PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE SAN FRANCISCO, CA 94102-3298



March 22, 2017

Advice Letter 5090-G

Ronald van der Leeden Director, Regulatory Affairs Southern California Gas 555 W. Fifth Street, GT14D6 Los Angeles, CA 90013-1011

SUBJECT: Description of Program Mechanics and Tariff Modifications in Compliance with D.16-12-043 Modifying D.15-06-029 Related to the Adoption of Biomethane Promotion Policies and Program

Dear Mr. van der Leeden:

Advice Letter 5090-G is effective as of March 8, 2017.

Sincerely,

Edward Randolph

Director, Energy Division

Edward Randoft



Ronald van der Leeden Director Regulatory Affairs

555 W. Fifth Street, GT14D6 Los Angeles, CA 90013-1011 Tel: 213.244.2009

Fax: 213.244.4957 RvanderLeeden@semprautilities.com

February 6, 2017

Advice No. 5090 (U 904 G)

Public Utilities Commission of the State of California

<u>Subject</u>: Description of Program Mechanics and Tariff Modifications in Compliance with D.16-12-043 Modifying D.15-06-029 related to the Adoption of Biomethane Promotion Policies and Program

Southern California Gas Company (SoCalGas) hereby submits revisions to its tariff Rule No. 39, Access to the SoCalGas Pipeline System, and its Preliminary Statement, Biomethane Cost Incentive Program Balancing Account (BCIPBA), for approval applicable throughout its service territory, as shown on Attachment A. The tariff modifications are based on the Biomethane Program Mechanics, as described in Attachment B.

Purpose

The purpose of this Advice Letter (AL) filing is to comply with Decision (D.) 16-12-043 modifying D.15-06-029 in Response to the December 1, 2015 Petition for Modification and to Senate Bill (SB) 840 and Assembly Bill (AB) 2313. D.15-06-029, Ordering Paragraph (OP) 3, as modified by D.16-12-043, states the following:

In order to specify which costs incurred by the developer of the biomethane project are eligible for the monetary incentive program, and to describe the program mechanics related to the distribution of funds to the developer, the utilities shall jointly file a Tier 2 Advice Letter to modify each of their existing interconnection tariffs. This Advice Letter shall set forth a description of the types of costs that qualify as interconnection costs under the monetary incentive program. In addition, the Advice Letter shall specify the process for determining if a facility has met the 30-day operational requirement, and the process for the distribution of the incentive payment. The Energy Division has discretion over the content and disposition of the Advice Letter and may elect to hold an informal workshop on the utilities' proposal in this Advice Letter before approving or rejecting this Advice Letter filing.

As ordered by the California Public Utilities Commission (Commission), the tariff modifications, based on the Biomethane Program Mechanics, were developed in collaboration and consultation with San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southwest Gas Corporation (SWG), collectively referred to as "Joint Utilities." However, due to differences in tariff filing systems, each utility is filing their own Advice Letter.

Background

To implement AB 1900 provisions, the Commission issued Rulemaking (R.) 13-02-008. R.13-02-008 was divided into two phases. Phase I addressed biomethane standards and requirements relative to health, safety and facility integrity, and related enforcement provisions. Phase II addressed the costs of complying with the Phase I standards and protocols.

On June 11, 2015, the Commission issued the Phase II decision, D.15-06-029, which among other things, adopts a policy and five-year monetary incentive program to encourage biomethane producers to design, construct, and to successfully operate biomethane projects that interconnect with the gas utilities' pipeline systems so as to inject biomethane that can be safely used at an end user's home or business.

On December 16, 2016, the Commission issued D.16-12-043 partially granting a Petition for Modification of D.15-06-029 and further modified D.15-06-029 pursuant to SB 840 and AB 2313.

Proposed Revisions

In compliance with D.16-12-043, the Joint Utilities modified the D.15-06-029 program mechanics previously established as described in Attachment B. The modifications include: (1) adding the costs for gathering lines to help reduce emissions of short-lived climate pollutants, by dairy cluster biomethane interconnectors, as interconnection costs under the monetary incentive program; (2) changing the operational requirement from 30 days to 30 out of 40 days; and (3) increasing the biomethane incentive cap to \$3 million for non-dairy cluster biomethane projects and establish a \$5 million cap for dairy cluster biomethane projects. The Biomethane Program Mechanics are reflected in Section A.3.a of Rule No. 39 and BCIPBA. D.16-12-043 also extends the monetary incentive program until December 31, 2021, as reflected in Section A.3.a of Rule No. 39 and BCIPBA.

The redline version of Rule No. 39 and the BCIPBA reflecting the changes described herein is available upon request.

Protests

Anyone may protest this AL 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 received within 20 days of the date of this AL, which is February 26, 2017. 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 be sent via e-mail to the Energy Division Tariff Unit (<u>EDTariffUnit@cpuc.ca.gov</u>). A copy of the protest should also be sent via both e-mail <u>and</u> facsimile to the addresses shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@semprautilities.com

Attn: Kendra Talley Regulatory Case Manager - GT14D6 555 West Fifth Street Los Angeles, CA 90013-1011 Facsimile No.: (213) 244-3214 E-mail: ktalley@semprautilities.com

Effective Date

This filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This filing is consistent with D.16-12-043. Therefore, SoCalGas respectfully request that this AL be approved on March 8, 2017, which is 30 calendar days from the date filed.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.13-02-008. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

Company name/CPUC Utility No. SOUTHERN CALIFORNIA GAS COMPANY (U 904G) Utility type:	MUST BE COMPLE	TED BY UTILITY (A	ttach additional pages as needed)		
□ ELC □ GAS □ Phone #: (213) 244-3837 □ PLC □ HEAT □ WATER E-mail: ROrtiz@semprautilities.com EXPLANATION OF UTILITY TYPE (Date Filed/ Received Stamp by CPUC) ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water Advice Letter (AL) #: 5090 Subject of AL: Description of Program Mechanics and Tariff Modifications in Compliance with D.16-12-043 Modifying D.15-06-029 related to the Adoption of Biomethane Promotion Policies and Program Keywords (choose from CPUC listing): Balancing Account AL filing type: □ Monthly □ Quarterly □ Annual □ One-Time □ Other □	Company name/CPUC Utility No. SOUTHERN CALIFORNIA GAS COMPANY (U 904G)				
PLC	Utility type:	Contact Person: R	Contact Person: Ray B. Ortiz		
EXPLANATION OF UTILITY TYPE (Date Filed/ Received Stamp by CPUC) ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water Advice Letter (AL) #: 5090 Subject of AL: Description of Program Mechanics and Tariff Modifications in Compliance with D.16-12-043 Modifying D.15-06-029 related to the Adoption of Biomethane Promotion Policies and Program Keywords (choose from CPUC listing): Balancing Account AL filing type: Monthly Quarterly Annual One-Time Other	\square ELC \boxtimes GAS	Phone #: (213) 24			
ELC = Electric	☐ PLC ☐ HEAT ☐ WATER	E-mail: ROrtiz@se	emprautilities.com		
PLC = Pipeline	EXPLANATION OF UTILITY TY	YPE	(Date Filed/ Received Stamp by CPUC)		
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AL filing type: Monthly Quarterly Annual One-Time Other	Modifying D.15-06-029 related to the A	doption of Biometh	ane Promotion Policies and Program		
	Keywords (choose from CPUC listing):	Balancing Account			
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:	AL filing type: Monthly Quarter	ly 🗌 Annual 🔀 On	e-Time Other		
	If AL filed in compliance with a Commi	ission order, indicat	e relevant Decision/Resolution #:		
D.16-12-043 modifying D.15-06-029	D.16-12-043 modifying D.15-06-029				
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No	Does AL replace a withdrawn or rejecte	ed AL? If so, identif	fy the prior AL No		
Summarize differences between the AL and the prior withdrawn or rejected AL¹:N/A	•				
		1			
Does AL request confidential treatment? If so, provide explanation: No	Does AL request confidential treatmen	t? If so, provide exp	lanation: No		
Resolution Required? Yes No Tier Designation: 1 2 3	Resolution Required? Yes No		Tier Designation: 1 2 3		
Requested effective date: 3/8/17 No. of tariff sheets: 8	Requested effective date: 3/8/17 No. of tariff sheets: 8				
Estimated system annual revenue effect: (%): N/A	Estimated system annual revenue effect	ct: (%): <u>N/A</u>			
Estimated system average rate effect (%): N/A	Estimated system average rate effect (9	%): <u>N/A</u>			
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).					
Tariff schedules affected: Preliminary Statement – Part V-Balancing Accounts: BCIPBA, Rule No. 39, and	Tariff schedules affected: Preliminary S	Statement – Part V	Balancing Accounts: BCIPBA, Rule No. 39, and		
TOC's					
Service affected and changes proposed ¹ : N/A		: N/A			
Pending advice letters that revise the same tariff sheets: 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 Southern California Gas Company					
Attention: Tariff Unit Attention: Ray B. Ortiz			~		
505 Van Ness Ave., 555 West 5th Street, GT14D6			·		
San Francisco, CA 94102 Los Angeles, CA 90013-1011 EDTariffUnit@cpuc.ca.gov ROrtiz@semprautilities.com			_		
EDTariffUnit@cpuc.ca.gov ROrtiz@semprautilities.com Tariffs@socalgas.com	ED Latinomice chuc.ca.gov	·			

¹ Discuss in AL if more space is needed.

ATTACHMENT A Advice No. 5090

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 53709-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTSS, BIOMETHANE COST INCENTIVE PROGRAM, BALANCING	Original 51894-G
Original 53710-G	ACCOUNT (BCIPBA), Sheet 1 PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTSS, BIOMETHANE COST INCENTIVE PROGRAM, BALANCING ACCOUNT (BCIPBA), Sheet 2	
Revised 53711-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 1	Revised 51962-G
Revised 53712-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 2	Revised 51963-G
Revised 53713-G	Rule No. 39, ACCESS TO THE SOCALGAS PIPELINE SYSTEM, Sheet 3	Revised 51964-G
Revised 53714-G	TABLE OF CONTENTS	Revised 53535-G
Revised 53715-G Revised 53716-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 53705-G Revised 53477-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTSS BIOMETHANE COST INCENTIVE PROGRAM BALANCING ACCOUNT (BCIPBA)

Sheet 1

1. Purpose

The BCIPBA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of the BCIPBA is to record the incentive costs paid to a biomethane producer that successfully interconnects and operates a biomethane project with SoCalGas' pipeline system under the monetary incentive program adopted by Commission Decision (D.) 15-06-029 and modified in D.16-12-043. The incentive program shall remain in effect until December 31, 2021. If there are funds remaining at December 31, 2021, the biomethane projects that have started to inject merchantable biomethane into SoCalGas' pipeline system as of the termination date of this program are eligible for an incentive payment if they otherwise meet the program criteria. The total statewide funding of \$40 million for this monetary incentive includes the cost of the study to be undertaken by the California Council on Science and Technology (CCST) as described in Public Utilities Code Section 784.1.

A successful biomethane project is defined as one that:

- Complies with the standards and protocols adopted in D.14-01-034;
- Successfully interconnects with the utility's pipeline system; and
- Remains in operation for a minimum of 30 days, with a flow of 30 out of 40 days.

The incentive is a one-time payment of 50% of the biomethane project's interconnection costs capped at \$3 million for a non-dairy cluster biomethane project or \$5 million for a dairy cluster biomethane project, which is paid following the 30-day operational period and within 60 days after the 30-day operational period expires.

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2. Applicability

This account shall apply to all gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

(Continued)

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

1H9

ISSUED BY Dan Skopec Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Feb 6, 2017 SUBMITTED Mar 8, 2017 **EFFECTIVE** RESOLUTION NO.

Original

CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

53710-G

LOS ANGELES, CALIFORNIA CANCELING

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS BIOMETHANE COST INCENTIVE PROGRAM BALANCING ACCOUNT (BCIPBA)

Sheet 2

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4. Accounting Procedures

SoCalGas shall maintain the BCIPBA by recording entries at the end of each month, net of FF&U, as follows:

- a) A debit entry equal to incentive payment to the biomethane producer;
- b) An entry equal to the amortization of the BCIPBA balance as authorized by the Commission;
- c) A debit entry for the utilities' proportionate share of the cost of the study undertaken by the California Council on Science and Technology (CCST) as described in Public Utilities Code Section 784.1.; and
- d) An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

5. Disposition

The BCIPBA balance will be incorporated in gas rates in connection with SoCalGas' annual regulatory account balance update filing for rates effective January 1st of the following year. The BCIPBA will be allocated to gas customers on an equal cent per therm (ECPT) basis.

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

ISSUED BY Dan Skopec Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Feb 6, 2017 SUBMITTED Mar 8, 2017 **EFFECTIVE** RESOLUTION NO.

ADVICE LETTER NO.

2H10

Revised Revised CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

53711-G 51962-G

Rule No. 39 ACCESS TO THE SOCALGAS PIPELINE SYSTEM

Sheet 1

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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 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 5090 \\ \text{DECISION NO.} & 16\text{-}12\text{-}043 \\ \end{array}$

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ISSUED BY

Dan Skopec

Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Feb 6, 2017

EFFECTIVE Mar 8, 2017

RESOLUTION NO.

Sheet 2

Rule No. 39 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.

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.

(Continued)

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

2H8

ISSUED BY **Dan Skopec** Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC) Feb 6, 2017 SUBMITTED Mar 8, 2017 **EFFECTIVE** RESOLUTION NO.

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LOS ANGELES, CALIFORNIA CANCELING Revised CAL. P.U.C. SHEET NO.

Rule No. 39 ACCESS TO THE SOCALGAS PIPELINE SYSTEM

(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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(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) SUBMITTED Feb 6, 2017 EFFECTIVE Mar 8, 2017 RESOLUTION NO.

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(TO BE INSER	TED B	Y UTILITY)
ADVICE LETTER	NO.	5090
DECISION NO.	16-	12-043

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Revised Revised CAL. P.U.C. SHEET NO. CAL. P.U.C. SHEET NO.

53715-G 53705-G

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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.

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(Continued)

 $\begin{array}{ll} \text{(TO BE INSERTED BY UTILITY)} \\ \text{ADVICE LETTER NO.} & 5090 \\ \text{DECISION NO.} & 16\text{-}12\text{-}043 \\ \end{array}$

ISSUED BY

Dan Skopec

Vice President

Regulatory Affairs

 $\begin{array}{c} \text{(TO BE INSERTED BY CAL. PUC)} \\ \text{DATE FILED} & Feb \ 6, \ 2017 \\ \text{EFFECTIVE} & Mar \ 8, \ 2017 \\ \text{RESOLUTION NO.} \end{array}$

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ATTACHMENT B

Advice No. 5090

Biomethane Program Mechanics Description

Biomethane Program Mechanics Description

Item1: Set forth a description of the types of costs that qualify as interconnection costs under the monetary incentive program

Costs eligible to be credited under this incentive program include study and design costs, total installed costs of receipt point facilities (e.g., meters, regulators, appurtenant facilities, quality measurement, odorization facilities and auxiliary facilities), utility facility enhancement costs (e.g., utility-owned gas pipelines, and other related system upgrades and enhancements required to enable continued safe and reliable operation of the utility system due to the addition of each biomethane interconnection), 1 facility costs necessary to interconnect downstream of biomethane project developer's processing plants for the purpose of delivering biomethane onto the utility's system, and, for dairy cluster biomethane projects as defined in the Public Utilities Code Section 399.19 and in the utility tariff rules, the costs incurred for biogas gathering lines, including 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. Other upstream costs, such as the costs for processing or blending, (including the pipelines used for blending), do not qualify as interconnection costs under the monetary incentive program. The biomethane project developer shall provide cost information to the utility for eligible costs in a timely manner, as specified by the utility.

Item 2: Specify the process for determining if a facility has met the 30 out of 40day operational requirement

The operational requirement shall be met only if the biomethane project developer successfully interconnects with the utility's pipeline system, and remains in operation for a minimum of 30 days within a 40 day operational period. At least two business days in advance of the 40-day operational period, the biomethane project developer shall provide to the utility a written declaration notice that specifies when the 40-day operational period is to begin and end. Biomethane deliveries must occur for 30 of the 40 days within the measurement range of the meter, as specified by utility measurement standards and based on meter type as specified by the utility and site conditions, and shall exclude any interruption of delivery as specified by utility gas rules by extending the 40 day period for each day deliveries are interrupted by the utility.³ The biomethane

¹ Engineering and capacity studies, agreement terms and processes are specific to each utility as specified in their rules and tariffs; see SDG&E Rule 39, SoCalGas Rule 39, PG&E Rule 21, and SWG Rule 22.

See SDG&E Rule 39, SoCalGas Rule 39, PG&E Rule 21, and SWG Rule 22.

³ See SDG&E Rule 14, SoCalGas Rule 23, PG&E Rule 14, and SWG Rule 14.

Biomethane Program Mechanics Description

project developer may restart the 40 day operational period by providing the utility a new written declaration notice specifying the new start and end dates at least 2 business days before the new operational period is to begin.

Item 3: Specify the process for the distribution of the incentive payment

Within 60 days following the successful operational period (as defined in Item 2), the utility will pay or credit ⁴ the biomethane project developer in the amount of 50% of the eligible reconciled and undisputed portions of the interconnection costs (as defined in Item 1), not to exceed \$3 million per interconnection for a non-diary cluster biomethane project, or \$5 million per interconnection for a dairy cluster biomethane project, as defined in Public Utilities Code Section 399.19 and in the utility tariff rules.⁵

In the event that all interconnection costs have not been reconciled by the utility and the developer within 60 days following the successful operational period, the utility shall resume paying the biomethane project developer upon cost reconciliation. If additional eligible cost information becomes available within 12 months following the initial payment, the utility shall pay to the biomethane project developer for up to 50% of the remaining eligible interconnection costs, not to exceed \$3 million per interconnection for a non-diary cluster biomethane project, or \$5 million per interconnection for dairy cluster biomethane project, as defined in Public Utilities Code Section 399.19 and in the utility tariff rules, for including all previous payments.

The utility will provide notification to the CPUC Director of the Energy Division and the biomethane project developer of the initial payment as well as any other potentially eligible future payments.

⁴ A payment will be provided to the biomethane project developer if all costs have been paid in full; if there are remaining costs it shall be treated as a credit.

⁵ See SDG&E Rule 39, SoCalGas Rule 39, PG&E Rule 21, and SWG Rule 22.

⁶ ld.