

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Adopt Standards and Requirements Relative to Biogas Health and Safety; Policies and Programs to Promote In-State Production and Distribution of Biomethane; and Rules to Ensure Pipeline Open Access.

Rulemaking _____

**ORDER INSTITUTING RULEMAKING
INTO BIOMETHANE ISSUES AND PIPELINE OPEN ACCESS**

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**ORDER INSTITUTING RULEMAKING
INTO BIOMETHANE ISSUES AND PIPELINE OPEN ACCESS**

1. Introduction

We open this rulemaking to implement three provisions of Assembly Bill 1900 (Stats. 2012, Ch. 602). First, we must adopt standards and requirements relative to health, safety and facility integrity for biomethane injected into common carrier pipelines, including the obligation that gas corporation tariffs condition access to those pipelines on customers meeting the adopted standards and requirements. Second, to the extent not already in place or not being addressed in other Commission proceedings, we must adopt policies and programs to promote the in-state production and distribution of biomethane from a variety of sources. Third, to the extent not already in place or not being addressed in other Commission proceedings, we must adopt pipeline access rules to ensure that each gas corporation provides non-discriminatory open access to its system.

Within 14 days, persons who want to be on the official service list should contact Process Office. Within 21 days, parties may file and serve comments on this rulemaking, with reply comments due seven days thereafter. Within 45 days, respondent gas utilities shall, and others are encouraged to, serve preliminary information. Within about 60 days, a prehearing conference shall be scheduled as provided herein.

2. Jurisdiction

Commission jurisdiction over natural gas corporations, public health, and public safety is provided by, but not limited to, Health and Safety (H&S) Code §§ 25420, 25421; Public Utilities (Pub. Util.) Code §§ 216, 222, 228, 451, 761 784,

950 through 969; new Pub. Util. Code §§ 399.24, 784 (effective January 1, 2013); and General Orders (GO) 58-A, 58-B, and 112-E.

In particular, public utilities have a responsibility to furnish and maintain service and facilities as necessary to promote public health and safety:

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Pub. Util. Code § 451.)

The Commission also has broad responsibility and authority to protect public health and safety:

The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction. (Pub. Util. Code § 701.)

3. Background

Existing law addresses vinyl chloride found in landfill gas. Gas producers are prohibited from knowingly selling, supplying or transporting to a gas corporation, and a gas corporation from knowingly purchasing, landfill gas containing vinyl chloride in a concentration above the maximum amount determined by the Commission. (H&S Code § 25421(a).) The Commission has specified the maximum amount of vinyl chloride permitted in landfill gas used by a gas corporation. (H&S Code § 25421(b); Decision (D.) 92-12-062; GO 58-A at 7E.) Persons who produce, sell, supply or release landfill gas for sale offsite to a gas corporation are required twice per month to sample and test the gas at the point of distribution for chemicals known to cause cancer or reproductive toxicity. (H&S Code § 25421(d).)

Gas utilities are responsible for the quality of the natural gas they deliver to customers, and may refuse to accept gas if it is not of the quality required for service to its customers.¹ Pursuant to current tariff rules approved by the Commission, most gas utilities specifically decline to accept or transport gas from landfills.²

Assembly Bill (AB) 1900 (Gatto; Stats. 2012, Ch. 602) changes this situation. This new law was signed by the Governor on September 27, 2012, and will become effective January 1, 2013. A copy is attached. (*See* Attachment A.) AB 1900 amends H&S Code § 25420, repeals and adds H&S Code § 25421, adds Public Resources (PR) Code § 25326, and adds Pub. Util. Code §§ 399.24 and 784.

AB 1900 involves significant work by, and consultation between and among, several state agencies. The agencies include the Office of Environmental Health Hazard Assessment (OEHHA), California Air Resources Board (CARB), Department of Resources Recycling and Recovery (CalRecycle), Department of Toxic Substances Control (DTSC), California Energy Commission (CEC), California Environmental Protection Agency (CalEPA), and the Commission.

For the purposes of this Order Instituting Rulemaking (OIR), we briefly describe the three specific things the Commission must do pursuant to AB 1900.

¹ *See*, for example, Pub. Util. Code §§ 451, 761; also *see* Pacific Gas and Electric Company (PG&E) Tariff Rules 14.B.1 and 21; Southern California Gas Company (SoCal Gas) Tariff Rule 30; San Diego Gas & Electric Company (SDG&E) Tariff Rule 30.

² *See*, for example, PG&E Tariff Rule 21.C.14; SoCal Gas Tariff Rule 30.I.3.o; SDG&E Tariff Rule 30.I.2.o. The tariffs also include language that biogas from renewable sources (e.g., anaerobic digestion, animal waste) injected into pipelines must not contain hazardous biological contaminant, but do not specify the constituents or their maximum concentrations.

3.1. Health and Safety (H&S Code §§ 25420 and 25421)

The H&S Code, as both amended and new pursuant to AB 1900, requires that the Commission do certain things taking into consideration the work of others. In particular, OEHHA and CARB, on or before May 15, 2013 (with updates no less than every five years thereafter), must do the following in consultation with each other and DTSC, CalRecycle, and CalEPA:

- a. OEHHA must compile a list of constituents of concern that could pose risks to human health and that are found in biogas at concentrations that significantly exceed those found in natural gas;
- b. OEHHA must determine health protective levels for the list of constituents of concern for biogas;
- c. CARB must identify realistic exposure scenarios and identify health risks associated with exposure scenarios for the constituents of concern identified by OEHHA for biogas;
- d. CARB must determine the appropriate concentrations for constituents of concern using the health protective levels determined by OEHHA and CARB's exposure scenarios for biogas; and
- e. CARB must identify reasonable and prudent monitoring, testing, reporting, and recordkeeping requirements, separately for each source of biogas, that are sufficient to ensure compliance with adopted health protective standards.

The Commission, on or before December 31, 2013 (with updates no less than every five years thereafter) must by rule or order adopt the following standards and requirements:

- a. Standards: for biomethane that is to be injected into a common carrier pipeline, the Commission must adopt standards, for constituents potentially found in that biomethane, that specify concentrations reasonably necessary to ensure both of the following:

- i. Protection of human health, giving due deference to determinations of the CARB for biogas; and
 - ii. Pipeline and pipeline facility integrity and safety.
- b. Requirements: the Commission must adopt monitoring, testing, reporting, and recordkeeping requirements that ensure pipeline and pipeline facility integrity and safety, giving due deference to CARB's determinations.

Finally, the Commission must require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting the Commission-adopted standards and requirements.

3.2. Promote Biomethane (PR Code § 25326; Pub. Util. Code § 399.24)

New PR Code § 25326 requires that the CEC identify impediments that limit the procurement of California biomethane, including but not limited to impediments to interconnection. It requires that the CEC offer solutions to these impediments as part of the CEC's Integrated Energy Policy Report (IEPR).

New Pub. Util. Code § 399.24 requires that the Commission adopt policies and programs to promote the in-state production and distribution of biomethane so that California can meet its energy and transportation needs. In particular, the adopted policies and programs must facilitate the development of a variety of sources of in-state biomethane.

3.3. Pipeline Access (Pub. Util. Code § 784)

New Pub. Util. Code § 784 requires that for each gas corporation, the Commission adopt pipeline access rules that ensure each gas corporation provides nondiscriminatory open access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas.

4. Discussion

OEHHA and CARB will complete their work by May 15, 2013. We need not wait until then, however, to begin our work. For example, we may now begin our consideration of necessary standards and requirements, doing some work in parallel with OEHHA and CARB, and later incorporating their final determinations. We may also now initiate our consideration of reasonable tariff provisions to condition access on the customer meeting the adopted standards and requirements.

The CEC's next IEPR may be adopted in late 2013 or early 2014.³ We need not wait until then, however, to begin our consideration of policies and programs to promote in-state production and distribution of biomethane from a variety of sources. To the extent not already in place or not addressed in other Commission proceedings, we will work in parallel with CEC's efforts and incorporate CEC's recommendations when appropriate.

Finally, we can without delay now initiate consideration of pipeline access rules to provide nondiscriminatory open access to any party for the purpose of interconnection and delivery of gas as required by new Pub. Util. Code § 784. Existing tariff rules generally provide for non-discriminatory open access, but amendments may be necessary.⁴ Beginning our inquiry now will facilitate our ability to meet the statute's deadline.

³ The 2011 IEPR was adopted by the CEC at its February 8, 2012 business meeting, and posted on February 15, 2012. A Draft Lead Commissioner 2012 IEPR Update was posted on October 25, 2012, and will be considered for adoption by the CEC in December 2012. The 2013 IEPR will be considered in CEC Docket No. 13-IEP-1, and may be adopted in late 2013 or early 2014.

⁴ See, for example, PG&E Tariff Rule 21.H; SoCal Gas Tariff Rule 39; SDG&E Tariff Rule 39.

This OIR allows the Commission to exercise its regulatory oversight, responsibilities and duties in the best interests of all stakeholders including, but not limited to, gas corporations, biomethane producers, ratepayers, and the public. We will consider information and proposals by gas corporation respondents, Commission staff and all parties (giving due deference to the findings of OEHHA and CARB) regarding health, safety, facility integrity, promotion of in-state biomethane, and pipeline access.

This OIR provides an official forum to consider evidence and argument on the issues. It will result in directives to gas utility respondents that establish just and reasonable standards and requirements, promote in-state biomethane, and provide pipeline open access. The Commission may enter orders on matters for which one or more respondent gas utilities may not be the proponent. Gas utilities and the public are placed on notice that the evidence and argument taken in this proceeding will be the basis for findings, conclusions, and Commission orders, with due deference given to the findings of OEHHA and CARB.

Accordingly, we open this OIR pursuant, but not limited, to H&S Code §§ 25420, 25421; Pub. Util. Code §§ 399.24, 451, 784, 701; and Rule 6.1 of the Commission's Rules of Practice and Procedure (Rules).

5. Preliminary Scoping Memo

The scope of this OIR is to adopt:

1. For biomethane that is to be injected for into a common carrier pipeline:
 - a. Standards for health, safety, and facility integrity.
 - b. Requirements for monitoring, testing, reporting, and recordkeeping.
2. Policies and programs to promote in-state production and distribution of biomethane from a variety of sources.

3. Rules for non-discriminatory open access to gas utility pipelines for interconnection and delivery of gas.

With this scope in mind, we preliminarily determine the category, need for hearing, and other elements of the preliminary scoping memo. (Rule 7.1(d).)

5.1. Category

We preliminarily determine the category is quasi-legislative. We make this determination given that our primary focus is to adopt standards, requirements, policies, programs, and rules for the gas industry. This determination closely matches our definition of quasi-legislative proceedings:

‘Quasi-legislative’ proceedings are proceedings that establish policy or rules (including generic ratemaking policy or rules) affecting a class of regulated entities, including those proceedings in which the Commission investigates rates or practices for an entire regulated industry or class of entities within the industry. (Rule 1.3(d).)

While the adopted results may affect gas utility costs and rates, this is not a proceeding in which we specifically set or investigate rates, or establish a mechanism that in turn sets the rates, as stated in our definition of a ratesetting proceeding. (Rule 1.3(e).) Therefore, we preliminarily determine the category is quasi-legislative.

This preliminary determination is not appealable, but shall be confirmed or changed by assigned Commissioner’s ruling. The assigned Commissioner’s determination as to category is subject to appeal. (Rules 7.3 and 7.6.)

5.2. Need for Hearing

We anticipate many of these issues can be addressed in workshops, by filed comments and briefs, or by receipt into evidence of served proposed testimony without cross-examination. There are, however, likely to be disputed issues of material fact over which parties will seek to cross-examine others,

particularly regarding adjudicatory facts. (*See* Rule 13.3(c).) Therefore, we preliminarily determine that a hearing will be needed. (Rule 7.1(c).) The assigned Commissioner's Scoping Memo, after hearing the comments and recommendations of parties, will determine the need for hearing. (Rule 7.3(a).)

5.3. Issues

The issues are:

1. **Standards and Requirements:** For biomethane that is to be injected into a common carrier pipeline
 - a. What standards should the Commission adopt for:
 - i. Protection of human health, with due deference to the determinations of the CARB?
 - ii. Pipeline and pipeline facility integrity and safety?
 - b. What requirements should the Commission adopt for monitoring, testing, reporting, and recordkeeping, with due deference to the determinations of the CARB?
 - c. What costs, if any, are incurred by a gas corporation to implement these standards and requirements, and how should those costs be recovered?
 - d. What tariff requirements should the Commission adopt for gas corporation tariffs so that the tariffs condition access to common carrier pipelines on the applicable customer meeting the Commission-adopted standards and requirements?
2. **Promote Biomethane:** Other than policies and programs now in place and those being addressed in other Commission proceedings:
 - a. What policies and programs should the Commission adopt to promote in-state production and distribution of biomethane from a variety of sources?

- b. What are the costs and benefits of various policies and programs?
 - c. How should those costs be recovered?
3. **Open Access:** Other than policies and programs now in place and those being addressed in other Commission proceedings, what rules should the Commission adopt to ensure that each gas corporation provides non-discriminatory open access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas?
4. **Other:** Anything else reasonably necessary for just, efficient and equitable adoption and implementation of standards, requirements, policies, programs and rules for use of biomethane in California to the extent the issue is specifically added in writing by the assigned Commissioner or Administrative Law Judge (ALJ).

5.4. Schedule

The schedule should include provisions for comments on this OIR, a prehearing (PHC), and the identification of preliminary information to begin our work.

5.4.1. Comments on OIR

Comments on this OIR may be filed and served, and shall be filed and served within 21 days of the date this OIR is issued. Comments shall state any objections to the preliminary scoping memo regarding category, need for hearing, issues to be considered, or schedule. (Rule 6.2.) Reply comments may be filed and served, and shall be filed and served within seven days of the filing date of comments. To the extent known at the time, comments and reply comments should include the party's specific, exact wording for recommended issues, and specifics for schedule and other items.

Any comments recommending changes to the proposed schedule must be consistent with the proposed category, including a deadline for adopting standards and requirements by December 31, 2013, and resolving the proceeding within 18 months of the date the Scoping Memo and Ruling is issued. All comments which contain factual assertions must be verified. Unverified factual assertions will be given only the weight of argument. (Rule 6.2; Pub. Util. Code § 1701.5(a).)

5.4.2. Prehearing Conference

The assigned Commissioner or ALJ shall set a PHC for 45 to 60 days from today, or as soon as practicable. The ruling setting the PHC may also set a date for PHC statements. (Rule 7.2.) PHC statements, if any, should state with specificity the party's recommendations for anything necessary to complete the assigned Commissioner's Scoping Memo, plus anything else necessary to reasonably proceed with this proceeding. For example, PHC statements should, to the extent feasible, include the party's recommended exact proposed wording for issues, specific dates for the schedule, and necessary detail for hearing (to the extent known at that time). Moreover, to the extent possible, parties should employ their best efforts to prepare a joint PHC Statement reflecting agreement on issues, schedule and other matters for the Scoping Memo. If unable to reach complete agreement on all matters, parties may file a joint PHC Statement reflecting partial agreements, with separate supplemental PHC Statements reflecting individual differences. Alternatively, they may adopt the PHC Statement of one lead party with identification of limited exceptions.

We rely on respondents and parties to advise the Commission at the PHC regarding the most efficient way to proceed. Taking the recommendations of parties into account, we leave the details to the assigned Commissioner or ALJ.

5.4.3. Preliminary Information

The first matter is to get preliminary information on the standards, requirements, policies, programs and rules identified above. To do this, we require each respondent gas utility, and encourage other parties, to serve preliminary information and recommendations within 45 days of the date of this order. The preliminary information and recommendations should be in the form of proposed testimony, and it should be served but not filed. (Rule 13.8.)

Because we understand the proposed testimony will be preliminary information, we expect the ALJ to provide a reasonable opportunity for each respondent and party to supplement, modify, amend or change its proposed testimony as more information becomes available. We first describe the preliminary information we seek in respondent's proposed testimony, followed by what we seek in other parties' proposed testimony.

Respondent's Proposed Testimony: The proposed testimony should state to the extent the respondent then knows the following information.

1. **Proposals to OEHHA and CARB:**
 - a. A copy of the recommendations and proposals made to OEHHA and CARB.
 - b. If none have been made, explain why not.
2. **Standards and Requirements:** For biomethane that is to be injected for into a common carrier pipeline:
 - a. What standards should the Commission adopt for:
 - i. protection of human health, including a specific statement of each standard; and
 - ii. pipeline and pipeline facility integrity and safety, including a specific statement of each standard.
 - b. What requirements should the Commission adopt for monitoring, testing, reporting, and

recordkeeping, including a specific statement of each requirement.

- c. What costs, if any, are incurred by a gas corporation to implement the adopted standards and requirements, and how should those costs be recovered?
 - d. What tariff requirements should the Commission adopt for gas corporation tariffs so that the tariffs condition access to common carrier pipelines on the applicable customer meeting the Commission-adopted standards and requirements, including a proposed draft tariff with the specific requirements.
 - e. To the extent these items are not yet known, what information is needed before respondent can make more specific recommendations, and when might that information be available.
3. **Promote Biomethane:** What policies and programs should the Commission adopt to promote in-state production and distribution of biomethane from a variety of sources.
- a. Provide a list of existing policies and programs that satisfy this requirement.
 - b. Provide a list of policies and programs that are currently being addressed in other Commission proceedings, and identify those proceedings.
 - c. Identify and describe specific new policies and programs that should be adopted here to meet this requirement; and explain how they are not duplicative of those that are now existing or currently under consideration.
 - i. Identify the costs and benefits of new proposed policies and programs, and state how the costs should be recovered.
 - ii. To the extent the details are not known, what are the general recommendations for policies and programs.

- iii. To the extent more specific information is necessary, what data is needed before respondent can make more specific recommendations, and when might that information be available.

4. **Open Access:**

- a. What are existing policies, practices, and rules regarding access to pipelines.
 - b. What rules should the Commission adopt to ensure that each gas corporation provides nondiscriminatory open access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas, including a specific statement of each rule.
 - c. To the extent specifics are not yet known, what information is needed before respondent can make more specific recommendations, and when might that information be available.
5. **Other:** Anything else reasonably necessary for efficient and equitable adoption and implementation of standards, requirements, policies, programs and rules for use of biomethane in California.

Other Parties' Proposed Testimony: The proposed testimony should state to the extent the party then knows the following information.

1. **Proposals to OEHHA and CARB:**

- a. A copy of the recommendations and proposals made by the party to OEHHA and CARB.
 - b. If none have been made, explain
 - i. why not, and
 - ii. what participation the party expects it will have at OEHHA and CARB.
2. To the extent specific proposals are not yet known, what information is needed before the party can make more

specific recommendations, and when might that information be available.

5.4.4. Adopted Schedule

The preliminary adopted schedule is summarized below. It may be supplemented or changed by the assigned Commissioner or ALJ as necessary to promote efficient and equitable development of the record, and we expect that schedule modifications will occur. It is anticipated that portions of this proceeding shall be resolved by December 31, 2013, with the total proceeding resolved within 18 months of the date the Scoping Memo is issued.

(See § 1701.5.).

ADOPTED SCHEDULE

LINE NO.	ITEM	DATE
1	Requests to Process Office for inclusion on service list	14 days from date OIR issued
2	Comments on OIR	21 days from date OIR issued
3	Reply Comments on OIR	7 days from filing of comments
4	Respondents shall, and others are encouraged to, serve preliminary information	45 days from date OIR issued
5	PHC Statements	To be determined
6	PHC	45 to 60 days from date OIR issued or as soon as practicable
7	Projected Submission Date	To be determined

6. Service List, Filing and Service of Documents, Subscription Service

The initial temporary service list applies for approximately the first 14 days. It will be replaced by an official service list as soon as the official list is published on the Commission's webpage.

The temporary service list is composed of gas corporations, state agencies, landfill gas producers, and gas associations. In the interest of broad notice, it also includes persons and entities on the service lists for recent large gas cases, renewables portfolio standard (RPS) proceedings, and long-term procurement matters.

In particular, the temporary service list includes the following state agencies named in AB 1900:

- California Air Resources Board
- California Energy Commission
- California Environmental Protection Agency
- Department of Resources Recycling and Recovery
- Department of Toxic Substances Control
- Office of Environmental Health Hazard Assessment

It includes persons on the service lists for recent large gas proceedings:

- Application (A.) 09-09-013 (PG&E Gas Transmission and Storage)
- A.09-12-020 (PG&E general rate case (GRC))
- A.10-12-005 (SDG&E GRC)
- A.10-12-006 (SoCal Gas GRC)

We include persons on the service lists for:

- Investigation (I.) 11-05-005 (RPS)
- Rulemaking (R.) 12-03-014 (Electric Industry Long Term Procurement Policies and Plans (LTPP)).

We include RPS because use of gas from digesters and landfills has been raised in the RPS proceeding. We include LTPP since use of biogas/biomethane may play a role in long-term procurement policies and plans for the electric industry.

We invite participation here on the issues scoped for this proceeding. These include health, safety, monitoring, testing, reporting, gas promotion, and open access issues. We will not address issues here that are scoped in other proceedings.⁵

Gas corporations are respondents, and are listed in Appendix B. Others are listed in Attachment C. The temporary service list is on the Commission's web page for this proceeding, but will be replaced by the official service list as described next.

6.1. Official Service List

Gas corporations are named respondents and will be included as parties on the official service list. Except for gas corporations, however, receipt of this OIR and inclusion on the temporary service list does not in itself ensure inclusion on the official service list. A person or entity (other than a gas corporation) seeking inclusion on the official service list must follow the instructions below.

6.1.1. During the First 14 Days

In order to be placed on the official service list you should ask, within 14 days of the mailing of this OIR, to be added to the official service list as either a party or a non-party. You should do this whether or not you are listed on the

⁵ This proceeding will not examine issues scoped and addressed in I.11-05-005 or R.12-03-014, such as feed-in tariff issues (Pub. Util. Code § 399.20; D.12-05-035) or the Renewable Auction Mechanism (D.10-12-048).

temporary service list. The request should be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the following information:

- Docket Number of this rulemaking;
- Name and entity or person represented (e.g., entity name; self);
- United States Postal Service Address;
- Telephone Number;
- E-mail Address;
- Desired Status;⁶
 - Party;
 - Non-party (either state service or information only);
- Expected participation (e.g., actively at hearing; actively through filed pleadings; monitoring only); and
- Brief statement of interest (e.g., potential gas producer; health concerns; safety concerns; interest in biomethane promotion; interest in open access; ratemaking concerns).

Also within 14 days, each gas corporation must submit an e-mail or letter to Process Office with a copy to the ALJ. The document must confirm that the

⁶ If you intend to file comments or otherwise actively participate, choose “Party” status. Individuals seeking only to monitor the proceeding (i.e., not participate as an active party) may request to be added to the service list as “Information Only.” Another option for monitoring without being on the service list is “Subscription Service” discussed later in this OIR.

temporary service list information for the gas corporation is correct, or provide updated and accurate information.⁷

Commission practice is to allow only one person to formally represent each party. (See Commission's form for "Addition/Change to Service List."⁸) To assist with efficient execution of this practice, we ask that both requests for party status and documents from gas utilities affirming information clearly identify the lead person to be placed in party status, plus the names with other necessary information (e.g., e-mail addresses) for anyone else to be placed into another category.⁹

You may participate actively in this rulemaking (as a party) or merely monitor it (as a non-party). In either case, by acting within 14 days of the date this OIR is issued, you will be added to the official service list, thereby ensuring that you will receive all documents served in the proceeding. Fifteen days after this OIR is issued, or as soon as feasible thereafter, the Commission's Process Office will publish the official service list on our website (www.cpuc.ca.gov), and will update the list as necessary.

6.1.2. After the First 14 Days

⁷ A response is expected from each gas corporation. Failure for any reason to provide this document, however, will be treated as an affirmation by the gas corporation that the information on the temporary service list is correct.

⁸ See http://docs.cpuc.ca.gov/published/service_lists/sl_index.htm.

⁹ This is also true for state service. That is, for example, one person representing the Commission's Division of Ratepayer Advocates (DRA) may be identified for inclusion in the party category, with other DRA staff listed in the state service category. If another state agency (e.g., OEHHA, CARB, CEC) elects to seek party status, one person from the agency should be named, and others should be in the state service category.

If you are not on the official service list but want to participate after the first 14 days, you may do so as a party or a non-party. If you want to become a party, you may do this by filing and serving timely comments in the rulemaking, by filing and serving a written motion, by making an oral motion at the PHC, or as directed by the ALJ. (Rule 1.4(a).). If you make a written or oral motion, you must also comply with Rule 1.4(b). These rules are in the Commission's Rules of Practice and Procedure, which you can read at the Commission's website.

If, after the first 14 days, you want to be added to the official service list as a non-party (i.e., State Service or Information Only), send an e-mail or letter to the Process Office. Please include the docket number, name and entity represented, US postal service address, telephone number, e-mail address, and desired status.

6.1.3. Updating Information

Once you are on the official service list in any category, you must ensure that the information you have provided is up-to-date. (Rule 1.9(f).) To change your US postal service address, telephone number, e-mail address, or the name of your representative, send the change to the Process Office by letter or e-mail, and send a copy to everyone on the official service list. A person or entity may ask to be removed from the state service or information only portions of the service list at any time by request to the Process Office.

6.2. Filing and Serving Documents

The Commission encourages electronic filing and service. (*See* Commission Rules 1.10 and 1.13, available on our website at <http://www.cpuc.ca.gov/PUC/documents>. All pleadings in this proceeding will be served on the service list as described below.

E-mail service of documents must occur no later than 5:00 p.m. on the date that service is scheduled to occur. Rule 1.10 provides for electronic service of documents, in a searchable format, unless the person on the service list did not provide an e-mail address. If no e-mail address was provided, service must be made by US mail. We require concurrent e-mail service in this proceeding to all persons on the service list for whom an e-mail address is available, including those listed under "Information Only." Paper service is not required on those in the information only category without an e-mail address. Parties, however, must provide paper copies of served documents upon reasonable request of another party or person in any category (including information only). A paper copy, in addition to an electronic copy, shall be served on the assigned Commissioner. Similarly, a paper copy, in addition to an electronic copy, shall be served on the ALJ. (Rule 1.10(e).)

E-mail communication during this OIR should include the following information on the subject line of the e-mail: R.xx-xx-xxx (AB 1900) – [brief item description]. For example, when serving comments on the OIR (due 21 days from the date this OIR is mailed), the e-mail subject line should read: R.xx-xx-xxx (AB 1900) – Comments on OIR by [party name]. When serving a PHC statement, the e-mail subject line should read: R.xx-xx-xxx (AB 1900) – PHC Statement of [party name]; or R.xx-xx-xxx (AB 1900) – Joint PHC Statement of [group reference].

Questions about the Commission's filing and service procedures should be directed to the Commission's Docket Office by telephone at (415) 703-2121, by e-mail at efile-help@cpuc.ca.gov, or by letter to Docket Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102.

6.3. Subscription Service

The Commission has a new process for monitoring a proceeding without being in the information only portion of the service this. That is, you can monitor the rulemaking by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at <http://subscribecpuc.cpuc.ca.gov/>.

7. Public Advisor

Any person or entity interested in participating in this investigation who is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor in San Francisco by telephone at (415) 703-2074 or (866) 849-8390, or by e-mail at public.advisor@cpuc.ca.gov. The Public Advisor's office in Los Angeles may be reached by telephone at (213) 576-7055 or (866) 849-8391, or by e-mail at public.advisor.la@cpuc.ca.gov. The TTY number is (866) 836-7825. Written communication may be sent to Public Advisor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102.

8. Collaborative Process with Other State Agencies

The Commission and its staff have successfully worked in a collaborative relationship with other state agencies and their staffs in several proceedings. This has promoted good communication among agencies sharing responsibilities for several matters. We will continue that collaborative relationship in this proceeding, to the extent allowed by the limited resources at each agency. As has been the case in the past, the Commission's Executive Director may work with the Executive Director at other agencies to review and refine the terms of the staff

collaboration, as necessary. As it wishes, each agency may, but is not required to, become a party in our proceeding.¹⁰

In particular, OEHHA and CARB need not be parties in order for us to give due deference to their work. We will rely on a formal decision document or other formal communication from each agency, or the head of each agency, for the purpose of this due deference. That document or communication could be a formal decision, report, memorandum, or letter. The ALJ will ensure that it is properly received in our record, with notice to all parties.

As provided in H&S Code § 25421, we will give due deference to the findings of OEHHA and CARB. We expect all interested persons (e.g., landfill gas producers, persons concerned about public health and safety) to timely and fully participate in the processes of these agencies.

9. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this investigation shall file its notice of intent to claim intervenor compensation no later than 30 days after the PHC, or as otherwise directed by the ALJ. (*See* Rule 17.1.) Parties are strongly encouraged to use the standardized form attached to the Intervenor Compensation Program Guide, which may be found at: <http://www.cpuc.ca.gov/PUC/IntervenorCompGuide/index3.htm>. Questions may be directed to the Commission's Public Advisor.

10. Ex Parte Communications

Communications with decision makers and advisors in this rulemaking are governed by Article 8 of the Rules of Practice and Procedure. (Rule 8.1, et seq.)

¹⁰ The ALJ should ensure that each of the six state agencies is on the service list in some category, but the category need not be that of party.

Ex parte communications are allowed without restriction or reporting requirement in a quasi-legislative proceeding. (Rule 8.3(a).) No *ex parte* restrictions or reporting requirements apply in this proceeding.

O R D E R

IT IS ORDERED that:

1. This Order Instituting Rulemaking is adopted pursuant to Health and Safety Code §§ 25420 and 25421; Pub. Util. Code §§ 216, 222, 228, 451, 701, 761 784, 950 through 969; new Pub. Util. Code §§ 399.24, 784; and Rule 6.1 of the Commission's Rules of Practice and Procedure.
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that hearing is needed.
4. The preliminary scope of issues is as stated in the body of this order.
5. Unless changed by the assigned Commissioner or Administrative Law Judge, the schedule stated in the body of this order is adopted. It is the Commission's intent to resolve some issues by December 31, 2013, and to resolve the full proceeding within 18 months of the date the Scoping Memo is issued.
6. Each California gas corporation under the Commission's jurisdiction is a respondent to this Rulemaking, and is placed on notice that it shall be subject to Commission orders in this matter. Respondents are listed in Attachment B.
7. The Executive Director shall perform service of this order on each person on the initial temporary service list contained in Attachments B and C.
8. The official service list shall be created as described in the body of this order, and will be posted on the Commission's web page for this proceeding 15 days from the date this order is issued, or shortly thereafter.

9. Parties shall file and serve documents as described in the body of this order.

10. A person expecting to file an intervenor compensation claim for participation in this proceeding shall file a notice of intent to claim intervenor compensation no later than 30 days after the date of the prehearing conference, or as otherwise directed by the Administrative Law Judge.

11. *Ex parte* communications in this proceeding are permitted without restriction or reporting requirements.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A
ASSEMBLY BILL 1900

Assembly Bill No. 1900
CHAPTER 602

An act to amend Section 25420 of, and to repeal and add Section 25421 of, the Health and Safety Code, to add Section 25326 to the Public Resources Code, and to add Sections 399.24 and 784 to the Public Utilities Code, relating to energy.

[Approved by Governor September 27, 2012.
Filed with Secretary of State September 27, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1900, Gatto. Renewable energy resources: biomethane.

(1) Existing law requires the Public Utilities Commission (PUC) to specify the maximum amount of vinyl chloride that may be found in landfill gas. Existing law prohibits a gas producer from knowingly selling, supplying, or transporting to a gas corporation, and a gas corporation from knowingly purchasing, landfill gas containing vinyl chloride in a concentration exceeding the maximum amount determined by the PUC. Existing law requires a person who produces, sells, supplies, or releases landfill gas for sale offsite to a gas corporation to sample and test, bimonthly, the gas at the point of distribution for chemicals known to the state to cause cancer or reproductive toxicity.

Existing law requires the Office of Environmental Health Hazard Assessment (OEHHA) to evaluate the environmental and health risks posed by various hazardous substances.

This bill would require OEHHA, in consultation with the State Air Resources Board, the Department of Toxic Substances Control, the Department of Resources Recycling and Recovery, and the California Environmental Protection Agency, to compile a list of constituents of concern that could pose risks to human health and that are found in biogas, as defined, at concentrations that significantly exceed the concentrations of those constituents in natural gas. The bill would require OEHHA to determine the health protective levels for that list, as specified, and would require the state board to identify realistic exposure scenarios and the health risks associated with those scenarios, as specified. The bill would require the state board to determine the appropriate concentrations of those constituents, as specified. The bill would also provide that actions taken pursuant to the above-described requirements do not constitute regulations and are exempt from the Administrative Procedure Act.

The bill would further require the PUC to adopt, by rule or order, (1) standards for biomethane that specify the concentrations of constituents of concern that are reasonably necessary to protect public health and ensure pipeline integrity and safety, as specified, and (2) requirements for monitoring, testing, reporting, and recordkeeping, as specified. The bill would require a gas corporation, as defined, to comply with those standards and requirements. The bill would require the PUC to require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting those standards and requirements. The bill would also prohibit a person and a gas corporation from knowingly engaging in specified transactions involving common carrier pipelines and biogas collected from a hazardous waste landfill, as defined.

(2) The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to prepare an integrated energy policy report on or before November 1, 2003, and every 2 years thereafter. The act requires the report to contain an overview of major energy trends and issues facing the state, including, but not limited to, supply, demand, pricing, reliability, efficiency, and impacts on public health and safety, the economy, resources, and the environment.

This bill would require the Energy Commission to hold public hearings to identify impediments that limit procurement of biomethane in California, including, but not limited to, impediments to interconnection. The bill would require the Energy Commission to offer solutions to those impediments as part of the above-mentioned report.

(3) This bill would require the PUC to adopt policies and programs that promote the in-state production and distribution of biomethane.

(4) Existing law allows the PUC to set heating and purity requirements for biomethane injected into a gas pipeline. Existing law allows gas corporations to impose tariffs on biomethane injected into their pipelines. This bill would require the PUC to adopt pipeline access rules that ensure that each gas corporation provides nondiscriminatory open access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas.

(5) This bill would become operative only if this bill and AB 2196 of the 2011–12 Regular Session are both enacted and become effective on or before January 1, 2013.

(6) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because this bill would require action by the PUC to implement certain of its requirements, a violation of which would be a crime, these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 25420 of the Health and Safety Code is amended to read: 25420. For purposes of this chapter, the following definitions apply:

(a) “Biogas” means gas that is produced from the anaerobic decomposition of organic material.

(b) “Biomethane” means biogas that meets the standards adopted pursuant to subdivisions (c) and (d) of Section 25421 for injection into a common carrier pipeline.

(c) “Board” means the State Air Resources Board.

(d) “CalRecycle” means the Department of Resources Recycling and Recovery.

(e) “Commission” means the Public Utilities Commission.

(f) “Common carrier pipeline” means a gas conveyance pipeline, located in California, that is owned or operated by a utility or gas corporation, excluding a dedicated pipeline.

(g) “Dedicated pipeline” means a conveyance of biogas or biomethane that is not part of a common carrier pipeline system, and which conveys biogas from a biogas producer to a conditioning facility or an electrical generation facility.

(h) “Department” means the Department of Toxic Substances Control.

(i) “Gas corporation” has the same meaning as defined in Section 222 of the Public Utilities Code and is subject to rate regulation by the commission.

(j) “Hazardous waste landfill” means a landfill that is a hazardous waste facility, as defined in Section 25117.1.

(k) “Office” means the Office of Environmental Health Hazard Assessment.

(l) “Person” means an individual, trust, firm, joint stock company, partnership, association, business concern, limited liability company, or corporation. “Person” also

includes any city, county, district, and the state or any department or agency thereof, or the federal government or any department or agency thereof to the extent permitted by law.

SEC. 2. Section 25421 of the Health and Safety Code is repealed.

SEC. 3. Section 25421 is added to the Health and Safety Code, to read:

25421. (a) On or before May 15, 2013, all of the following shall be completed:

(1) The office, in consultation with the board, the department, CalRecycle, and the California Environmental Protection Agency, shall compile a list of constituents of concern that could pose risks to human health and that are found in biogas at concentrations that significantly exceed the concentrations of those constituents in natural gas. The office, in consultation with the board, the department, CalRecycle, and the California Environmental Protection Agency, shall update this list at least every five years.

(2) The office shall determine health protective levels for the list of constituents of concern identified pursuant to paragraph (1). In determining those health protective levels, the office shall consider potential health impacts and risks, including, but not limited to, health impacts and risks to utility workers and gas end users. The office shall update these levels at least every five years.

(3) The board shall identify realistic exposure scenarios and, in consultation with the office, shall identify the health risks associated with the exposure scenarios for the constituents of concern identified by the office pursuant to paragraph (1). The board shall update the exposure scenarios, and, in consultation with the office, the health risks associated with the exposure scenarios, at least every five years.

(4) Upon completion of the responsibilities required pursuant to paragraphs (1) through (3), the board, in consultation with the office, the department, CalRecycle, and the California Environmental Protection Agency shall determine the appropriate concentrations of constituents of concern. In determining those concentrations, the board shall use the health protective levels identified pursuant to paragraph (2) and the exposure scenarios identified pursuant to paragraph (3). The concentrations shall be updated at least every five years by the board in consultation with the office, the department, CalRecycle, and the California Environmental Protection Agency.

(5) The board, in consultation with the office, the department, CalRecycle, and the California Environmental Protection Agency, shall identify reasonable and prudent monitoring, testing, reporting, and recordkeeping requirements, separately for each source of biogas, that are sufficient to ensure compliance with the health protective standards adopted pursuant to subdivision (d). The board, in consultation with the office, the department, CalRecycle and the California Environmental Protection Agency shall update the monitoring, testing, reporting, and recordkeeping requirements at least every five years.

(b) Actions taken pursuant to subdivision (a) shall not constitute regulations and shall be exempt from the administrative regulations and rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Division 2 of Title 2 of the Government Code).

(c) On or before December 31, 2013, for biomethane that is to be injected into a common carrier pipeline, the commission shall, by rule or order, adopt standards that specify, for constituents that may be found in that biomethane, concentrations that are reasonably necessary to ensure both of the following:

(1) The protection of human health. In making this specification, the commission shall give due deference to the determinations of the board pursuant to paragraph (4) of subdivision (a).

(2) Pipeline and pipeline facility integrity and safety.

(d) To ensure pipeline and pipeline facility integrity and safety, on or before December 31, 2013, the commission, giving due deference to the board's determinations, shall, by rule or order, adopt the monitoring, testing, reporting, and recordkeeping requirements identified pursuant to paragraph (5) of subdivision (a).

(e) Every five years, or earlier if new information becomes available, the commission shall review and update the standards for the protection of human health and pipeline integrity and safety adopted pursuant to subdivision (c), as well as the monitoring, testing, reporting, and recordkeeping requirements adopted pursuant to subdivision (d).

(f) (1) A person shall not inject biogas into a common carrier pipeline unless the biogas satisfies both the standards set by the commission pursuant to subdivision (c), as well as the monitoring, testing, reporting, and recordkeeping requirements of subdivision (d).

(2) The commission shall require gas corporation tariffs to condition access to common carrier pipelines on the applicable customer meeting the standards and requirements adopted by the commission pursuant to subdivisions (c) and (d).

(g) (1) A person shall not knowingly sell, supply, or transport, or knowingly cause to be sold, supplied, or transported, biogas collected from a hazardous waste landfill to a gas corporation through a common carrier pipeline.

(2) A gas corporation shall not knowingly purchase gas collected from a hazardous waste landfill through a common carrier pipeline.

SEC. 4. Section 25326 is added to the Public Resources Code, to read:

25326. (a) The commission shall hold public hearings to identify impediments that limit procurement of biomethane in California, including, but not limited to, impediments to interconnection. The commission shall offer solutions to those impediments as part of the integrated energy policy report prepared pursuant to Section 25302.

(b) For the purposes of this section, "biomethane" means biogas that meets the standards adopted pursuant to subdivisions (c) and (d) of Section 25421 of the Health and Safety Code for injection into a common carrier pipeline.

SEC. 5. Section 399.24 is added to the Public Utilities Code, to read:

399.24. (a) To meet the energy and transportation needs of the state, the commission shall adopt policies and programs that promote the in-state production and distribution of biomethane. The policies and programs shall facilitate the development of a variety of sources of in-state biomethane.

(b) For the purposes of this section, "biomethane" means biogas that meets the standards adopted pursuant to subdivisions (c) and (d) of Section 25421 of the Health and Safety Code for injection into a common carrier pipeline.

SEC. 6. Section 784 is added to the Public Utilities Code, to read:

784. For each gas corporation, the commission shall adopt pipeline access rules that ensure that each gas corporation provides nondiscriminatory open access to its gas pipeline system to any party for the purposes of physically interconnecting with the gas pipeline system and effectuating the delivery of gas.

SEC. 7. This act shall become operative only if this act and Assembly Bill 2196 of the 2011–12 Regular Session are both enacted and become effective on or before January 1, 2013.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or

school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

(END OF ATTACHMENT A)

ATTACHMENT B
GAS CORPORATIONS AND GAS PIPELINES

R. _____ COM/_____/sbf

DRAFT

ATTACHMENT C

ATTACHMENT C
TEMPORARY INITIAL SERVICE LIST

State Agencies Plus

**Service lists for A.09-09-013, A.09-12-020, A.10-12-005, A.10-12-006,
I.11-05-005, R.12-03-014**

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SERVICE LIST FOR APPLICATION 09-09-013

SERVICE LIST FOR APPLICATION 09-12-020

SERVICE LIST FOR APPLICATION 10-12-005

SERVICE LIST FOR APPLICATION 10-12-006

SERVICE LIST FOR INVESTIGATION 11-05-005

SERVICE LIST FOR RULEMAKING 12-03-014

(END OF ATTACHMENT C)