

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Adopt
Biomethane Standards and Requirements,
Pipeline Open Access Rules, and Related
Enforcement Provisions

Rulemaking No. 13-02-008
(Filed February 13, 2013)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G)
REPLY COMMENTS ON PROPOSED DECISION APPROVING BIOMETHANE
TASKS IN SENATE BILL 840**

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Dated: February 19, 2019

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits these Reply Comments on the [Proposed] Decision Approving Biomethane Task in Senate Bill (SB) 840 issued on January 22, 2019 (Proposed Decision or PD).¹

II. WORKSHOPS TO REVIEW PROPOSED TARIFF MODIFICATIONS

A. PG&E supports workshops for parties to discuss and review proposed utility tariff modifications to comply with Ordering Paragraphs 3 and 4.

PG&E is supportive of SoCalGas and SDG&E’s recommendations to modify Ordering Paragraphs 3 and 4 to direct the investor owned utilities (IOUs) to file a proposal for a process for simplified siloxane monitoring requirements and a process for considering lower heating value deviations, respectively, within 30 days of the final decision, and for the proposal to be

¹ The following Parties submitted Opening Comments on the Proposed Decision: AquaHydrex, Inc. (“AquaHydrex”), The Coalition for Renewable Natural Gas (“RNG Coalition”), Central California Asthma Collaborative (“CCAC”) and Leadership Counsel for Justice and Accountability (“Leadership Counsel”), The Bioenergy Association of California (BAC) and the California Association of Sanitation Agencies (CASA), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E), Southwest Gas Corporation (Southwest Gas), and PG&E.

discussed at a future interconnection tariff workshop.² PG&E agrees that workshops would allow the key stakeholders to discuss and understand the process and potential tariff revisions.³

III. HEATING VALUE SPECIFICATION NUMBER AND WAIVER PROCESS FOR BLENDING AT CERTAIN LOCATIONS

A. PG&E accepts gas with a range of Heating Values into the pipeline in support of California natural gas production without compromising safety.

PG&E strongly disagrees with the recommendation that the Commission require a heating value requirement of 970 BTU for all four gas utilities, including PG&E and Southwest Gas.⁴ PG&E's opening comments explain that "PG&E's supply sources vary considerably depending on where the gas is produced and received into the system."⁵ Thus, establishing a lower BTU/SCF number in PG&E's tariff may actually preclude the acceptance of gas from certain sources, such as native gas well production."⁶

Additionally, CCAC/Leadership Council state: "[their] prior comments explained that a lowered minimum HV [heating value] may result in incomplete combustion or carbon monoxide accumulation."⁷ As previously stated, "[b]ecause of the varied production sources, rather than heating value limits, PG&E's current process has established other specific limits, such as for carbon dioxide, moisture, hydrocarbon dewpoint and interchangeability⁸ to ensure that the gas is safe for combustion and transport."⁹ PG&E already accepts lower heating value gas into the pipeline without safety concerns at the point of combustion.

In some limited cases where the biomethane has a lower heating value than the pipeline gas at the injection site, but the gas meets all the PG&E Gas Rule 21 compound-specific

² SoCalGas and SDG&E Opening Comments at pp. 2, 5.

³ *Id.*

⁴ BAC/CASA Opening Comments at p. 4.

⁵ PG&E's Gas Rule 2.A.3 does mention a "normal range" of heating values but they are not absolute minimum or maximum values.

⁶ PG&E Opening Comments at p. 2.

⁷ CCAC/Leadership Council Opening Comments at p. 6.

⁸ According to PG&E Gas Rule 21.C

⁹ PG&E Opening Comments Section II.A. at p. 2

requirements, there may be an option to use a ratio control system¹⁰ to properly blend the gas into the pipeline.

IV. MAXIMUM SILOXANE CONCENTRATION

PG&E disagrees with RNG Coalition's statements that "[t]he current siloxane specification is set at a level that remains unmeasurable under a uniform method"¹¹ and "the standard should be revisited, and siloxane concentration limits be set at a level that can consistently and predictably be measured by labs commonly used by industry across the country."¹² As shown in the Case Study at the Point Loma Wastewater Treatment Plant, siloxane levels can be regularly monitored as part of the continuous biogas monitoring equipment to ensure the biogas meets the current standards.¹³ Previously in the proceeding, PG&E and the other IOUs referenced multiple initiatives focused on investigating both siloxane impacts and potential solutions that may lead to siloxane level modification.¹⁴

V. OTHER ISSUES

A. PG&E supports focused efforts to develop renewable gas policies.

BAC/CASA urge the Commission to open a new phase of this proceeding to consider incentives, rate-basing, and procurement programs for renewable gas, as well as a definition of renewable methane.¹⁵ PG&E supports a broad definition of renewable methane to encompass existing sources and new and emerging technologies, such as gasification and power-to-gas that

¹⁰ A ratio control system is a widely used technique for maintaining interchangeability between a supply source and the utility pipeline by adjusting delivery volumes based on such parameters as heating value. For further information, please see <http://instrumentationandcontrollers.blogspot.com/2011/06/ratio-control-system.html>.

¹¹ RNG Coalition Opening comments on the PD at pp. 4-5.

¹² RNG Coalition Opening comments on the PD at p. 5.

¹³ *Turning Waste Into Renewable Natural Gas Point Loma Wastewater Treatment Plant Case Study- Five years after Commercial Operation, Biofuels energy, LLC, October 27, 2016, <https://www.socalgas.com/1443740098116/Biogas-to-RNG-at-Point-Loma-Wastewater-Treatment-Facility.pdf>; SDG&E Gas Rule 30 Biomethane Gas Delivery Specifications*

¹⁴ PG&E Opening Comments on the PD at p. 4; PG&E's Opening Comments on the Assigned Commissioner's Scoping Memo and Ruling, July 27, 2018, at pp. 3-4; Joint Utility Reply Comments on the Assigned Commissioner's Scoping Memo and Ruling, August 31, 2018, at pp. 5-7.

¹⁵ BAC/CASA Opening Comments on PD at pp.4-5.

have the potential to provide significant quantities of renewable methane economically. PG&E agrees that renewable gas needs to be developed safely, quickly and economically. However, to mitigate against uneconomic infrastructure being developed at ratepayer expense, PG&E recommends that the various incentives already in place for renewable gas be further utilized before considering expanding these programs.¹⁶

Additionally, in alignment with SB 1440, PG&E recommends that a biomethane procurement program should be addressed with urgency.

CCAC/Leadership Council state that: “[t]he Proposed Decision Should Be Revised to Account for and Evaluate Pilot Projects.”¹⁷ PG&E disagrees and urges the Commission to move forward with this proceeding in parallel. Intermixing this proceeding with the SB 1383 dairy pilot projects will delay the progress of meeting California’s goals related to decarbonization and reduction of greenhouse gas emissions.

B. PG&E supports opening a track of this proceeding to develop standards and requirements for injection of hydrogen into California’s gas pipeline system.

PG&E supports AquaHydrex’s recommendation to open a new track and “direct an independent study of standards and requirements for injection of hydrogen into California’s gas pipeline system. Such a study can and should proceed in parallel with the scoping process, and inform the Commission’s decision making.”¹⁸ Around the globe, advancing the use of hydrogen is being explored because it can be made safely from renewable energy sources and is carbon-neutral. Hydrogen has potential to be used in many different industries including ‘zero-emissions’ vehicles, to heat homes and offices, to produce electricity, and to fuel aircraft. The Department of Energy states “[Hydrogen] has the potential to unite all of our nation’s energy resources...hydrogen can be produced through diverse domestic resources like renewables,

¹⁶ To date, PG&E has not received any requests for the \$40 million in incentive funds available under Decision 16-12-043 (AB 2313).

¹⁷ CCAC/Leadership Council Opening Comments Section II.B

¹⁸ AquaHydrex Opening Comments Section III. at p. 3

