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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. U 39 G	R.13-02-008 (Filed February 13, 2013)

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 G) DRAFT RENEWABLE GAS PROCUREMENT PLAN IN COMPLIANCE WITH COMMISSION DECISION 22-02-025

(PUBLIC VERSION)

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Dated: December 28, 2022

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OF THE STATE OF CALIFORNIA

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(PUBLIC VERSION)

Pursuant to Ordering Paragraph 31 of the California Public Utilities Commission's ("Commission") Decision (D.) 22-02-025 (Decision Implementing Senate Bill 1440 Biomethane Procurement Program), issued on February 25, 2022, Pacific Gas and Electric Company ("PG&E") respectfully provides its draft Renewable Gas Procurement Plan (RGPP) for Commission and party review and input ("Compliance Filing"). A public version of PG&E's draft RGPP is attached to this Compliance Filing as Attachment A.

Contemporaneously with this Compliance Filing, PG&E is filing a Motion for Leave to File Under Seal Confidential Materials Filed in Response to Commission Decision 22-02-025 (Motion). The confidential information in the draft RGPP is described in the Motion and has been redacted from the public version of PG&E's Compliance Filing.

Respectfully Submitted,

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ATTACHMENT A

PACIFIC GAS AND ELECTRIC COMPANY

AB 1900 BIO-METHANE OIR

[Rulemaking 13-02-008]

RENEWABLE GAS PROCUREMENT PLAN

(PUBLIC VERSION)

DECEMBER 28, 2022

PACIFIC GAS AND ELECTRIC COMPANY
AB 1900 BIO-METHANE OIR [R.13-02-008]

RENEWABLE GAS PROCUREMENT PLAN

PUBLIC VERSION

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PACIFIC GAS AND ELECTRIC COMPANY
RENEWABLE GAS PROCUREMENT PLAN

A. Introduction and Safety

1. Introduction

On February 25, 2022, the California Public Utilities Commission (CPUC or Commission) issued Decision (D.) 22-02-025, implementing Senate Bill (SB) 1440 by setting biomethane (Renewable Natural Gas (RNG) and/or bio-Synthetic Natural Gas (SNG)) procurement targets for the gas utilities' non-Natural Gas Vehicle (NGV) bundled core customers (NBCC) to reduce short-lived climate pollutants (SLCP) emissions and adopting provisions to achieve additional co-benefits and timetables for each investor-owned utility (IOU) providing gas service in California (gas IOU).[1] In accordance with Ordering Paragraph (OP) 31 of D.22-02-025, Pacific Gas and Electric Company (PG&E) is filing its Renewable Gas Procurement Plan (RGPP).

PG&E is pleased to present its first RGPP. The RGPP is designed to meet the requirements established in D.22-02-025.[2] The RGPP addresses procurement targets established by the Commission, procurement methodologies, potential risks, cost containment, contract requirements, and annual reporting. In developing the RGPP, PG&E considered stakeholder feedback from the Standard Biomethane Procurement Methodology (SBPM) Cost-Effectiveness and RGPP workshops hosted by the gas utilities on April 5-6, 2022 and April 22, 2022, respectively.

2. Environmental and Social Justice

At PG&E, Environmental and Social Justice means making better business decisions by understanding the impacts of our activities and investments on environmental and social justice communities, while providing more

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1 Collectively, the gas IOUs—PG&E, Southern California Gas, Southwest Gas, and San Diego Gas & Electric Company—are referred to as the "Joint Utilities."

2 D.22-02-025 requirements and the sections addressing those requirements in the RGPP are summarized in Attachment A.

sustainable, inclusive, and equitable customer solutions. Environmental and social justice communities consist of disadvantaged communities, low-income communities, and historically marginalized racial and ethnic communities who have been disproportionately impacted by environmental hazards.

3. Climate Goals

PG&E's responsibilities as an energy provider go beyond our core mission of providing safe, reliable, affordable, and clean energy to our customers. PG&E is also focused on addressing climate change—and helping communities build resilience against climate change—in an equitable manner. We approach this work through the triple bottom line framework of serving people, the planet, and California's prosperity—supported by strong operational performance.

PG&E has set a series of longer-term climate goals toward net zero energy and beyond, which reflect our plan to bring about a clean energy future in partnership with our customers and others. We believe clean energy should be affordable for and inclusive of all economic and social backgrounds—and we set our climate goals with a focus on leading an equitable and viable transition that leaves no one behind.

4. Safety Considerations

PG&E is committed to providing safe and reliable utility (electric and gas) service to our customers. As part of this commitment, PG&E reviews its operations, including energy procurement, to identify and mitigate, to the extent possible, potential safety risks to the public and PG&E's workforce and our contractors.

All of PG&E's procurement of biomethane to meet the procurement targets will be from third-party developers. Local, state, and federal agencies that have review and approval authority over the biomethane facilities are charged with enforcing safety, environmental, and other regulations for the project, including decommissioning. PG&E's contract provisions reinforce the developer's obligations to safety by requiring them to operate in accordance with all applicable safety laws, rules, and regulations.

5. Disclaimer Section

PG&E will fully comply with all applicable state and federal rules, regulations, and laws pertaining to anti-competitiveness and anti-trust issues, as well as PG&E's Gas Rule 26 (Standards of Conduct and Procedures Related to Transactions).[3] Please note that information and data developed through the RGPP may be confidential in nature. Confidential or market sensitive information included in PG&E's RGPP is filed concurrent with a Motion to File Under Seal.

B. Procurement Targets

1. Introduction

PG&E is required by D.22-02-025 to meet specific procurement targets to successfully achieve reduction of SLCP emissions. PG&E's assessment of the procurement targets, eligible sources of biomethane to meet those targets, and PG&E's plan to meet the 2025 and 2030 biomethane procurement requirements is described in detail in this section.

2. Procurement Targets for PG&E NBCCs

D.22-02-025 defines both "Short-Term" and "Medium-Term"[4] volumetric procurement targets for the gas IOUs. PG&E will procure biomethane to meet the procurement targets on behalf of its NBCCs.

a. Short-Term Procurement (2025-2029)

The short-term procurement target for California is 17.6 billion cubic feet (Bcf) annually.[5] D.22-02-025 states that the gas IOUs "shall each be responsible for procuring a percentage of the 17.6 Bcf according to each of their respective Cap-and-Trade allowance shares."[6]

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3 See: https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_RULES_26.pdf.

4 The medium-term procurement target is also referred to as the "Renewable Gas Standard (RGS)."

5 D.22-02-025, OP 14.

6 D.22-02-025, OP 16.

PG&E's Cap-and-Trade allowance share is 42.34 percent.[7] Based on this allocation, PG&E is responsible for procuring 7.452 Bcf annually on behalf of its NBCCs during the 2025-2029 time period.

$$Short\text{-}Term\ Annual\ Bundled\ Core\ Target\ Procurement_{PG\&E} = 17.6\ Bcf\ \times 42.34\% = 7.452\ Bcf$$

b. Medium-Term Procurement (2030-2040): Renewable Gas Standard

The medium-term procurement target is an annual biomethane procurement target "equivalent to 12.2 percent of its own share of 2020 annual bundled core customer natural gas demand, excluding Compressed Natural Vehicle demand as noted in the California Gas Report (approximately 72.8 Bcf)."[8] D.22-02-025 directs the gas IOUs to procure the medium-term target by 2030, with biomethane deliveries "not to exceed [*sic*] beyond 2040".[9]

PG&E's 2020 annual NBCC natural gas demand was 227.41 Bcf.[10] As a result, PG&E is responsible for procuring 27.745 Bcf annually on behalf of its NBCCs during the 2030-2040 time period.

$$Medium\text{-}Term\ Annual\ Bundled\ Core\ Target\ Procurement_{PG\&E} = 227.41\ Bcf\ \times 12.2\% = 27.745\ Bcf$$

Additionally, the Decision states "if the 2025 diverted organic waste target is met or can foreseeably be met ahead of schedule, then the option of additional procurement from other eligible biomethane feedstocks is permitted during the short-term target timeframe."[11] Therefore, PG&E may

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7 D.22-02-025, p. 31.

8 D.22-02-025, OP 18.

9 D.22-02-025, p. 50.

10 2020 California Gas Report, Table 6, pge.com/pipeline_resources/pdf/library/regulatory/downloads/cgr20.pdf. The volumetric demand represents the NBCCs only and excludes core customers served by CTA.

11 D.22-02-025, p. 31.

begin procurement from all sources eligible for the medium-term procurement target after it has diverted or contracted to divert its share of organic waste, which equals 3,387,200 tons.

PG&E's procurement targets are summarized below in Table 2.1.

TABLE 2.1
PG&E NBCC TARGET PROCUREMENT

Line No.		Annual PG&E NBCC Target Procurement, Bcf *(per D.22-02-025)*
1	2023	0
2	2024	0
3	2025	7.452
4	2026	7.452
5	2027	7.452
6	2028	7.452
7	2029	7.452
8	2030	27.744
9	2031	27.744
10	2032	27.744
11	2033	27.744
12	2034	27.744
13	2035	27.744
14	2036	27.744
15	2037	27.744
16	2038	27.744
17	2039	27.744
18	2040	27.744

3. Eligible Sources of Biomethane

Biomethane procurement for both short- and medium-term targets must be compliant with Public Utility Code (PUC) Section 651 (b).[12]

PUC Section 651 (b)[13] requires biomethane delivered to provide environmental benefits to California. PUC Section 651(b)(3)(ii) states that environmental benefits include the following:

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12 D.22-02-025, p. 30-31.

13 See: leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=651.&lawCode=PUC.

1) The reduction or avoidance of the emission of any criteria air pollutant, toxic air contaminant, or greenhouse gas (GHG) in California;
2) The reduction or avoidance of pollutants that could have an adverse impact on waters of the state; and
3) The alleviation of a local nuisance within California that is associated with the emission of odors.

All RNG procured must also meet the producer requirements defined in the SBPM.[14]

a. Short-Term Procurement (2025-2029)

Biomethane procurement to meet the short-term target is required to be "produced from eight million tons of organic waste, including wood waste, diverted annually from landfills."[15] Organic waste "includes food, green material, landscape and pruning waste, organic textiles and carpets, lumber, wood, paper products, printing and writing paper, manure, biosolids, digestate, and sludges."[16] Methanation of captured carbon dioxide (CO_2) is also an eligible source of biomethane procurement to meet the short-term target.[17]

PG&E may use biomethane produced from pyrolysis projects sourced from diverted organic waste, including the pyrolysis pilot required by D.22-02-025,[18] to meet the short-term procurement target. PG&E will request approval of procurement contracts through the Advice Letter (AL) process as set forth in the Decision.[19]

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14 See AL 4626-G *et al* https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4626-G%20et%20al.pdf for the Joint Utilities' SBPM. Non-market participants with the appropriate executed non-disclosure agreements may access the confidential version.

15 D.22-02-025, OP 14.

16 D.22-02-025, footnote 30. See CalRecycle: https://www.calrecycle.ca.gov/organics/slcp/collection.

17 D.22-02-025, p. 46.

18 D.22-02-025, OP 43.

19 D.22-02-025, OP 13.

b. Medium-Term Procurement (2030-2040): Renewable Gas Standard

Biomethane procurement to meet the medium-term target includes the biomethane sources applicable to the short-term target as well as methanation of captured CO_2,[20] bio-SNG, organic waste feedstocks beyond those eligible to meet the short-term target,[21] and a limited amount of dairy biomethane.[22] Dairy biomethane may only be procured from facilities that commence operation after December 31, 2021 and do not have unresolved water or air quality citations, and volumes are limited to not more than four percent of the collective Joint Utilities' medium-term target.[23] D.22-02-025 states this limitation on dairy biomethane procurement will be reevaluated in the current or successor proceeding in 2025.[24]

D.22-02-025 excludes "biomethane procured for transportation customers as part of the LCFS program, whether by a gas IOU or anyone else"[25] as well as biomethane produced from purpose-grown crops.[26] Biomethane procured from landfills for the medium-term target is limited to "facilities that stop accepting new organic waste and implement advanced landfill gas capture automation and monitoring technology to decrease fugitive methane emissions."[27]

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20 D.22-02-025, p. 46.

21 D.22-02-025, p. 32.

22 Participants at the SBPM workshop hosted by the Joint Utilities expressed differing opinions over the inclusion of dairy biomethane as an eligible feedstock for the RGS. The Leadership Council for Justice & Accountability suggested the Joint Utilities should not procure dairy biomethane as part of this program. Each gas IOU will comply with the requirements of the Decision and evaluate projects based on its respective procurement methodology.

23 D.22-02-025, OP 19.

24 D.22-02-025, p. 34.

25 D.22-02-025, p. 32.

26 D.22-02-025, p. 33.

27 D.22-02-025, p. 33.

4. Target Level Adjustments per D.22-02-025

The targets and estimated procurement for PG&E as described in this section are subject to Commission review in the current or a successor proceeding. In 2025, the Commission intends to "review the medium-term target in the current or a successor proceeding, taking into consideration progress made toward achieving the short-term target, additional analysis on technical and economic feasibility, market conditions, procurement rules, eligible time periods for contracts and contract duration and outcomes from the Long-Term Gas Planning Order Instituting Rulemaking 20-01-007."[28]

5. Estimated Procurement for PG&E NBCCs

PG&E will procure biomethane for NBCCs to meet the short-term and medium-term targets as required by D.22-02-025 and defined in this section of the RGPP. PG&E's estimated procurement to meet the targets is defined in Confidential Attachment B.

6. Flexible Compliance Methods

PG&E prioritizes compliance with the procurement targets when determining estimated biomethane procurement for each year. However, previous experience from renewable energy procurement emphasizes the need to use flexible compliance methods to ensure that all procurement of renewable energy is economic and at a cost level that is not detrimental to customers.

D.22-02-025 acknowledges that "strict adherence to the target may adversely affect biomethane prices if the Joint Utilities are captured customers."[29] Therefore, D.22-02-025 defines flexible compliance methods "similar to the methods introduced pursuant to SB 1078 for the initial implementation of the Renewables Portfolio Standard (RPS) program"[30] that the gas IOUs may adopt in biomethane procurement.

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28 D.22-02-025, OP 21.

29 D.22-02-025, p. 31.

30 D.22-02-025, p. 31.

The flexible compliance methods[31] may be utilized depending on PG&E's needs and include the following:

1) Banking: Gas IOUs may "bank" procured biomethane volumes that are greater than the volumes for annual targets, subject to considerations discussed below;
2) Borrowing: Gas IOUs may "borrow" up to 25 percent of their annual biomethane annual target from future RNG procurement; and
3) Trading Amongst Gas IOUs: Gas IOUs may procure on behalf of each other and trade excess supplies, subject to considerations discussed below.

a. Banking and Borrowing

D.22-02-025 authorizes the use of a banking and borrowing mechanism to provide some flexibility in meeting procurement targets. Any procurement in a given year will first be applied to that year's target. Any procurement in excess of the current year's annual target may be used to offset a prior year's deficit or will be banked to meet future year's targets.[32]

Banking and borrowing are subject to feedstock requirements per D.22-02-025—biomethane used to meet an annual procurement target must always comply with the feedstock requirements associated with the target year. Therefore, PG&E will separately track the banking and borrowing for the short-term and medium-term targets.

D.22-02-025 states that PG&E "may carry over an annual procurement deficit of up to 25 percent to the next three years without explanation."[33] PG&E may carry up to 1.863 Bcf annual procurement deficit in 2025-2029 and 6.936 Bcf annual procurement deficit in 2030-2040 without explanation.

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31 In addition to the Decision's acknowledgement that flexible compliance methods are needed for the Joint Utilities to not be captured customers, multiple participants at the RGPP workshop hosted by the Joint Utilities echoed this sentiment. Workshop participants from RNG Coalition (RNGC), Environmental Defense Fund (EDF), and FortisBC described flexible compliance as "important" and "helpful" while biomethane procurement on behalf of California NBCCs is newly mandated.

32 D.22-02-025, OP 24.

33 D.22-02-025, OP 25.

For annual deficits above 25 percent, PG&E will inform Energy Division in a Tier 1 AL.[34]

b. Trading Amongst Gas IOUs

PG&E is also authorized to trade biomethane with the other gas IOUs. D.22-02-025 states that "Southern California Gas Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southwest Gas Corporation may trade excess supplies among themselves."[35]

PG&E has the discretion to sell any procured biomethane volumes in excess of the current year's annual procurement target. However, PG&E may also choose to bank that supply rather than selling to the other gas IOUs. PG&E will work with the other gas IOUs to determine contract structure for trading RNG supplies.

D.22-02-025 also allows the gas IOUs to "procure on behalf of each other for both short-term and medium-term targets."[36] For procurement of RNG on behalf of other gas IOUs, PG&E will determine contract terms bilaterally with the receiving utility.

7. Procurement Feasibility

Each gas IOU is required to evaluate in its RGPP "feasibility and provide guidance on compliance mechanisms necessary to meet the short-term target."[37]

PG&E may rely on the flexible compliance mechanisms defined in this RGPP to meet the short-term target. In addition, PG&E will gain knowledge about the developing RNG market in California from solicitations such as requests for information and requests for offers (RFO). PG&E will continuously monitor market conditions. If improved market knowledge supports the need for additional flexible compliance mechanisms to meet the short-term target, PG&E will propose those mechanisms in a revision to the RGPP.

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34 D.22-02-025, p. 33.

35 D.22-02-025, OP 26.

36 D.22-02-025, OP 27.

37 D.22-02-025, p. 40.

C. Procurement Methodology

1. Procurement Objectives

PG&E will procure biomethane to meet its procurement targets using the procurement methodology described in this section and using the SBPM.[38] This section will provide an overview of the entire procurement process, with details on the solicitation process, evaluation requirements, and contract selection and approval processes.

PG&E will utilize a combination of competitive solicitations and bilateral negotiations at its discretion to receive offers from sellers of biomethane. The offer evaluation process will first screen offers for conformity with mandatory requirements in D.22-02-025 for eligible biomethane[39] and additional PG&E solicitation requirements, with conforming offers then moving to the evaluation process. The evaluation process will include internal evaluation criteria as well as external feedback from the Procurement Advisory Group (PAG). PG&E will run offers through a quantitative evaluation to determine cost-effectiveness and then will evaluate a project's impact on PG&E's cost containment mechanisms.[40] PG&E will look to execute contracts with high value projects that keep PG&E under the cost caps and will file the appropriate level AL with the Commission to seek approval of those contracts.

The procurement methodology described in this RGPP may evolve or be revised as PG&E begins RNG procurement. Changes to D.22-02-025, including but not limited to alterations of procurement targets, eligible sources of procurement, above-market cost allocation, change in conventional and renewable gas markets, improved market knowledge, and new legislation in the California natural gas sector may all necessitate changes to the procurement methodology described. PG&E will make any necessary changes to this plan by filing a Memorandum of Understanding (MOU) between PG&E and the CPUC's Energy Division in a Confidential Tier 1 AL.

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38 AL 4626-G *et al* filed by the Joint Utilities with the CPUC on July 5, 2022.

39 Eligible sources of biomethane are detailed in Section B.3 of this RGPP.

40 The cost containment mechanisms are detailed in Section E.5 of this RGPP.

2. SBPM Evaluation and Additional Requirements

The Joint Utilities' SBPM outlines mandatory project criteria[41] as well as the quantitative and qualitative factors for which projects will be evaluated.

PG&E will have a set of internal, confidential protocols which will describe the quantitative methodology for valuing the projects, as well as qualitative criteria that PG&E will consider in project selection and prioritization. Part A of the SBPM, described in SBPM's Section D and Appendix Section G.1, will form the basis of the quantitative protocol. Part B of the SBPM, described in SBPM's Section E and Appendix Section G.2, will form the basis of the qualitative protocol. PG&E's internal protocols will build upon the Joint Utilities' SBPM and will be specific to PG&E. PG&E may update these protocols during the RFO process as necessary. Section C.5, "Procurement Process," gives further detail on the evaluation process.

1) Monetary Costs (i.e., Quantitative Evaluation)
   See Appendix A.1 of the SBPM.
2) Other Environmental & Non-Monetary Factors (i.e., Qualitative Evaluation)
   See Appendix A.2 of the SBPM.

a. Developer Experience

Criteria used in the RGPP to verify project viability, high uptime, and accurate deliverability of promised volume of biomethane

In addition to the stated requirements and evaluation criteria listed in the solicitation protocol, PG&E will look to contract with suppliers that can demonstrate some level of developer experience with previous biomethane projects, whether at a pilot scale or commercial level. The supplier should provide convincing evidence that the project development team will be able to finance, permit and construct the project and be able to deliver the volumes agreed upon in the contract.

b. Additionality and Verifiability

Procedure needed to ensure additionality and verifiability

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41 Mandatory project criteria are described in Section C of the SBPM per D.22-02-025.

To confirm additionality,[42] any biomethane project will be contractually required to report to PG&E on the amount, type and source of waste that is used in the production of biomethane. For the short-term procurement target, the Joint Utilities are required to procure biomethane that is produced from diverted organic waste. The seller will report to PG&E on the tonnage of organic waste that in used in the facility. For the pyrolysis pilot, the seller will report on the feedstock of woody biomass. For the medium-term procurement target, the fuel source can vary but will need to be disclosed and reported. The fuel sources for all procurement will be reviewed for additionality as part of the evaluation process. To further promote additionality, PG&E will contractually require any biomethane producer it contracts with to disclose any other biomethane contract that the facility has.

For verifiability, per the Decision, PG&E will require biomethane producers to track volumetric injections of biomethane into pipelines through the M-RETS platform.[43] PG&E may require the seller to have a meter connected exclusively to the RNG producing technology to verify that the gas being counted as renewable is from the RNG producing source and not mixed with conventional gas.

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42 "Additionality" was defined with respect to RNG procurement differently by panelists at the RGPP workshop hosted by the Joint Utilities. Panelists from EDF and Element Markets described additionality as procurement from new biomethane projects that result in environmental benefits in excess of the conventional natural gas baseline. A panelist from Midwest Renewable Energy Tracking System (M-RETS) emphasized focus on feedstock rather than facility. A representative from Clean Energy stated that a project should show it has not previously contracted to sell RNG or registered its facility under other environmental programs; any incremental biogas produced must be in excess of the previously contracted capacity.

43 Participants at the RGPP workshop hosted by the Joint Utilities expressed support for using the M-RETS platform to track biomethane injection to pipelines, particularly tracking environmental attributes of the biomethane as well as providing transparency to Commission staff.

3. Contract Approval Advice Letter Structure

In accordance with OP 13 of the Decision, the Commission's Energy Division will review individual biomethane procurement contracts through a three-tier AL approval structure:

Tier 1 for contract prices up to $17.70/MMBtu;

Tier 2 for contract prices between $17.70 and $26/MMBtu; and

Tier 3 for contract prices above $26/MMBtu.

4. Procurement Advisory Group

a. Background

The Decision authorized the gas IOUs to each establish a PAG to advise the gas IOUs on solicitations for procurement of RNG, similar to the PAG authorized for the voluntary RNG tariff in D.20-12-022.[44] As mentioned in D.20-12-022, the PAG is intended to be a stakeholder forum to discuss RNG procurement issues. Although PAG membership will likely overlap among the gas IOUs, each gas IOU will administer its own PAG.

This section of the RGPP establishes PG&E's objectives, scope of review, and eligibility for its PAG. This document may be revisited from time to time to determine whether adjustments to this format are needed based on lessons learned from implementation of the program.

b. PAG Objective

PAG participation is voluntary and serves as a vehicle for informal feedback on procurement strategy, objectives, materials, and potential decisions. The PAG authorized in the voluntary RNG tariff in D.20-12-022 outlined representation from the Commission's Energy Division and Public Advocates Office, The Utility Reform Network (TURN), and other non-market participants, subject to an appropriate non-disclosure agreement.[45] PG&E shall consult with its PAG with respect to RNG

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44 D.22-02-025, OP 29.

45 D.20-12-022, Appendix A. (IV). e.1.

procurement.[46] The PAG should balance the goals of transparency and timely feedback with an expeditious procurement process sufficiently aligned with Commission direction and California laws.

c. PAG Scope

The expectation is that PG&E shall consult with its PAG, and the PAG will provide timely feedback during the following stages of the procurement process:

1) Prior to release of each RNG solicitation; and
2) Prior to selection of RNG suppliers (either for shortlist or execution).

d. PAG Membership Eligibility

All PAG members must meet the following requirements: (1) be non-market participants in conformance with D.06-12-030, (2) be approved by Energy Division, and (3) must execute a non-disclosure agreement.

5. Procurement Process

a. Overview

PG&E will seek to solicit biomethane offers through a combination of solicitations and bilateral strategies. PG&E's overall objective will be to procure competitively priced biomethane contracts in an efficient manner. These projects will be evaluated based on both quantitative and qualitative metrics to ensure that any project PG&E contracts with provides high value to PG&E customers and supports California's energy and environmental goals.

b. Solicitations

PG&E plans to run solicitations to meet the procurement targets set forth in D.22-02-025. The RFO structure provides for a competitive procurement process and allows for many sellers in the market to submit their projects for consideration. PG&E will specify eligibility requirements in

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46 D.18-01-004, p. 35.

a public solicitation protocol and describe in that protocol how projects will be evaluated and ultimately selected.

PG&E may conduct market outreach to a broad audience to reach as many potential suppliers and interested counterparties as possible. Broad outreach helps mitigate the counterparty concentration risk discussed in Section D.5, “Program Risks.”

PG&E may run RFOs aimed at the pyrolysis pilot project as well as the short-term 2025 procurement target. PG&E will determine the need for future biomethane solicitations based on the projected gap between RNG deliveries and the procurement targets.

c. Bilateral

PG&E will utilize bilateral discussions with suppliers, as needed, to supplement the projects that PG&E has received from the solicitations. Bilateral discussions with suppliers may be the result of direct PG&E outreach or any other means in which the suppliers came to PG&E. PG&E has discretion to consider offers from suppliers that did not come in through the RFO process.

PG&E will evaluate offers that come in from bilateral discussions using the same evaluation methodology as offers received from RFOs. Overall, PG&E’s goal to sign the most cost-effective and high value projects in an efficient manner, whether those are received from a solicitation or outside of a solicitation.

PG&E maintains discretion to procure beyond the annual procurement target and bank volumes forward, subject to PG&E’s cost containment mechanisms and suppliers’ feedstock eligibility.

d. Evaluation

Consistent with the requirements in the Decision, PG&E will use the methodology described at a high level in this section, and in greater detail in the SBPM, to evaluate offers for biomethane contracts. The first evaluation will be for conformity. If a project passes the requirements for a conforming

offer, it will move to the second phase of valuation which is made up of the quantitative and qualitative evaluations.

Biomethane project offers will need to conform with the project-specific requirements written in the Decision. The mandatory conditions are listed in Section C of the SBPM and will be provided in PG&E's public solicitation protocol. PG&E reserves the right to add to these mandatory conditions. Sellers will be asked to provide supporting information in addition to attestations for many of these requirements. PG&E will also evaluate the gas system interconnection documentation as part of the conformity process to ensure that projects are able to interconnect in a reasonable time frame.

Projects that are determined to be conforming will move to the second phase of valuation where they will be quantitatively and qualitatively assessed for their fit in PG&E's portfolio. Similar to the least-cost, best-fit methodology described in PG&E's 2019 RPS Procurement Plan, which was adopted by the Commission in D.19-12-042, PG&E will evaluate each offer received using: (1) quantitative attributes and (2) qualitative attributes.

The market evaluation of quantitative attributes will consider how an offer's costs (e.g., contract payments, tipping fees) compares to its market benefits (e.g., biomethane procurement targets, Carbon Intensity (CI)). This quantitative evaluation is described in detail in Part A of the SBPM, both in Section D and Appendix Section G.1.

The overall evaluation score of the project will combine the quantitative evaluation with a qualitative evaluation. The SBPM describes the qualitative methodology in Part B, both in Section E and Appendix Section G.2. Pursuant to the Decision, PG&E will consider the following selection criteria outlined in Section E of the SBPM as qualitative factors:

- Waste byproduct for any GHG-reducing use instead of landfill;
- Perfluoroalkyl or polyfluoroalkyl substances removed from waste byproduct;
- Waste haulers delivering to facility use near-zero emission or zero emission vehicles;

- CO2 emissions into atmosphere prevented by Carbon Capture and Use or Storage projects or other technology;
- Project in a remote location;[47] and
- New project versus an expansion to an existing project.

The overall project score or "P-Score" will be a weighted combination of both the Part A quantitative review and the Part B qualitative review. All things being equal, prioritizing projects with lower P-Scores will lead to more cost-effective RNG procurement.

e. Shortlist

PG&E will use these P-Scores as a basis for shortlist selection and/or contract negotiation. PG&E may also consider additional qualitative factors not listed in Section E of the SBPM that may influence a shortlisting or execution decision, for example:

- Previous commercial experience with the vendor/developer;
- Future ability to provide greater volumes of biomethane;
- Commercial complexity; and
- Any additional safety related factors.

PG&E may develop a shortlist of projects, which meet the procurement requirements and provide for a competitive pool during execution. The size of the shortlist will ultimately be dependent on the number of conforming projects PG&E receives and how those projects fare in the second phase of the valuation.

f. Cost Cap Implementation

During the evaluation, shortlist and negotiation process, PG&E will ensure that the proposed project and contract does not cause PG&E to exceed its cost containment mechanisms.[48] PG&E will use the most updated financial costs and forecasts at its disposal when evaluating new

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47 "Project location" was a recommended consideration for project selection in the SBPM and RGPP workshops hosted by the Joint Utilities.

48 PG&E's cost containment mechanisms and procurement's implementation with regards to the Annual Cost Cap and Program Cost Cap are further discussed in Section E of this RGPP.

contracts. The Annual Cost Cap may affect the commercial terms that PG&E pursues with the seller in order to protect NBCCs from a high single-year bill increase.

In addition to the Annual Cost Cap, PG&E has a total Program Cost Cap. This above-market cost cap will be cumulative for all RNG contracts. Once the total available above-market dollar cost cap has been reached, PG&E may stop executing new contracts in the interest of protecting NBCC bills from high impacts from biomethane procurement.

D. Risk Environment

1. Introduction

While PG&E is fully committed to meeting the procurement targets, there are uncertainties in contracting with biomethane production facilities that could ultimately delay PG&E's compliance with the procurement targets. In this section, PG&E discusses four categories of risks—insufficient projects, project failure, project delays, and program risks—and provides references to proposed mitigations in other sections of this RGPP.

2. Insufficient Projects

The first category of risks is insufficient projects, meaning that PG&E is unable to contract with enough RNG production projects to meet the short- or medium-term targets. The number of RNG projects physically available to PG&E can be limited by site availability, capital availability, feedstock availability, and the RNG procurement program's restriction to projects that result in "environmental benefits to California."[49]

At this time, PG&E does not know if any of these risks will be a limiting factor in its ability to meet the procurement targets. After conducting its first several RNG solicitations, PG&E will be able to assess whether any of these issues is a concern and will propose modifications to this RGPP, if needed, at that time.

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[49] California Senate Bill No. 1440, Section 651.b.3.B.ii.

PG&E may mitigate the risk of insufficient projects through flexible compliance methods, discussed in Section B.6, and will continue to track procurement feasibility as discussed in Section B.7.

a. Siting availability

Locating production facilities that convert organic waste into RNG in California is challenging. Sites for such facilities need to be located in remote locations with reasonable access to feedstocks and transmission-level natural gas pipelines. There are a limited number of sites in California capable of meeting all of these criteria.

b. Capital availability (other markets)

RNG production facilities are capital intensive and require significant equity investment and access to credit to be successful. In recent years, significant capital[50] has been invested in RNG production facilities that produce gas for transportation uses due to the value of credits they generate under the Federal Environmental Protection Agency Renewable Identification Number (RIN)[51] program and the California Low-carbon Fuel Standard (LCFS) program.[52] An article published by Seeking Alpha indicates that there is significant capital from large, mid-cap and small firms targeted for investment in U.S. RNG production projects.[53]

c. Feedstock availability

The lifeblood of every RNG production facility is a plentiful and consistent supply of organic waste for it to process. While the State of

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50 See: https://seekingalpha.com/article/4544525-renewable-natural-gas-attracting-significant-capital.

51 US Department of Energy "An Introduction to the Renewable Fuel Standard & the RIN Credit Program."

https://cleancities.energy.gov/files/u/news_events/document/document_url/84/2_-Session_0_-_RIN_101_-_FINAL.pdf.

52 California Air Resources Board, Low Carbon Fuel Standard Program website: https://ww2.arb.ca.gov/our-work/programs/low-carbon-fuel-standard/about.

53 See: https://seekingalpha.com/article/4544525-renewable-natural-gas-attracting-significant-capital.

California has significant quantities of organic waste[54] and SB1383[55] mandates that such waste be diverted from landfills to organics recycling facilities, there is no guarantee that RNG production facilities will be able to secure adequate supplies. Availability is a logistical challenge that must be resolved by each RNG project and its organic waste supplier.

d. In-state limitation

While SB1440 allows RNG projects under this program to be located outside of California, such projects must result in "environmental benefits to California."[56] This is a high hurdle for RNG projects to meet and will likely result in only California-sited projects qualifying for this program. This restriction will limit the number of RNG projects available to contract with PG&E.

3. Project Failure

The second category of risks is project failure, meaning that PG&E-contracted RNG projects fail to meet their commercial obligations and result in possible contract termination. This can happen for a variety of reasons such as loss of site, failure to secure permits, loss of financing, loss of feedstock, failure to meet contractual milestones, and failure to meet delivery targets.

At this time, PG&E does not know if any of these risks will be a limiting factor in its ability to meet the procurement targets. After executing its first set of RNG contracts and monitoring developers' progress in constructing and commissioning the facilities, PG&E will be able to assess whether any of these issues is a concern and will propose modifications to this RGPP, if needed, at that time.

Section F.3, "Credit and Collateral Requirements," discusses contractual measures PG&E will take to protect its customers against these risks.

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54 Phase 4A Staff Proposal, R.13-02-008, pp. 32-40.

55 California Senate Bill No. 1383, Section 39730.6. (a)

56 California Senate Bill No. 1440, Section 651.b.3.B.ii.

a. Loss of site (site control, zoning, local opposition)

PG&E may contract with RNG production projects that have not completed the process to secure the physical project site, have not completed a change in zoning required for the site, or which may not be aware of local opposition despite outreach efforts. Given the lead-time required for such projects, it is not uncommon for sellers to secure the site or complete zoning changes until after contracts are executed and, in some cases, contract execution is a prerequisite to some of these steps. One or more of these issues can lead to project failure and contract termination.

b. Permit failure

PG&E-contracted RNG projects can fail to secure all the permits needed to construct and operate the facility. Permitting is one of the larger challenges faced by RNG project developers in California. Air and water permits are particularly challenging and failure to secure them can lead to project failure and lead the developer to terminate its contract with PG&E.

c. Loss of financing

PG&E-contracted RNG projects may lose access to debt or equity financing required to construct, commission, and operate the project. While PG&E would review such financial commitments prior to contracting with a project, project finance agreements normally contain commitments or conditions that must be met by the project before financing is closed and the project is funded. Failure to meet one or more of those commitments can result in loss of financing which can lead the RNG project developer to terminate its contract with PG&E.

d. Loss of feedstock

Similar to financing, PG&E-contracted RNG projects may lose access to their feedstock. While PG&E would also review feedstock commitments during the contracting process, it is possible that the project developer's feedstock supplier could lose access to their supplier or fail on its contractual commitment for financial or other reasons. If the RNG project

developer cannot secure feedstock from another supplier, it could terminate its contract with PG&E.

e. Failure to meet contractual milestones

PG&E's contracts with RNG developers will include project milestones to ensure that projects are completed in a timely manner. Such milestones normally come with penalties to incent the developer to meet those milestones on time. Repeated failure to meet milestones may lead PG&E or the developer to terminate the RNG procurement contract.

f. Failure to deliver contracted volumes

PG&E's contracts with RNG developers will include delivery targets and potentially minimum required delivery targets to ensure that projects produce the agreed-upon amounts of RNG. Such delivery targets normally come with penalties to incent the developer to meet them. Repeated failure to meet delivery targets can lead PG&E or the developer to terminate the RNG procurement contract.

4. Project Delays

The third category of risks is project delays, meaning that PG&E-contracted RNG projects do not meet their contracted Commercial Operation Dates (COD). This can happen for a variety of reasons, including several of those discussed in the previous section. PG&E will evaluate on a case-by-case basis whether a project delay is sufficient grounds to terminate the contract.

At this time, PG&E does not know if any of these risks will be a limiting factor in its ability to meet the procurement targets. After executing its first set of RNG contracts and monitoring developers' progress in constructing and commissioning the facilities, PG&E will be able to assess whether any of these issues is a concern and will propose modifications to this RGPP, if needed, at that time.

Project delays will be addressed in PG&E's contracts with RNG suppliers. This is discussed in Section F.4, "Risk Coverage."

a. Siting (Site Control, Zoning, Local Opposition), Financing, Feedstock, Permitting

These issues, which were discussed in the previous section as potential causes of project failures, can also be sources of project delays, and for the same reasons.

b. Interconnection to Utility Pipeline System

Each PG&E-contracted RNG project must interconnect with the natural gas pipeline system. This process typically takes 18-30 months[57] and is subject to the availability of gas engineering and construction resources, permits, and a queue of interconnection projects. Delays in this process can lead projects to fail to meet contractual milestones.

c. Supply Chain (Equipment/Labor Availability)

At the time of this RGPP filing, the U.S. continues to experience supply chain and labor issues holding over from the global COVID-19 pandemic. Such supply chain issues, particularly limited access to key components related to the RNG production process, may cause delays in RNG facility construction and commissioning. In addition, shortages of skilled labor, especially in the construction trades, may also cause delays.

5. Program Risks

The fourth category of risks is program risks, meaning that there are systematic risks that, if not addressed, could lead to PG&E falling short of the procurement targets.

a. Collective Project Performance (Short of Failure)

For PG&E-contracted RNG projects that successfully complete construction, commissioning and begin commercial operations, there still is a risk that the projects will not perform as expected, meaning that actual RNG deliveries fall short of their contracted capacities or the RNG does not achieve the contracted CI score. For example, PG&E could contract for

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57 See: https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/interconnection-renewables/interconnections-renewables/PGE-Biomethane.pdf, p. 8.

100 percent of the capacity required to reach its 2025 short-term target but if the RNG facilities operate below 50 percent capacity factors then PG&E will fall well short of the target.

Project performance risk is addressed in Section F.5, “Standardized Elements of Contracts.”

b. Counterparty Concentration

Similar to the collective performance risk, if PG&E contracts with a limited number of counterparties, then one or more of those counterparties failing to meet its delivery commitments could lead to PG&E falling short of its procurement targets.

Counterparty concentration risk is addressed in Section C.5, “Procurement Process.”

c. Projects Cannot Meet Program Cost Containment

In aggregate, if PG&E’s executed RNG contracts cause it to hit its Program Cost Cap, and those contracts are not sufficient to reach the 2030 medium-term target, then PG&E will be unable able to reach that target. This situation is discussed in Section E.5, “Program Cost Containment Mechanisms.” This risk can potentially be mitigated if the program decides to allocate a portion of the above-market costs of the program to other natural gas users (i.e., Non-Core and Core Transport Agent (CTA) customers).

d. Migration of Core Customers to CTAs

The Biomethane Procurement Program as implemented by D.22-02-025 only includes NBCCs, meaning those customers supplied both gas commodity and transportation by the gas IOUs. The remaining customers, those customers whose gas is supplied by CTAs, are not included in the program. Their suppliers, the CTAs, are not required to meet the procurement targets established in D.22-02-025.

Since biomethane is significantly more expensive than conventional gas and only NBCCs will be required to pay that additional, above-market cost, those NBCCs will be incented to switch gas providers from the gas IOUs to

the CTAs. If many NBCCs switch to CTAs and the gas IOUs meet the procurement targets, then the remaining NBCCs will bear an even larger share of the above-market RNG cost, even though these costs will benefit all California residents. This situation—described as the "utility death spiral"—could further accelerate the migration of NBCCs to CTAs and undermine the success of the program, and therefore needs to be avoided. The Staff Proposal for the Biomethane Procurement Program describes this situation on page 30, and this risk is addressed in Section E.6, "Cost Allocation."

This risk can be mitigated by either requiring CTAs to meet the same requirements defined in D.22-02-025, which would require legislation,[58] or allocating a portion of the above-market cost of the program to CTAs' customers.[59]

e. Other Environmental Programs

Environmental programs, such as LCFS, RINs, and any future programs, may provide additional competition for RNG, which could reduce the availability and increase the price of RNG. For example, an article on Seeking Alpha[60] stated that in Q4 of 2020, landfill gas received roughly $27 per dekatherm (Dth) in LCFS and RIN credits. Such competing RNG programs may impact PG&E's ability to reach the procurement targets set forth in D.22-02-025.

E. Cost Containment Mechanisms

1. Introduction

PG&E will use cost containment mechanisms to mitigate NBCC bill impact resulting from the procurement of RNG to meet the requirements of D.22-02-025.

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58 D.22-02-025, p. 44.

59 D.22-02-025, p. 44-45.

60 See: https://seekingalpha.com/article/4544525-renewable-natural-gas-attracting-significant-capital.

The cost containment mechanisms defined in this RGPP section have been developed for current program requirements and may require revision as PG&E begins RNG procurement.

The cost containment mechanisms defined in this section are intended to balance successful procurement of RNG with reasonable cost burden on NBCCs. D.22-02-025 currently allocates all above-market RNG costs to PG&E's NBCCs—however, redistribution of costs to other parties in the current or a successor proceeding would lessen the cost burden on NBCCs, resulting in an improved chance at success for the program. With this consideration in mind, PG&E aims for the cost containment mechanisms under the current cost allocation structure to achieve the following goals:

1) Environmental Benefits: Promote the success of program goals and development of RNG projects to divert organic waste and reducing SLCPs by funding innovative, cost-effective projects and technologies;
2) Customer Bill Protection and Rate Stability: Limit the increase and potential volatility in PG&E's NBCC bills due to above-market RNG commodity costs; and
3) Program Compliance: Feasibly meet D.22-02-025 procurement requirements, including flexible compliance methods.

PG&E maintains discretion related to pausing procurement after the cost caps are reached or are forecasted to be reached, with particular consideration of the potential impact on NBCCs if procurement is continued as well as the impact on PG&E's progress toward procurement to meet the state's environmental goals.

2. Background

Implementation of cost containment mechanisms, also known as "cost control mechanisms," was recommended by the Joint Utilities in reply comments to the Phase 4 Staff Proposal[61] due to potentially higher costs of RNG relative to conventional natural gas. The Joint Utilities proposed "each

[61] Joint Utilities Reply Comments to Phase 4A Staff Proposal, R.13-02-008.

[IOU's RGPP] specifies the particular mechanisms and level of cost containment that will be used."[62]

D.22-02-025 directed the Joint Utilities to host (1) a SBPM Cost-Effectiveness workshop and (2) an RGPP workshop to discuss topics related to biomethane procurement planning. The Joint Utilities were directed to discuss the question "What cost control mechanisms such as cost caps and rate increase limits will be used for each gas IOU?"[63] at both workshops.

Participants at the SBPM Workshop discussed cost containment mechanisms on April 6, 2022.[64] The Joint Utilities emphasized that the SBPM evaluates individual contracts or projects as a cost-effectiveness test, and the RGPP will provide guidance for program-wide cost containment. Other participants asserted that cost containment mechanisms should be project-specific based on (1) the performance of a given project, (2) the above-market cost of the given project (price of RNG relative to market costs of conventional natural gas) based on ratepayer neutrality, and (3) the additionality[65] of the given project. TURN also proposed a program-wide cost containment mechanism based on capping the increase in the annual core bundled rate.

Participants at the RGPP Workshop discussed cost control mechanisms on April 22, 2022.[66] RNGC supported the creation of a mechanism that would address third-party project investor certainty as well as protect utility customers. RNGC stated that in order to implement a cost containment mechanism that would achieve this balance, the cost cap per unit of RNG must be sufficiently high to ensure projects can secure funding.

PG&E considered all feedback and recommendations from both workshops when designing its cost containment mechanisms. In addition to the workshop

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62 Joint Utilities Reply Comments to Phase 4A Staff Proposal, p. 6.

63 D.22-02-025, p. 28, 39.

64 Panelists included representatives from the Joint Utilities, Bioenergy Association of California, and TURN.

65 See footnote 42.

66 Panelists included representatives from the Joint Utilities and the RNGC.

comments, PG&E considered how to best mitigate NBCC bill impacts while still achieving the emissions reduction and waste diversion goals of D.22-02-025.

3. Key Considerations of PG&E's Cost Containment Mechanisms

Program-wide cost containment mechanisms aim to prevent disproportionate or "excessive rate increases"[67] by establishing an above-market cost cap which will limit the allowable total program cost.

All above-market RNG procurement expenditures[68] allocated to NBCCs to achieve the goals of this program are counted toward the cost containment mechanisms. Including all above-market procurement expenditures ensures the cost containment mechanisms function with the following considerations:

1) PG&E may pause RNG procurement to prevent exceeding the cost cap to protect its customers from excessive bill impact;
2) The mechanisms reflect the expected costs of PG&E achieving RNG procurement targets as defined in D.22-02-025 and discussed in Section B of this RGPP; and
3) The mechanisms encourage phased procurement of contracts for PG&E's RNG portfolio to prevent excessive annual customer bill increases.

To demonstrate successful implementation of cost containment mechanisms and the impact of the RNG program on customers, PG&E will track RNG procurement expenditures relative to the cost mechanisms in its annual reporting and in the contract-approval advice letters as described in Section C.3. Additional details on PG&E's reporting on cost containment mechanisms are discussed in Section E.7.

4. Project Cost Containment Mechanisms

PG&E considered implementation of cost containment mechanisms on both an individual project level and program-wide. Given the various factors that may determine an individual project's contract price, including CI, project location, and biomethane source, PG&E determined that the best cost

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67 D.22-02-025, p.27.

68 Indirect expenses, such as administrative fees or greenhouse gas credits, are not included in cost containment mechanisms.

containment mechanism to manage customer bill impacts would be program-wide cost containment mechanisms.[69] Individual projects will not be assessed against a project-level cost containment mechanism but will be assessed for cost-effectiveness using the SBPM.

5. Program Cost Containment Mechanisms

The following table defines terms for PG&E's cost containment mechanisms.

TABLE 5.1
COST CONTAINMENT MECHANISM TERMS

Line No.	Term	Definition
1	Above-Market Costs	Above-market costs are the incremental costs of RNG above the cost of conventional natural gas. PG&E's above-market costs for RNG procurement will be calculated by subtracting the forward PG&E Citygate price from the per unit commodity cost of the RNG contract for the period of delivery. Above-market costs are calculated initially at the time of contract approval and updated each year as part of the annual reporting process.(a)
2	Average NBCC Bill Impact(b)	Average NBCC Bill Impact is an average percentage increase in the weighted average NBCC bill for the lifetime of the program (2023-2040). The bill impact represents the incremental cost to NBCCs that can be attributed to the above-market costs of RNG.
3	Program Cost Cap	The Program Cost Cap is a fixed total dollar amount derived from the summation of the dollar per unit increase in NBCC bills across the lifetime of the entire program (2023-2040). All RNG procurement expenditures are counted toward the Program Cost Cap. The Program Cost Cap is calculated based on the Average NBCC Bill Impact across the lifetime of the entire program (2023-2040).
4	Annual Cost Cap	The Annual Cost Cap is a fixed percentage limiting the increase in NBCC bills from the previous year.

(a) The annual reporting process is further described in Section G.

(b) If costs are allocated more broadly than just to PG&E's NBCCs, the RNG procurement costs will have a smaller impact on PG&E's NBCC bills.

[69] Participants at the SBPM and RGPP workshops hosted by the Joint Utilities differed in opinion regarding project- and program-level cost caps. RNGC was more supportive of project-level caps to avoid a potential "first comer" issue for project developers associated with a program-level cost cap. PG&E considered this when establishing its program cost caps.

a. Program Cost Cap

PG&E's Program Cost Cap is a total available dollar amount for above-market RNG procurement costs based on an annual NBCC bill increase of [redacted] over the program lifetime.[70] To limit the impact of RNG procurement on NBCC bills, the Program Cost Cap is calculated using average NBCC bills effective in 2022 and will be updated to align with changes to the average NBCC bills.

Description

The Program Cost Cap uses the Average NBCC Bill Impact, a defined percentage increase of the average NBCC bill, to determine program above-market dollars. Average NBCC Bill Impact is defined by PG&E to be [redacted] per year averaged over the program lifetime.

Average NBCC Bill Impact is used to calculate the total dollars available each year of the program for above-market RNG procurement costs. This calculation is based on the forecasted NBCC Revenue Requirement effective in each year of the program.[71] The Incremental Program Above-Market Dollars for each year is calculated by multiplying the previous year's forecasted NBCC Revenue Requirement plus the previous year's program above-market RNG cost by an escalation factor for inflation and the Average NBCC Bill Impact, then adding the previous year's program above-market RNG cost.

$$Incremental\ Program\ Above\text{-}Market\ Dollars_t = Escalation\ factor \times Average\ NBCC\ Bill\ Impact \times (Above\text{-}Market\ RNG\ Cost_{t-1} + NBCC\ Revenue\ Requirement_{t-1}) + Above\text{-}Market\ RNG\ Cost_{t-1}$$

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70 PG&E's RNG procurement program is subject to CPUC revisiting D.22-02-025 implementation in the current or future proceedings.

71 The forecasted NBCC Revenue Requirement represents the revenue requirement for NBCCs each year using an escalation factor to adjust for inflation. The NBCC Revenue Requirement currently does not include procurement costs for this program.

The Incremental Program Above-Market Dollar calculation is calculated for each year of the program and added to get a total Incremental Program Above-Market Dollars, which represents the Program Cost Cap.

$$Program\ Cost\ Cap = \sum_{t=2023}^{2040} Incremental\ Program\ Above\text{-}Market\ Dollars_t$$

Rationale

PG&E considers this Program Cost Cap to establish a reasonable limit that provides sufficient expenditure flexibility to meet procurement goals while also protecting customer bills.

Above-market costs are—by definition—dependent on conventional market costs. However, it is much more difficult to make procurement decisions to meet required targets without a forecast for total program costs. To forecast the dollars available for program RNG procurement despite potential volatility in conventional natural gas markets, PG&E based the Program Cost Cap on the Average NBCC Bill Impact.

The Average NBCC Impact uses a set percentage increase based on current bill forecasts to set a dollar per Dth ceiling for each year of the program.

In order to deliver on the cost containment mechanism's purpose of limiting the impact of RNG procurement on NBCC bills, PG&E may re-assess program above-market dollars prior to each AL filed for contract approval to accommodate for shifts in PG&E NBCC revenue requirement, conventional market volatility, and other variable changes. Above-market costs will be initially defined for a contract based on the PG&E Citygate forward prices at the time of CPUC approval of the contract and re-calculated as the NBCC rates change.

The estimated Average NBCC Bill Impact and the Program Cost Cap are summarized in Confidential Attachment C.

b. Annual Cost Cap

To further ensure customers are not exposed to disproportionately high bill impacts, PG&E's RNG procurement program will have an additional

Annual Cost Cap of [redacted]. This Annual Cost Cap allows for procurement flexibility given the expectation that RNG costs will arrive in tranches as project facilities begin delivery of RNG.

Description

The Annual Cost Cap is calculated as the incremental program above-market dollars based on a [redacted] increase in the NBCC Revenue Requirement from the previous year that can be attributed to above-market costs of RNG.

While the Program Cost Cap assumes average NBCC bill increases from year to year to calculate program above-market dollars, the Annual Cost Cap maintains NBCC bill protection by limiting the increase in the *actual* NBCC Revenue Requirement to a fixed percentage. Therefore, the Annual Cost Cap is determined based on the current effective NBCC Revenue Requirement and the annual cost of RNG procurement in the prior years, adjusted for inflation.

$$Annual\ Cost\ Cap_t = [redacted] \times Program\ Above\text{-}Market\ Dollars_{t-1} + NBCC\ Revenue\ Requirement_{t-1})$$

Rationale

PG&E implements the Annual Cost Cap to definitively limit the potential increase in NBCC bills from the RNG procurement program. If RNG procurement is below the volumetric procurement target one year and ramped up the next to cover the deficit, the Annual Cost Cap serves as a safeguard to ensure procurement expenditures are not too rapidly accrued resulting in sudden increases to NBCC bills.

c. Cost Cap Revision

Given current market uncertainty about the level of procurement expenditures required to meet the RNG procurement targets of D.22-02-025, PG&E may need to revise its cost containment mechanisms. If PG&E's cost containment mechanisms as described in its RGPP require revisions, PG&E will file a MOU between PG&E and the CPUC's Energy Division in a Confidential Tier 1 AL. Cost stability and limiting excessive

impact on customers remains a priority for PG&E—revision of the cost containment mechanisms may be utilized when it is determined that (1) the cost caps are preventing PG&E's compliance with D.22-02-025, (2) there are significant program or market changes, or (3) actual NBCC bill impacts excessively diverge from original forecasts.

PG&E may also choose to revise its cost containment mechanisms given changes in PG&E's cost allocations due to Gas Transmission & Storage Cost Allocation Rate Design proceedings.

6. Cost Allocation

RNG above-market procurement expenditures are allocated to only PG&E NBCC at the time of filing this RGPP.[72] Per D.22-02-025, the Commission opened the Ordering Instituting Rulemaking (OIR) R.22-12-011 to Address Biomethane Procurement Cost Allocation,[73] at its December 15, 2022 Business Meeting, to consider distributing above-market biomethane procurement costs to non-core customers and core customers served by CTAs.

PG&E strongly supports the distribution of above-market biomethane procurement costs to all customers to ensure all customers benefiting from the environmental benefits of RNG procurement and diversion of SLCPs are equitably bearing the cost. Cost allocation across all customers supports the program's success by maintaining affordability while achieving the reduction of SLCPs. Broader cost allocation of above-market costs of RNG also mitigates the risk of NBCCs migrating to CTAs as discussed in Section D.5. To achieve this outcome, above-market costs should be equitably paid for by all customers, including non-core customers and core customers served by CTAs.

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72 Under current CARE Discount recovery methods, PG&E estimates the annual CARE Discount provided to residential customers using 20 percent of an illustrative bundled residential rate multiplied by forecast volumes on CARE. The estimated CARE Discount is then recovered across applicable non-CARE customers volumes including noncore industrial customers on the G-NT tariff. The discount is estimated in the Annual Public Program Purpose Surcharge AL along with a true-up of actual CARE Discounts versus revenues collected to recover the CARE Discounts. Therefore, there is an effective secondary re-allocation impact on applicable core and noncore transportation customers.

73 D.22-02-025, OP 53.

As an illustrative example, PG&E's NBCCs represent 40 percent of gas usage in the market but under the current decision bear 100 percent of the above-market costs of RNG procurement. If the current or a successor ratesetting proceeding redistributes 60 percent of the above-market RNG costs from PG&E NBCCs to the respective market participants based on usage, the Average NBCC Bill Impact would correspondingly decrease by 60 percent, therefore reducing the burden on NBCCs.

Pending the outcome of future ratesetting proceedings to re-allocate above-market RNG costs, PG&E may revise its cost containment mechanisms as discussed in Section E.5.

7. Cost Monitoring & Reporting

PG&E will monitor and report on total program RNG procurement expenditures and cost containment mechanisms through (1) required annual reports and (2) ALs seeking approval of RNG procurement contracts.

In addition to the limits of the Program Cost Cap and Annual Cost Cap, PG&E also will notify the Commission and PG&E's PAG of expenditures nearing the cost caps in advice letters for contract approval. These early notifications will provide the Commission and the PAG total program cost information when reviewing PG&E's RNG procurement decisions.

a. Annual Reporting

Annual reports as required by D.22-02-025 and detailed in Section G of this RGPP are an important vehicle for tracking program performance including costs.

D.22-02-025 requires annual reporting to include ratepayer bill impacts.[74] PG&E will describe in annual reports the weighted average NBCC bill impacts from RNG procurement expenditures. These expenditures will include actual expenditures to date and costs forecasted through 2040. Annual reporting will benchmark costs against both the Annual Cost Cap and Program Cost Cap.

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[74] D.22-02-025, p. 40.

PG&E anticipates that biomethane procurement expenditures will impact CARE customers. PG&E will report CARE customer impacts in the annual reports and propose remediation measures in the rate design phase of the next General Rate Case.

Annual reporting will also provide updated total available above-market dollars for both the Annual Cost Cap and Program Cost Cap. Revision to these cost containment mechanisms on an annual basis ensures that PG&E is measuring actual NBCC bill impacts from RNG procurement based on the most up-to-date market information.

The expenditures included in the annual reports may include tipping fees and administrative in addition to the commodity costs considered in the Program and Annual Cost Caps. Only RNG expenditures related to meeting PG&E's procurement targets as defined in Section B.2, "Target Procurement for PG&E NBCCs," will be reported in the annual reports.

b. Advice Letters for Contracts

Each contract for RNG procurement will be filed for approval in an AL.[75] In addition to describing the terms of the contract, the AL for contract approval will report the estimated cost of the contract and its impact on the cost containment mechanisms. The cost for a new contract is considered in the context of total program expenditures to ensure the contract is within the cost containment mechanisms and does not jeopardize the success of the program.

F. General Contract Requirements

1. Contract Requirements per D.22-02-025

When procuring biomethane, PG&E will instruct sellers to submit their projects using a consistent pro forma contract/term sheet to ensure fairness and comparability during the evaluation process. This contract/term sheet will be developed prior to the launch of a solicitation and posted publicly on PG&E's webpage for the solicitation. PG&E's biomethane procurement will align with

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75 D.22-02-025, OP 13.

Commission guidance in the Decision and will establish the commercial standards and criteria in its RGPP consistent with the processes adopted in the Decision. PG&E will ensure that the biomethane agreements used contain commercially reasonable terms and conditions.

Procurement contracts shall be for a maximum of 15 years, with biomethane deliveries not to exceed beyond 2040.[76] Furthermore, biomethane procurement requirements should ensure that procurement contracts are individually cost-effective. To prevent double counting of environmental attributes, PG&E shall maintain exclusive ownership of all environmental attributes from contracted renewable fuel sources and may not sell, trade, or transfer any of these attributes.

2. Safety Requirements

PG&E is committed to providing safe and reliable utility (electric and gas) service to its customers. As part of this commitment, PG&E requires that the sellers recognize safety is of paramount importance. In connection with any solicitations and executed agreements, sellers will be required to meet certain safety standards, provide safety information related to the technology for the project, and provide information regarding safety history for themselves and the entities that will construct, operate, or maintain the project(s).

PG&E's contract provisions will reinforce the developer's obligations to safety by requiring them to operate in accordance with all applicable safety laws, rules, and regulations. These contract provisions may require the seller to provide Project Safety Plans, attestations, notice reporting of serious incidents, and Remediation Plans in the case of any event.

As of the execution date of an agreement, the seller represents and warrants to PG&E that information relating to the seller's, its affiliates', and contractors' qualifications, experience, and safety record that the seller provided to PG&E in connection with the protocol process and prior to the execution date is materially accurate.

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76 D.22-02-025, OP 56.

3. Credit and Collateral Requirements

PG&E will establish credit and collateral requirements to protect PG&E customers against the risk of a failure of performance or event of default by a seller. These credit and collateral requirements have evolved from accepted energy industry practices, including concepts that can be found in Edison Electric Institute, North American Energy Standards Board (NAESB), and International Swaps and Derivatives Association, Inc. master agreements. The primary elements of PG&E's credit and collateral requirements include collateral thresholds (unsecured credit lines), collateral posting, and mark to market posting to cover the change in value of a contract relative to the market. The general goal is to mitigate the risk of loss if a counterparty fails to perform or defaults on its obligations.

Some counterparties may have their debt rated by Standard and Poor's, Inc. (S&P), or Moody's. A credit rating of BBB- or higher by S&P or Baa3 by Moody's is considered investment grade. If a counterparty is investment grade rated by the agencies and meets PG&E's credit evaluation criteria, it may then qualify for an appropriate amount of unsecured credit. Counterparties, which qualify for unsecured credit, may still be required to post collateral if the expected exposure is beyond the assigned unsecured credit limit. PG&E will require counterparties to establish credit based on the terms of the agreement, the product, and type of resource.

4. Risk Coverage

In Section D.3, "Project Failure," PG&E listed a number of items that may lead to project failure. PG&E will include contract language in the biomethane agreements to deal with such projects' failures.[77] Project failures may necessitate contract termination, such as in the case loss of site control or permit failure, however, PG&E will also consider in the contract whether there

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[77] EDF, a participant at the SBPM workshop hosted by the Joint Utilities, emphasized the need for a contractual "out clause" or penalties if IOUs sign long-term contracts with projects that are unable to deliver the agreed-upon CI score, feedstock, or other commitment.

are damages that can be paid or other solutions in the case of project failures such as failure to meet contract milestones and loss of feedstock.

Similar to the project failures, Section D.4, “Project Delays,” covers scenarios that may lead to project delays, which may push back the Commercial Operation Date that a project contractually committed to be online and operating. PG&E will require contract language to deal with project delays. This language may overlap with some of the project failure provisions but will include specific items related to projects coming online, such as interconnection delays and supply chain disruptions. In these cases, PG&E’s goal will be to act as a good and fair counterparty while protecting customers from non-performance of the contract. Termination provisions will be included for such project failures and delays; however, PG&E will look to include contractual remedies and decide on a case-by-case basis whether termination is necessary.

5. Standardized Elements of Contracts

PG&E will develop its biomethane contracts to govern transactions, mitigate against the risks described in Section D, and ultimately protect its customers.[78] PG&E will leverage accepted energy industry standards, such as the NAESB Master Agreement,[79] in its contract development.

PG&E will include contractual provisions to protect its customers. Examples of such provisions include Liquidated Damages (i.e., payment of liquidated damages from non-performing party), Events of Default (e.g., failure to pay, insolvency event, etc.), Adequate Assurance of Performance (i.e., entitled to demand adequate assurance of performance if there is material change in the creditworthiness of a counterparty), Additional Event of Default, and Remedies upon an Event of Default. For illustrative purposes, a

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78 RGPP workshop participants from Maas Energy and the Gas Technology Institute supported including contractual elements to ensure project viability, high uptime, and accurate deliverability of biomethane.

79 As of December 2022, NAESB is in the process of developing a Renewable Natural Gas Addendum to govern biomethane transactions.

biomethane contract may include the following standard NAESB Contract elements:[80]

1) Base Contract:
   - General Terms and Conditions;
   - Cover Page;
   - Addendum(s) (if needed); and
   - Special Provisions.
2) Transaction Confirmations:
   - Agreed quantity of biomethane gas;
   - Agreed contract term length;
   - Agreed purchase price;
   - Agreed delivery point; and
   - Transaction Confirmations (Orally/Email/Phone).
4) Liquidated Damages
5) Cover Standard or Spot Price Standard
6) Events of Default
7) Adequate Assurance of Performance
8) Additional Event of Default
9) Remedies upon an Event of Default

6. Non-Standardized Elements of Biomethane Contracts

The Decision includes additional elements that the gas IOUs are instructed to include in their biomethane contract agreements.

1) Immediate methane leak detection:[81] The gas IOUs are required to establish a procedure for immediate methane leak remediation at the production facility or along that gas pipeline interconnection as the preferred response, and specify required actions if there is no immediate remediation,

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80 Source: https://charleslawpllc.com/wp-content/uploads/2022/04/Overview-of-NAESB-Contract-for-the-Sale-Purchase-of-Natural-Gas-1.pdf.

81 In addition to being a required contract element from the Decision, EDF emphasized the important of leak detection procedures at both the SBPM and RGPP workshops hosted by the Joint Utilities. Establishing methane leak detection procedures in each contract ensures the environmental benefits achieved from biomethane procurement are not negated by potential poor performance.

such as timeline for repair, a graduated fee schedule to promote timely repair, or payment reductions, etc.

2) Tipping fees: The gas IOUs are required to specify how tipping fees may modify contract terms, if at all.
3) Impacts to Air and Water Quality: Any contract with livestock and dairy biomethane facilities are required to operate in a manner that does not cause adverse impacts to water and air quality.
4) Hydrogen Sulfide Limits: The gas IOUs are required to include a contractual limit of hydrogen sulfide in gathering lines to 10 parts per million.
5) Zero-emissions (ZE) and Near-zero emissions (NZE) Vehicles: The gas IOUs are required to include a contractual provision that commits the seller that any Class 8 trucks purchased or leased for use in the production of biomethane after the effective date of this decision shall be NZE or ZE vehicles.
6) Additional on-site electric generation: The gas IOUs are required to procure only from biomethane production facilities that agree to prospectively cap on-site combustion generation of electricity beyond their current generation levels.
7) New on-site electric generation: If gas IOUs procure from biomethane production facilities that have yet to purchase or plan and construct electric generation infrastructure at the effective date of this decision, those facilities shall contractually agree to use only non-combustion technologies for any electric generation on-site.

G. Annual Reporting

D.22-02-025 requires each gas IOU to submit annual reports that include "actual biomethane procurement levels, ratepayer bill impacts, and incremental capital infrastructure and/or operations and maintenance costs for the prior year compared to the estimated levels that were approved in [the gas IOUs'] respective RGPPs."[82]

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82 D.22-02-025, p. 40.

PG&E will submit the RNG Procurement Annual Report to show procurement relative to estimates contained in Attachment B (Confidential) in this RGPP. The RNG Procurement Annual Report will include at minimum the following for the reporting period:

1) Actual biomethane volume procured;
2) Ratepayer bill impact; and
3) Incremental capital infrastructure and/or operations and maintenance costs.

The RNG Procurement Annual Report will report tonnage of diverted organic waste, tracked through tipping fees paid to biomethane producers, for the 2025 short-term target.

In addition, and consistent with D.22-02-025, OP 2 of D.22-12-057 requires each gas IOU to provide reporting on the following:

a) Impacts on disadvantaged communities related to biomethane procurement;
b) Impacts on vehicle emissions related to biomethane procurement;
c) Impacts on all other emissions related to biomethane procurement, including carbon monoxide, carbon dioxide, and hydrogen sulfide;
d) Impacts on water and air quality in communities near biomethane production facilities related to biomethane procurement;
e) Impacts regarding methane leaks related to biomethane facilities related to biomethane procurement;
f) Waste byproduct levels used for any GHG-reducing purposes instead of landfill, e.g., soil amendment, and perfluoroalkyl or polyfluoroalkyl substances removed from waste byproduct related to biomethane procurement;
g) Attestation from state or local regulatory agency regarding air pollution impact related to biomethane procurement;
h) Attestation from state of local regulatory agency regarding water pollution impact related to biomethane procurement; and
i) Attestation regarding purpose-grown crop control standards impact related to biomethane procurement.

The RNG Procurement Annual Report will be submitted on May 1 each year for the preceding calendar year's procurement, beginning May 1, 2024. Annual

reporting content and timing is subject to any changes to the requirements in the current or a successor proceeding.

H. Updates to the RGPP

Updates and minor modifications to the RGPP will be made via a Tier 1 AL filing.

While the RGPP provides for some degree of flexibility, PG&E may find that modifications should be undertaken. PG&E will inform the PAG and commemorate changes in an MOU with the Commission's Energy Division prior to filing the AL.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT A

DECISION REQUIREMENTS IN THE RGPP

TABLE A.1
D.22-02-025 PROCUREMENT REQUIREMENTS ADDRESSED BY RGPP

Line No.	Requirement[a] *(per D.22-02-025)*	Decision Citation	Location of Discussion in RGPP
1	The gas IOUs shall require biomethane producers to track volumetric injections of biomethane into pipelines through the Midwest Renewable Energy Tracking System (M-RETS) platform.	OP 10	Section C.2: Additionality and Verifiability
2	The Commission's Energy Division will process individual contracts to procure biomethane through a three-tier advice letter approval process.	OP 13	Section C.3
3	The 2025 short-term target is 17.6 Bcf annually, produced from eight million tons of organic waste diverted annually from landfills. Each IOU is responsible for procuring a percentage according to its Cap-and-Trade allowance share.	OPs 14 and 16	Section B.2: Short-Term Procurement
4	All procurement to meet procurement targets shall comply with Pub. Util. Code 651 (b).	Section 3.3.2.2, at p. 31	Section B.C
5	The gas IOUs shall each be responsible for tracking tons of diverted organic waste through tipping fees paid to biomethane production facilities to be used as guidance in meeting the eight-million-ton annual waste diversion goal.	OP 15	Section G
6	The Renewable Gas Standard, or 2030 medium-term target, is an amount of biomethane equivalent to 12.2% of each gas IOU's 2020 annual bundled core customer natural gas demand, excluding NGV demand as noted in the California Gas Report.	OP 18	Section B.2: Medium-Term Procurement
7	The gas IOUs may procure not more than four percent of the 2030 target from dairy biomethane. Dairy biomethane facilities eligible for procurement must commence operation after Dec. 31, 2021.	OP 19	Section B.3: Medium-Term Procurement
8	The gas IOUs may not procure from a dairy that has an unresolved citation for violation of rules, regulations, laws, or regulatory requirements for protection of air or water quality, or an outstanding order to remedy a discharge of air or water pollutants, from a state or local regulatory agency.	OP 20	Section B.3: Medium-Term Procurement and Section F.6

TABLE A.1
D.22-02-025 PROCUREMENT REQUIREMENTS ADDRESSED BY RGPP
(CONTINUED)

Line No.	Requirement[a] *(per D.22-02-025)*	Decision Citation	Location of Discussion in RGPP
9	Biomethane produced from purpose-grown crop feedstocks is prohibited from all procurement targets.	OP 22	Section B.3: Medium-Term Procurement
10	The gas IOUs are allowed unlimited forward banking of excess procurement for the procurement targets. Procurement in any year shall be applied first to that year's annual target, then excess procurement may be used to make up a prior year's deficit or be banked for future use.	OPs 23 and 24	Section B.6: Banking and Borrowing
11	The gas IOUs are allowed to carry over an annual procurement deficit of up to 25 percent to the next three years without explanation. For annual deficits above 25 percent, the utility will inform Energy Division Staff in a Tier 1 advice letter.	Section 3.3.2.1, at p. 33 and OP 25	Section B.6: Banking and Borrowing
12	The gas IOUs may trade excess supplies among themselves and procure on behalf of each other to meet the procurement targets.	OPs 26 and 27	Section B.6: Trading Amongst Gas IOUs
13	The gas IOUs shall include additionality, verifiability, certification, compliance with Pub. Util. Code 651 (b)(3), environmental assessments and social justice impacts as part of their biomethane procurement practices in their respective RGPPs.	Section 3.3.2.3, at p. 35	Section C.2
14	The gas IOUs shall start procurement as soon as possible using a preliminary cost-effectiveness test developed in the SBPM workshop while the GREET model is being developed.	OP 28	Section C.2
15	Each gas IOU shall create a PAG similar to the one established by D.20-12-022.	OP 29	Section C.4
16	Each gas IOU may include requirements for its PAG in its RGPP.	Section 3.3.3.3, at p. 40	Section C.4

TABLE A.1
D.22-02-025 PROCUREMENT REQUIREMENTS ADDRESSED BY RGPP
(CONTINUED)

Line No.	Requirement[a] *(per D.22-02-025)*	Decision Citation	Location of Discussion in RGPP
17	The gas IOUs shall consider the impact on CARE customer bills as a result of the biomethane procurement authorized by the Decision. They shall propose any appropriate remediation measures in the rate design phase of their next General Rate Case. If they do not believe that anticipated or actual bill impacts demonstrate the need for further discounts for CARE customers, they shall state that explicitly and provide justification for not recommending additional discounts for CARE customers.	OP 30	Section E.6: Annual Reporting
18	Each gas IOU's RGPP shall evaluate feasibility and provide guidance on compliance mechanisms necessary to meet the short-term target adopted in Section 3.3.2.1.	OP 31	Section B.7
19	The gas IOUs shall include in their procurement contracts a certification requirement limiting hydrogen sulfide in gathering lines to 10 parts per million.	OP 35	Section F.6
20	Any contract between a project developed and a gas IOU shall specify how tipping fees may modify contract terms, if at all.	OP 36	Section F.6
21	The gas IOUs shall procure biomethane only from producers that contractually agree that any Class 8 trucks purchased or leased for use in biomethane productive after the effective date of the Decision shall be NZE or ZE vehicles.	OP 38	Section F.6
22	The gas IOUs shall procure biomethane only from production facilities that agree to prospectively cap on-site combustion generation of electricity using their own biogas beyond current generation levels. This requirement shall be filed in the procurement contract advice letters described in OP 2.	OP 39	Section F.6

TABLE A.1
D.22-02-025 PROCUREMENT REQUIREMENTS ADDRESSED BY RGPP
(CONTINUED)

Line No.	Requirement[a] *(per D.22-02-025)*	Decision Citation	Location of Discussion in RGPP
23	If the gas IOUs procure from biomethane production facilities that have yet to purchase or plan and construct electric generation infrastructure at the effective date of the Decision, those facilities shall contractually agree to use only non-combustion technologies for any electric generation on-site. This restriction shall be filed in the procurement contract advice letters described in OP 2.	OP 40	Section F.6
24	The gas IOUs shall prioritize procurement from biomethane projects that use carbon capture and use or storage technology.	OP 41	Section C.5: Evaluation
25	The gas IOUs shall prioritize procurement from biomethane projects that use waste byproducts for any greenhouse gas-reducing use rather than putting them in landfills.	OP 42	Section C.5: Evaluation
26	The gas IOUs shall establish a procedure for immediate methane leak remediation at the production facility or along that gas pipeline interconnection as the preferred response and specify required actions if there is no immediate remediation.	OP 49	Section F.6
27	The gas IOUs shall maintain exclusive ownership of all environmental attributes from contracted biomethane sources and may not sell, trade, or transfer any of these attributes.	OP 50	Section F.1
28	Biomethane procurement contracts shall be for a maximum of 15 years, with biomethane deliveries not to extend beyond 2040.	OP 56	Section F.1

(a) Requirements specifically directing the Joint Utilities on items to be considered in the SBPM are not included in this table. All SBPM requirements are addressed in the SBPM.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT B

PROCUREMENT TARGETS

(PUBLIC)

TABLE B.1
PACIFIC GAS AND ELECTRIC COMPANY (PG&E) NON-NATURAL GAS VEHICLE BUNDLED CORE CUSTOMERS (NBCC) ESTIMATED RENEWABLE NATURAL GAS (RNG) PROCUREMENT

Line No.		Annual PG&E NBCC Target RNG Procurement, billion cubic feet (Bcf) *(per Decision 22-02-025)*	Annual PG&E NBCC Estimated RNG Procurement, Bcf	Annual Estimated Net RNG Surplus or Deficit, Bcf	Total Annual NBCC Bill Impact at $17.70[(a)], $	Incremental Capital Infrastructure and/or Operational and Maintenance Costs, $
1	2023	–				
2	2024	–				
3	2025	7.452				
4	2026	7.452				
5	2027	7.452				
6	2028	7.452				
7	2029	7.452				
8	2030	27.745				
9	2031	27.745				
10	2032	27.745				
11	2033	27.745				
12	2034	27.745				
13	2035	27.745				
14	2036	27.745				
15	2037	27.745				
16	2038	27.745				
17	2039	27.745				
18	2040	27.745				
19	Total	342.470				

(a) Total Annual NBCC Bill Impact represents the above-market costs of RNG for each program year using a forward PG&E Citygate price curve to estimate conventional natural gas costs.

PACIFIC GAS AND ELECTRIC COMPANY

ATTACHMENT C

COST CONTAINMENT MECHANISMS

(PUBLIC)

TABLE C.1
PG&E PROGRAM COST CAP

Line No.		Annual Incremental Non-NGV Bundled Core Customer Bill Impact, %	2022 Forecasted NBCC Revenue Requirement with RNG Costs(a), $	Available Above-Market Dollars, $
1	2023	[redacted]		
2	2024			
3	2025			
4	2026			
5	2027			
6	2028			
7	2029			
8	2030			
9	2031			
10	2032			
11	2033			
12	2034			
13	2035			
14	2036			
15	2037			
16	2038			
17	2039			
18	2040			
19	Total Program Cost Cap			

(a) Forecasted NBCC Revenue Requirement represents the NBCC revenue requirement for conventional natural gas supplies and includes the incremental above-market costs of RNG for the previous program years.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION
ON BEHALF OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

1. I, Wini Chen, am a Principal Analyst in Core Gas Supply of Pacific Gas and Electric Company ("PG&E"), a California corporation. Fong Wan, the Senior Vice President of Energy Policy and Procurement of PG&E, delegated authority to me to sign this declaration. My business office is located at:

   Pacific Gas and Electric Company
   77 Beale Street, Mail Code B5A
   San Francisco, CA 94105

2. PG&E will produce the information identified in paragraph 3 of this Declaration to the California Public Utilities Commission ("CPUC") or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.

   Name or Docket No. of CPUC Proceeding (if applicable): Per Order Paragraph 31 of D.22-02-025

3. Title and description of document(s): PG&E's Renewable Gas Procurement Plan

4. These documents contain confidential information that, based on my information and belief, has not been publicly disclosed. These documents have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart:

Check	Basis for Confidential Treatment	Where Confidential Information is located on the documents
☐	Customer-specific data, which may include demand, loads, names, addresses, and billing data (Protected under PUC § 8380; Civ. Code §§ 1798 *et seq.*; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)	
☐	Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver's license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual (Protected under Civ. Code §§ 1798 *et seq.;* Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)	
☐	Physical facility, cyber-security sensitive, or critical energy infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113 (Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)	
☒	Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data (Protected under Civ. Code §§3426 *et seq.*; Govt. Code §§ 6254, *et seq*., e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)	PGE_R.13-02-008 AB 1900 Bio-Methane_RGPP_20221228-CONF as redacted
☐	Corporate financial records (Protected under Govt. Code §§ 6254(k), 6254.15)	

☐	Third-Party information subject to non-disclosure or confidentiality agreements or obligations (Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)	
☐	Other categories where disclosure would be against the public interest (Govt. Code § 6255(a)) _____ _____ _____	

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 28th day of December, 2022 at San Francisco, California.

/s/ Wini Chen
Wini Chen
Principal Regulatory Analyst
Pacific Gas and Electric Company