

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
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. Pursuant to D.19-12-009, the incentive program shall remain in effect until December 31, 2026. If there are funds remaining at December 31, 2026, 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.

Pursuant to Ordering Paragraph 5 of D.20-12-031, effective December 17, 2020, SoCalGas establishes a separate subaccount within its BCIPBA to record the Cap-and-Trade allowance proceeds transferred from the Consignment Revenues Subaccount of the Greenhouse Balancing Account (GHGBA) that is set aside for its 49.26% share of the additional \$40 million, or \$19,704,000, made available for the monetary incentive program.

The BCIPBA shall consist of two subaccounts:

- 1) Monetary Incentive Program Subaccount records incentive costs paid and corresponding revenues for statewide funding pursuant to the monetary incentive program adopted by D.05-06-029 and modified in D.16-12-043.
- 2) Cap-and-Trade Funded Monetary Incentive Program Subaccount records SoCalGas' share of incentive revenues from its Cap-and-Trade allowance proceeds (i.e., quarterly payments beginning March 1, 2022, and ending December 1, 2023) and any incentive funding payments made for eligible biomethane projects.

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 6194-G
DECISION NO.

ISSUED BY
Dan Skopec
Sr Vice President Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Sep 26, 2023
EFFECTIVE Oct 26, 2023
RESOLUTION NO. _____

