## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298

October 22, 2009



## **Advice Letter 4016**

Ronald van der Leeden, Director Rates, Revenues and Tariffs 555 W. Fifth Street, GT14D6 Los Angeles, CA 90013-1011

Subject: Revisions to Rule No. 30 – Transportation of Customer-Owned Gas

Dear Mr. van der Leeden:

Advice Letter 4016 is effective October 10, 2009.

Sincerely,

Julie A. Fitch, Director Energy Division

Jen A. Jes



Ronald van der Leeden
Director
Rates, Revenues & Tariffs

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September 10, 2009

Advice No. 4016 (U 904 G)

Public Utilities Commission of the State of California

Subject: Revisions to Rule No. 30 - Transportation of Customer-Owned Gas

Southern California Gas Company (SoCalGas) hereby submits for filing with the California Public Utilities Commission (Commission) revisions to its Rule No. 30, applicable throughout its service territory, as shown on Attachment B.

## **Purpose**

This Advice Letter submits revisions to Rule No. 30, Transportation of Customer-Owned Gas to expand the definition of biogas to reflect the ability to safely accept biogas from additional renewable sources. San Diego Gas & Electric Company (SDG&E) is concurrently filing Advice Letter 1886-G seeking similar revisions to its equivalent Rule 30, Transportation of Customer-Owned Gas.

## **Background**

A comprehensive legislative and regulatory framework has been put in place in California to support major expansion of the supply of renewable energy resources and facilities within the State. This framework seeks to promote renewable energy as a means of meeting the environmental goals of the State and, in particular, of reducing greenhouse gas (GHG) emissions.

The State has recognized the important role that biofuels will play in meeting GHG emission reduction goals. For example, Governor Schwarzenegger, in Executive Order S-06-06, established targets to increase the production and use of bioenergy. In this Order, the Governor has directed the State to produce a minimum of 20% of its biofuels within California by 2010, 40% by 2020, and 75% by 2050.

As another example, the Bioenergy Action Plan issued by the Bioenergy Interagency Working Group<sup>1</sup> in July 2006, declared that "California has large untapped biomass resources, including residues from forestry, urban, and agricultural wastes. The Plan also states that using these

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The Bioenergy Interagency Working Group is comprised of the California Air Resources Board, the California Energy Commission, the California Environmental Protection Agency, the California Dept. of Food and Agriculture, the California Dept. of Forestry and Fire Protection, the California Dept. of General Services, the Integrated Waste Management Board, the California Public Utilities Commission and the Water Resources Control Board.

resources to produce transportation fuels, electrical energy and biogas will benefit California."<sup>2</sup> The Plan recommends mechanisms designed to increase production and use of biomass energy, noting that "[t]he production and use of the state's considerable biomass resources can achieve progress toward meeting the state's petroleum reduction, climate change, and renewable energy goals, while providing strategic social, economic, and environmental benefits to California."<sup>3</sup>

A further example is Assembly Bill (AB) 32, which was signed into law by Governor Schwarzenegger in September 2006. AB 32 set forth the State's intent to reduce GHG emissions. AB 32 also encourages investment, "in the development of innovative and pioneering technologies [that] will assist California in achieving the statewide limit on emissions of greenhouse gases." In addition, it requires the California Air Resources Board (CARB), in consultation with stakeholders, including the Commission, to implement by January 2012, "emission reduction measures...to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gases in furtherance of achieving the statewide greenhouse gas emission limit." As SoCalGas has stated previously on a number of occasions, SoCalGas supports the tenets of AB 32 and fully supports the efforts of the State of California to reduce GHG emissions.

SoCalGas believes that the definition of biogas contained in its Rule No. 30 should be broadened to allow for acceptance of additional sources of biogas into the pipeline system. Currently, the tariff refers to biogas as "...a gas made from anaerobic digestion of agriculture and/or animal waste." This existing tariff language limits the potential for renewable biogas development by excluding significant known biogas sources and by restricting the potential for future innovative biogas production from unanticipated renewable organic sources. SoCalGas' research and review of studies involving sources of biogas has led SoCalGas to the conclusion the time is appropriate to revise Rule No. 30 and expand the definition of biogas contained therein to reflect the ability to safely accept biogas from other renewable sources, such as waste water and food waste.

Moreover, SoCalGas believes that biogas from these sources which meets the specifications of Rule No. 30 not only expands the quantity of biogas available to SoCalGas but is safe and indistinguishable from other gas transported and stored in SoCalGas' pipelines and storage fields and easy to dispatch to multiple applications such as renewable generation, vehicle transportation and other end-uses. SoCalGas also does not anticipate that there will be any additional transmission or integration costs associated with these new biogas sources.

SoCalGas further believes its proposed changes to Rule No. 30 would promote the development of substantial and cost-effective biogas supplies and thus should be expeditiously considered by the Commission.

## Rule No. 30 Changes

SoCalGas proposes to revise Section I.3.P of Rule No. 30 so that the first sentence of that section is modified to read: "Biogas refers to a gas derived from renewable organic sources." The remainder of this section would remain as is currently written. SoCalGas believes this change will aid the overall efforts of increasing renewable gas supplies that will have access to the SoCalGas pipeline system.

<sup>&</sup>lt;sup>2</sup> Bioenergy Action Plan, page 1.

<sup>3</sup> Ihid

<sup>&</sup>lt;sup>4</sup> Assembly Bill (AB) 32, Part 1, Ch. 2 § 38501 (e) (Stats. 2006, Ch. 488). <sup>5</sup> AB 32, Part 4 § 38562 (a).

This filing does not conflict with any rate schedules or any other rules, or cause the withdrawal of service.

## **Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division Attn: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (<a href="mailto:mas@cpuc.ca.gov">mas@cpuc.ca.gov</a>) and to Honesto Gatchalian (<a href="mailto:jnj@cpuc.ca.gov">jnj@cpuc.ca.gov</a>) of the Energy Division. A copy of the protest should also be sent via both e-mail <a href="mailto:and">and</a> facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom Tariff Manager - GT14D6 555 West Fifth Street Los Angeles, CA 90013-1011 Facsimile No. (213) 244-4957

E-mail: snewsom@SempraUtilities.com

## **Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on October 10, 2009, which is 30 calendar days after the date filed.

#### Notice

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties to the Greenhouse Gas Proceeding, R.06-04-009.

RONALD VAN DER LEEDEN
Director
Rates, Revenues & Tariffs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)			
Company name/CPUC Utility No. SO	UTHERN CALIFO	RNIA GAS COMPANY (U 904G)	
Utility type:	Contact Person: S	Sid Newsom	
☐ ELC ☐ GAS	Phone #: (213) <u>24</u>	14-2846	
☐ PLC ☐ HEAT ☐ WATER	E-mail: SNewsom	<u>n</u> @semprautilities.com	
EXPLANATION OF UTILITY TY	YPE (Date Filed/ Received Stamp by CPUC)		
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat V	WATER = Water		
Advice Letter (AL) #: 4016	Advice Letter (AL) #: 4016		
Subject of AL: <u>Revisions to Rule No</u>	o. 30 – Transportat	cion of Customer-Owned Gas	
Keywords (choose from CPUC listing)	: Transportation	ı; Rules	
AL filing type: $\square$ Monthly $\square$ Quarte	rly 🗌 Annual 🛛 C	One-Time 🗌 Other	
If AL filed in compliance with a Com	mission order, indi	cate relevant Decision/Resolution #:	
None			
Does AL replace a withdrawn or rejec	cted AL? If so, ide	ntify the prior AL <u>No</u>	
Summarize differences between the A	AL and the prior w	ithdrawn or rejected AL¹: <u>N/A</u>	
Does AL request confidential treatme	ent? If so, provide o	explanation: No	
Resolution Required? $\square$ Yes $\boxtimes$ No		Tier Designation: $\square$ 1 $\boxtimes$ 2 $\square$ 3	
Requested effective date: 10/10/09	No. of tariff sheets: 3		
Estimated system annual revenue ef	fect: (%): <u>None</u>		
Estimated system average rate effect	(%): <u>None</u>		
		AL showing average rate effects on customer	
classes (residential, small commercia	o o	ultural, lighting).	
Tariff schedules affected: Rules and TOCs			
Service affected and changes propose	eu <sup>1</sup>		
Pending advice letters that revise the same tariff sheets: None			
Tending advice letters that revise the	same tarm sneets	5. None	
Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:			
CPUC, Energy Division	v	Southern California Gas Company	
Attention: Tariff Unit		Attention: Sid Newsom	
505 Van Ness Ave.,		555 West 5th Street, GT14D6	
San Francisco, CA 94102 mas@cpuc.ca.gov and jnj@cpuc.ca.gov		Los Angeles, CA 90013-1011 SNewsom@semprautilities.com	
- 1		<u> </u>	

 $<sup>^{\</sup>mbox{\tiny 1}}$  Discuss in AL if more space is needed.

## **ATTACHMENT A**

## Advice No. 4016

(See Attached Service Lists)

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## ATTACHMENT B Advice No. 4016

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45010-G	Rule No. 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 15	Revised 43382-G
Revised 45011-G	TABLE OF CONTENTS	Revised 43403-G**
Revised 45012-G	TABLE OF CONTENTS	Revised 45009-G

#### Revised LOS ANGELES, CALIFORNIA CANCELING

## Rule No. 30 TRANSPORTATION OF CUSTOMER-OWNED GAS

Sheet 15

(Continued)

- I. Gas Delivery Specifications (Continued)
  - 3. (Continued)
    - j. Merchantability: The gas shall not contain dust, sand, dirt, gums, oils and other substances injurious to Utility facilities or that would cause gas to be unmarketable.
    - k. Hazardous Substances: The gas must not contain hazardous substances (including but not limited to toxic and/or carcinogenic substances and/or reproductive toxins) concentrations which would prevent or restrict the normal marketing of gas, be injurious to pipeline facilities, or which would present a health and/or safety hazard to Utility employees and/or the general public.
    - 1. <u>Delivery Temperature</u>: The gas delivery temperature is not to be below 50 degrees F or above 105 degrees F.
    - m. Interchangeability: The gas shall have a minimum Wobbe Number of 1279 and shall not have a maximum Wobbe Number greater than 1385. The gas shall meet American Gas Association's Lifting Index, Flashback Index and Yellow Tip Index interchangeability indices for high methane gas relative to a typical composition of gas in the Utility system serving the area.

Acceptable specification ranges are:

- Lifting Index (IL)  $IL \le 1.06$
- Flashback Index (IF)  $IF \le 1.2$
- Yellow Tip Index (IY) IY >= 0.8
- n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.
- o. Landfill Gas: Gas from landfills will not be accepted or transported.
- p. Biogas: Biogas refers to a gas derived from renewable organic sources. The gas is primarily a mixture of methane and carbon dioxide. Biogas must be free from bacteria, pathogens and any other substances injurious to Utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications identified in this Rule.

(Continued)

(TO BE INSERTED BY UTILITY) ADVICE LETTER NO. 4016 DECISION NO.

15H8

ISSUED BY Lee Schavrien Senior Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Sep 10, 2009 DATE FILED Oct 10, 2009 **EFFECTIVE** RESOLUTION NO.

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43403-G\*\* CAL. P.U.C. SHEET NO.

## TABLE OF CONTENTS

## (Continued)

ed)
ed)

26	Consumer Responsible for Equipment for
	Receiving Gas
27	Service Connections Made by Company's
	Employees
28	Compensation to Company's Employees
29	Change of Consumer's Apparatus or Equipment
30	Transportation of Customer-Owned Gas 43369-G,43370-G,36318-G,43371-G
	43372-G,43373-G,43374-G,43375-G
	43376-G,43377-G,43378-G,43379-G,43380-G
	43381-G,45010-G,43383-G,43384-G
31	Automated Meter Reading
32	Core Aggregation Transportation
	30022-G,36723-G,36724-G,39585-G,39586-G,30027-G
	30028-G,30029-G,30030-G,30031-G,30032-G,30033-G
	43385-G,43386-G,43387-G,39589-G,36623-G,30039-G
33	Electronic Bulletin Board (EBB)
	43391-G,43392-G,43393-G,43394-G
34	Provision of Utility Right-of-Way Information 33298-G,33299-G,33300-G
	33301-G,33302-G,33303-G
35	Contracted Marketer Transportation 27068-G,27069-G,27070-G,27071-G
	36325-G,27073-G,36326-G,27075-G
36	Interstate Capacity Brokering
38	Commercial/Industrial Equipment
	Incentive Program
39	Access to the SoCalGas
	Pipeline System
40	On-Bill Financing Program

T

RESOLUTION NO.

45012-G

45009-G

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## TABLE OF CONTENTS

The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

GENERAL Cal. P.U.C. Sheet No.
Title Page
Table of ContentsList of Cities and Communities Served
Table of ContentsList of Contracts and Deviations
Table of ContentsSample Forms
PRELIMINARY STATEMENT
Part I General Service Information
Part II Summary of Rates and Charges 44987-G,44988-G,44989-G,44990-G,44220-G,449991-G 44936-G,43595-G,43596-G,44041-G,44956-G,44957-G,44224-G,44225-G
Part III Cost Allocation and Revenue Requirement 27024-G,37920-G,27026-G,27027-G,44226-G
Part IV Income Tax Component of Contributions and Advances
Part V Balancing Accounts
Description and Listing of Balancing Accounts
Core Fixed Cost Account (CFCA) 42242-G
Noncore Fixed Cost Account (NFCA)
Enhanced Oil Recovery Account (EORA)
Noncore Storage Balancing Account (NSBA)
California Alternate Rates for Energy Account (CAREA)
Hazardous Substance Cost Recovery Account (HSCRA)
Natural Gas Vehicle Account (NGVA)
El Paso Turned-Back Capacity Balancing Account (EPTCBA)
Gas Cost Rewards and Penalties Account (GCRPA)
Pension Balancing Account (PBA)
Post-Retirement Benefits Other Than Pensions Balancing Account (PBOPBA) 43691-G, 43692-G
Conservation Expense Account (CEA)

(Continued)

 $\begin{array}{ll} \mbox{(TO BE INSERTED BY UTILITY)} \\ \mbox{ADVICE LETTER NO.} & 4016 \\ \mbox{DECISION NO.} \end{array}$ 

ISSUED BY
Lee Schavrien
Senior Vice President
Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} & \underline{Sep~10,~2009} \\ \text{EFFECTIVE} & \underline{Oct~10,~2009} \\ \text{RESOLUTION NO.} \end{array}$