

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 7, 2020

Advice Letter 5570-G

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

SUBJECT: Update of Southern California Gas Company's Rule No. 01

Dear Mr. van der Leeden:

Advice Letter 5570-G is effective as of February 7, 2020.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

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

January 10, 2020

Advice No. 5570
(U 904 G)

Public Utilities Commission of the State of California

Subject: Update of Southern California Gas Company's Rule No. 01

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission or CPUC) an update to its Rule No. 01, Definitions, applicable throughout its service territory, as shown in Attachment A.

Purpose

The purpose of this Advice Letter submittal is to update the Rule No. 01, "California Producer" definition to reflect that California production also includes California Producers of renewable gas, such as biomethane. This change would establish that the default interconnection form agreements for California Producers' of renewable gas are the California Producer form agreements: California Producer Interconnection Agreement (CPIA), California Producer Operational Balancing Agreement (CPOBA), California Producer Interconnect Collectible System Upgrade Agreement (CPICSUA), and the California Producer Agreement for Transfer of Ownership (CPATO) (the CPIA, CPOBA, CPICSUA, and CPATO are collectively referred to herein as "CP Forms") instead of the Interconnection Agreement (IA), Operational Balancing Agreement (OBA), and Interconnect Collectible System Upgrade Agreement (ICSUA) (the IA, OBA and ICSUA are referred to herein as "Base Forms").

Background

SoCalGas Rule No. 39 specifies that SoCalGas and the interconnector must execute the Base Forms unless the interconnector is a California Producer. If the interconnector is a California Producer, then SoCalGas and the interconnector must execute the CP Forms.

The Base Forms were established pursuant to Decision (D.) 06-09-039 in the Gas Market Order Instituting Rulemaking (R.) 04-01-025. The CP Forms were established pursuant to D.07-08-029 in Application (A.) 04-08-018, SoCalGas' Application to Establish Regulatory Authority Over the Access for Natural Gas Provided by California Gas

Producers. The CP Forms are modifications of the Base Forms to accommodate California Producers' commodity ownership and smaller and varying production relative to the uniform hourly delivery requirements for interstate pipelines and liquified natural gas (LNG) interconnectors.

In implementing D.07-08-029, SoCalGas established a definition for a California Producer based on the gas deliveries associated with natural gas from oil and/or gas wells, which is contained in SoCalGas' Rule No. 01.¹ Renewable gas interconnections in California were not originally contemplated as part of D.07-08-029 and, as a result, were unintentionally excluded from the SoCalGas Rule No. 01 definition for California Producers. However, renewable gas interconnectors are now an existing and growing part of California's production and the framework set up by D.06-09-039 and D.07-08-029 provides the basis for categorizing California renewable gas interconnectors as California Producers. D.06-09-039 established that the Base Forms applied except for in-state suppliers.² D.07-08-029 addresses the terms and conditions by which natural gas produced by gas producers in California will be granted access.³

Several California renewable gas producers have also cited their smaller and varying production as the basis for being allowed to use the CP Forms. For instance, the CPUC has approved SoCalGas advice letters such as Advice No. 5217, *Rule No. 39, Access to the SoCalGas Pipeline System, Interconnection Agreements Form Deviation*, approved on December 14, 2017,⁴ Advice No. 5432, *Establishment of Contracts with the Selected Dairy Biomethane Pilot Projects, Pursuant to Decision (D.) 17-12-004*, approved on April 30, 2019,⁵ and Advice No. 5468, *Rule No. 39, Access to the SoCalGas Pipeline System, Interconnection Agreements Form Deviation*, approved on June 13, 2019.⁶

Since the issuance of D.06-09-039 and D.07-08-029, the State of California has and continues to provide policy support for developing the renewable gas market and has directed the Commission and other state agencies to implement policies that promote renewable gas market development. For example, Assembly Bill (AB) 1900 (Gatto, 2012) and the resulting Section 399.24 of the Public Utilities Code require the Commission to adopt policies and programs that promote the in-state production and distribution of

¹ SoCalGas Rule No. 01 defines a California Producer as "An entity which produces natural gas in association with crude oil (associated natural gas) or non-associated natural gas from oil and/or gas wells and is interconnected with the Utility's pipeline system."

² D.06-09-039, at 87, "There is already an open proceeding that is addressing standardized contracts for in-state producers. Furthermore, there appear to be significant differences between in-state producers and other suppliers. These include smaller average size of contract capacity, greater hour-to-hour flow fluctuations, and less control over those fluctuations."

³ D.07-08-029, Ordering Paragraph 1 at 82, "As modified and clarified in this decision, the Interconnection Agreement and the Operational Balancing Agreement proposed for adoption by the Southern California Gas Company (SoCalGas) in this proceeding, and the exhibits to those two agreements, are adopted as the templates for the access agreements that set forth the terms and conditions of access to the SoCalGas transmission system for the producers of natural gas located in California."

⁴ <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5217.pdf>.

⁵ <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5432.pdf>.

⁶ <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/5468.pdf>.

biomethane. AB 2313 (Williams, 2016) and AB 3187 (Grayson, 2018) and the resulting Section 784.2 of the Public Utilities Code require the Commission to consider options to further the goals of Section 399.24, including enabling utility ratebased investment in infrastructure to interconnect biomethane facilities with the natural gas pipeline. Additionally, Senate Bill (SB) 1383 (Lara, 2016) provides for broad policy support to enable the reduction of short lived climate pollutant (SLCP) emissions, including dairy-sourced methane emissions, and specifically identifies the need to demonstrate the viability of pipeline-injected renewable gas as a strategy to meet its SLCP emission reduction goals. Lastly, SB 1440 (Hueso, 2018) requires the Commission, in consultation with the State Air Resources Board (ARB), "...to consider adopting specific biomethane procurement targets or goals for each gas corporation." These biomethane procurement goals will help drive increased production and supply in California.

Proposed Update

SoCalGas requests Commission approval to update the Rule No. 01, California Producer definition to reflect that gas produced in California also includes renewable gas, such as biomethane:⁷

California Producer: An entity which ~~interconnects produces natural gas in association with crude oil (associated natural gas) or non-associated natural gas from oil and/or gas wells and is interconnected~~ with the Utility's pipeline system to deliver Gas produced in California.⁸

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 received within 20 days of the date of this Advice Letter, which is January 30, 2020. The address for mailing or delivering a protest to the Commission is:

CPUC - Energy Division
Attention: 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 the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

⁷ Pacific Gas and Electric Company has a similar definition for its California Production: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_RULES_1.pdf.

⁸ The requested definition change is identical to the one proposed in the Joint Utilities Renewable Gas Interconnection Rule filing on November 1, 2019 available at: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M319/K526/319526436.PDF>.

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

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as a Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. Therefore, SoCalGas respectfully requests that this Advice Letter be approved on February 9, 2020, which is 30 calendar days after the date submitted.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.04-01-025 and A.04-08-018. Address change requests to the GO 96-B service list should be directed via e-mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at Process Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A
Advice No. 5570

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 57103-G	Rule No. 01, DEFINITIONS, Sheet 2	Revised 49722-G
Revised 57104-G	TABLE OF CONTENTS	Revised 56619-G
Revised 57105-G	TABLE OF CONTENTS	Revised 57102-G

Rule No. 01
DEFINITIONS

Sheet 2

(Continued)

Billing Cycle: The regular periodic interval for reading a Customer's meter for billing purposes. Usually meters are scheduled to be read monthly.

Branch Service: Service that is not connected to a natural gas main and has another service as its source of supply.

British Thermal Unit (Btu): The standard unit for measuring a quantity of thermal energy. One Btu equals the amount of thermal energy required to raise the temperature of one pound of water one degree Fahrenheit and is exactly defined as equal to 1,055.05585262 joule, rounded to 1,055.056 joule. (A joule is equal to one watt-second.)

Brokerage Fee: Fee charged to customers who procure supply directly from the Utility to cover gas purchasing expenses.

Burn: Natural gas usage as measured by electronic metering or an estimated quantity such as Minimum Daily Quantity (MinDQ) for purposes of compliance with winter delivery requirements as specified in Rule No. 30.

Buyback Rate: Rate applicable to excess imbalance volumes of gas as specified in the Utility's rate schedules. Rate shall generally be the lower of either 1) the Utility's lowest incremental cost of gas; or 2) 50% of the weighted average cost of gas of the applicable gas supply portfolio.

Bypass: Any situation where a customer of the Utility is already connected to, or becomes connected to, an alternate gas supply source or an Alternate Gas Transportation Service Provider. Customers whose only Bypass fuel is one or more of the following shall not be considered a Bypass customer: a) Gas received by Customer that does not meet typical interstate pipeline gas quality specifications or those set forth in the Utility's Rule No. 30, b) Gas that is a product of the oil refining process, c) Gas that is produced and consumed within the service territory of a wholesale customer, or d) digester/landfill gas.

California Alternate Rates for Energy (CARE) Program: CPUC program that offers reduced rates to qualified low-income customers. Household income of customers qualifying for CARE assistance shall not exceed 200% of the Federal poverty level as established by the CPUC and set forth in the applicable Utility rate schedules. CARE Program was previously known as the Low-Income Ratepayer Assistance (LIRA) Program.

California Producer: An entity which interconnects with the Utility's pipeline system to deliver Gas produced in California.

Cogeneration: Sequential use of energy for the production of electrical and useful thermal energy. Sequence can be thermal use followed by power production or the reverse, subject to the following standards: (a) At least 5 percent of the facility's total annual energy output shall be in the form of useful thermal energy. (b) Where useful thermal energy follows power production, the useful annual power output plus one-half the useful annual thermal energy output equals not less than 42.5 percent of any natural gas and oil energy input.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5570
DECISION NO. 06-09-039 & 07-08-029

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Jan 10, 2020
EFFECTIVE Feb 7, 2020
RESOLUTION NO. _____

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(Continued)

(TO BE INSERTED BY UTILITY)
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(Continued)

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