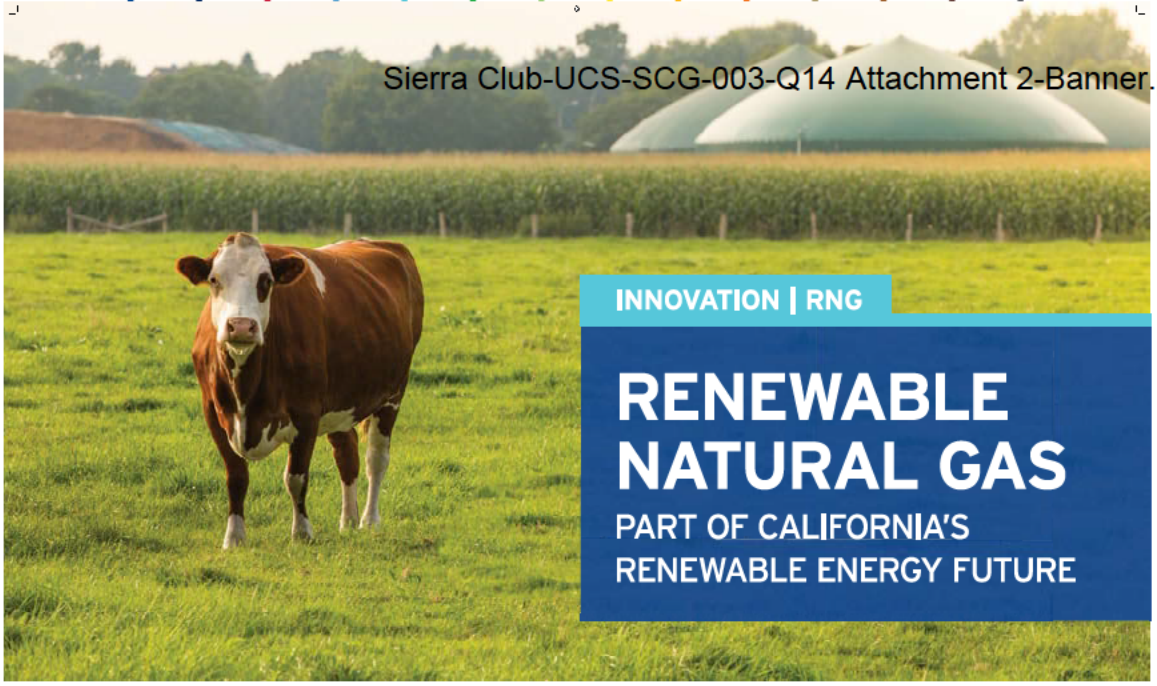
In purchasing gas for the RNG Tariff, SoCalGas intends to enter into contracts that bundle physical RNG and renewable attributes. However, the proposed RNG Tariff does not prohibit SoCalGas from purchasing renewable attributes separate from physical RNG.

A.19-02-015

Attachment B

SoCalGas RNG Flyer

Sierra Club-UCS-SCG-003-Q14 Attachment 2-Banner.pdf

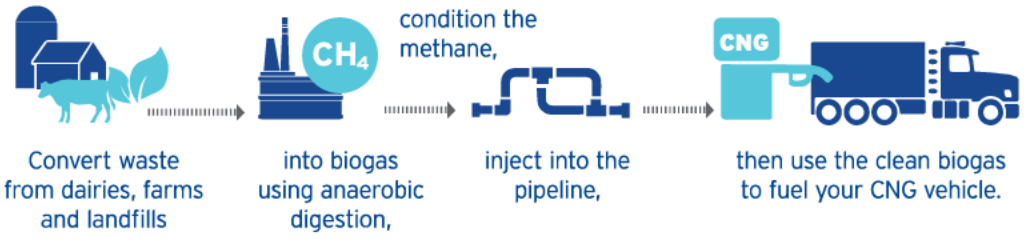


Similar to solar and wind technologies, natural gas can also come from renewable sources.

Renewable natural gas (RNG) can be used anywhere traditional natural gas is used to generate electricity when the sun isn't shining or the wind isn't blowing.

CAPTURING METHANE

RENEWABLE FUEL PRODUCTION AND REDUCED GREENHOUSE GAS EMISSIONS



Methane is captured rather than released into our atmosphere. This helps minimize climate change.

RNG currently is most valuable when it's used to fuel vehicles, like compressed natural gas (CNG) heavy-duty trucks, which can produce up to 90% fewer tailpipe emissions and up to 80%* less greenhouse gas emissions than their diesel alternatives. SoCalGas® is working diligently to bring cost-effective sources of RNG to its customers.

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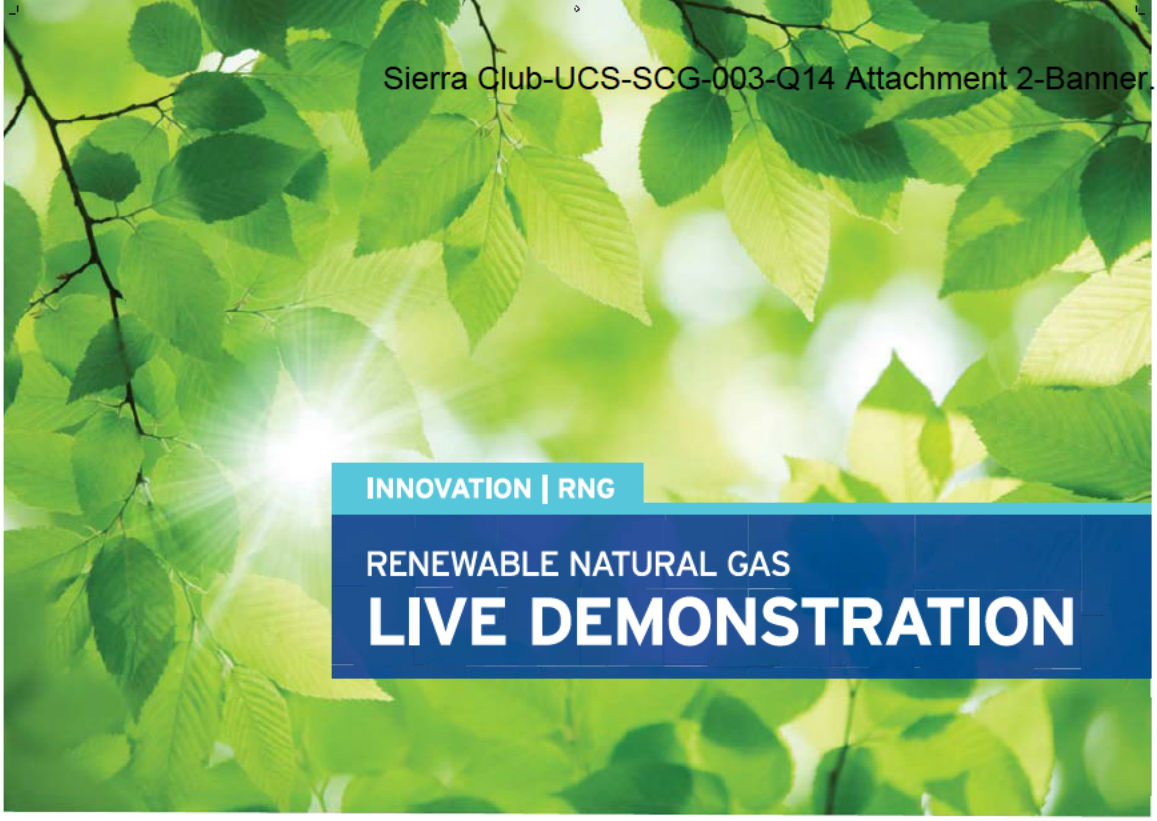
*Gladstein Neandross Associates Gamechanger White Paper, 2016.



Renewable Natural Gas (RNG) is made from biogenic methane, which can be produced from all kinds of organic waste:


Dairies


Wastewater treatment plants


Landfills


Food and green waste

THIS DEMONSTRATION SHOWS METHANE BEING PRODUCED FROM ACTUAL MANURE.

This methane can become RNG, which can then be transported via pipelines to homes and businesses for cooking, heating and more.

METHANE THAT IS CAPTURED IS NOT RELEASED INTO THE ATMOSPHERE.

Because this RNG is coming from organic waste, it is also carbon-neutral. By using it in place of traditional fuels, it reduces greenhouse gas emissions, which is good for the environment.

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*Gladstein Neandross Associates Gamechanger White Paper, 2016.