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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 13-02-008

ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS REGARDING CONTINUED BIOMETHANE PROCUREMENT REPORTING AND REGARDING UC RIVERSIDE SAFE HYDROGEN INJECTION STUDY

1. SEEKING COMMENTS REGARDING CONTINUED BIOMETHANE PROCUREMENT REPORTING

The Assigned Commissioner's November 21, 2019 Scoping Memo opened Phase 4 of this proceeding, in part addressing the need to establish procurement for injection of biomethane into gas pipelines (referred to as Phase 4A).

Originally, on February 13, 2013, the Commission opened this Rulemaking to address biomethane standards and requirements, in part as these related to use of biomethane in natural gas pipelines. As noted in the November 21, 2019, Scoping Memo, because California has been advancing the deployment of biomethane, this proceeding provides an opportunity to examine reporting regarding the procurement of biomethane for injecting into natural gas pipelines.

Decision (D.) 22-02-025, Ordering Paragraph (OP) 31, built upon certain D.15-06-029 annual reporting requirements for gas utilities, as modified by D.16-12-043.

D.15-06-029 OP 2 reads in pertinent part as follows:

- h. If a biomethane project is interconnected to the gas utility and receives an incentive payment, the utility shall thereafter submit an annual report to the Director of the Energy Division summarizing the following: the number of interconnected biomethane projects on its system; the names and locations of these projects; the total interconnection costs for each project; the total amount of time needed for the interconnection process for each project; the amount and date in which the incentive payment was made; and the terms of biomethane injected into the utility's pipeline from each biomethane project. This annual report shall be submitted by the utility to the Director of the Energy Division on January 15 following the first biomethane project interconnected with the utility, and on each subsequent January 15 until this reporting obligation terminates on January 16, 2021. The utility shall also electronically serve the annual report on the service list in this proceeding.

D.16-12-043 (per OP 3, referring to the decision's discussion at section 2.f) extended the reporting obligation by one year, to December 16, 2022.

D.22-02-025 OP 31 reads in pertinent part as follows:

"...the Joint Utilities shall each update their currently required annual reports, as required under Decision (D.) 15-06-029, as modified by D.16-12-043, to include details of actual biomethane procurement levels, ratepayer bill impacts, incremental capital infrastructure and/or operations and maintenance costs for the prior year compared to the estimated levels that were approved in their respective RGPPs."

Despite the D.22-02-25 reporting requirement, D.16-12-043 had set those reporting requirements to end on January 16, 2022. In net effect, D.22-02-025 ordered an amendment to a reporting requirement that D.16-12-043 had terminated. Arguably, a biomethane reporting requirement remains important.

Therefore, as part of Phase 4A of this proceeding, this Ruling seeks party comment regarding the following:

1. Should the Commission reinstate a biomethane procurement reporting requirement, which would also include the information required pursuant to D.22-02-025?
2. If a biomethane procurement reporting requirement for gas utilities is reinstated, should that reporting requirement be modified, and if so, how?

This Ruling seeks comment from interested parties regarding a biomethane procurement reporting requirement. Any party comments must be filed and served no later than July 29, 2022. Parties who wish to provide reply comments in response to initial party comments must file and serve them no later than August 5, 2022.

2. SEEKING COMMENTS REGARDING UC RIVERSIDE SAFE HYDROGEN INJECTION STUDY

Incorporated here as Attachment A is the "University of California at Riverside Hydrogen Blending Impacts Study" (UC Riverside Study). This study, produced in compliance with Senate Bill 1369 and the California Public Utilities Commission Rulemaking 13-02-008, was sponsored by the California Public Utilities Commission. It assesses the operational and safety concerns associated with injecting hydrogen into the existing natural gas pipeline system at various percentages.

The assigned Commissioner's November 21, 2019 Scoping Memo opened Phase 4 of this proceeding, in part addressing the need to establish standards for injection of renewable hydrogen into gas pipelines (referred to as Phase 4B). Originally, on February 13, 2013, the Commission opened this Rulemaking to address biomethane standards and requirements, in part as these related to use of biomethane in natural gas pipelines. As noted in the November 21, 2019,

Scoping Memo, because California has been advancing the deployment of hydrogen, this proceeding provides an opportunity to examine expanding renewable hydrogen by establishing standards and interconnection protocols for injecting renewable hydrogen into natural gas pipelines.

In response to the UC Riverside Study, interested parties are provided an opportunity to comment upon the Study in regard to the development of safe injection levels of hydrogen into natural gas pipelines. Here, we are solely entertaining comment regarding steps necessary to establish a safe level of hydrogen injection. To be clear, comments are not invited at this time regarding hydrogen procurement.

This Ruling seeks comment from interested parties regarding the contents of the UC Riverside Study. Any party comments must be filed and served no later than August 12, 2022. Parties who wish to provide reply comments in response to initial party comments must file and serve them no later than August 26, 2022.

The following questions are nonexclusive possible bases for comment:

1. Does the UC Riverside Study provide enough information for the Commission to consider adopting a safe injection standard for hydrogen in the common carrier pipeline system? If so, what should that standard be, and why do you think that standard is appropriate?
2. Are there leakage-related considerations that the Commission should consider?
3. Are there heating value-related considerations that the Commission should consider?

4. Should there be limitations set on when, where, and/or how much hydrogen can be blended into the natural gas system? For example:
 - a. Should hydrogen be blended into natural gas that travels into transmission pipelines, high pressure distribution pipelines, storage facilities, etc.?
 - b. Are there particular types of customers that should never be delivered natural gas that has been blended with hydrogen?
 - c. Are there appliance-specific end use considerations that the Commission should make?
5. How should the gas utilities be required to measure, monitor, and/or report the amount of hydrogen that is blended into the natural gas system?
6. What existing rules and/or tariffs need to be modified to allow hydrogen to be blended into natural gas? Should hydrogen that is intentionally blended into natural gas be treated differently than hydrogen that may be present in biomethane or fossil natural gas?
7. Is there a need for additional testing on one or more gas utility's pipeline systems before hydrogen is allowed to be blended into natural gas?
8. Is there a need to weigh any cost-related or environmental-related considerations at this time if the Commission does not yet intend to mandate a level of hydrogen procurement? If so, what are those considerations?
9. What next steps should the Commission take in response to the findings in the report?
10. What additional comments do you have that you believe the Commission should consider when determining what a safe standard of hydrogen is to be blended into natural gas or otherwise allowed to be present in the common carrier pipeline system?

11. What definition should the Commission use for “renewable” hydrogen? If you previously recommended a definition for “renewable” hydrogen in comments filed in A.20-11-004, please either restate that recommendation or provide an updated recommendation.

IT IS SO RULED.

Dated July 18, 2022, at San Francisco, California.

/s/ JASON JUNGREIS

Jason Jungreis
Administrative Law Judge

ATTACHMENT A

University of California at Riverside Hydrogen
Blending Impacts Study