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03/03/23

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

PHAM

A2209006

Application of Southern California Gas Company (U904G), San Diego Gas & Electric Company (U902G), and Southwest Gas Corporation (U905G) to Establish Hydrogen Blending Demonstration Projects.

Application 22-09-006

ASSIGNED COMMISSIONER'S SCOPING MEMORANDUM AND RULING

This Scoping Memorandum and Ruling (Scoping Memo) sets forth the category, issues to be addressed, and an initial schedule of the above-captioned proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules). This ruling stays the schedule for one year from today or until the filing of an amended application, whichever occurs first.

1. Background

On September 8, 2022, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and Southwest Gas Corporation (Southwest Gas) (collectively Joint Applicants) filed this instant joint application to establish hydrogen blending demonstration projects (Application).

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Air Products and Chemicals, Inc., the Commission's Public Advocates Office (Cal Advocates), Environmental Defense Fund (EDF), Green Hydrogen Coalition, the Coalition for Renewable Natural Gas, Sierra Club, and Southern California Generation Coalition filed protests or

responses to the Application. California Hydrogen Business Council, Independent Energy Producers Association, Small Business Utility Advocates (SBUA) and the Wild Tree Foundation filed motions for party status, which were granted.

The December 7, 2022 prehearing conference (PHC) was rescheduled for December 22, 2022 due to a pending decision in Rulemaking (R.) 13-02-008. The parties stated that they could not give definite answers in their PHC statement given the possible new requirements for hydrogen blending demonstration projects in R.13-02-008.¹

On December 15, 2022, the Commission approved Decision (D.) 22-12-057 (Biomethane Decision). The Biomethane Decision states that pilot projects should evaluate hydrogen injection at blends between 0.1 and five percent, and between five and twenty percent.² The Biomethane Decision directs Joint Applicants in this instant proceeding and PG&E, a party in this proceeding, to file a new application or amend an existing application proposing pilot programs within two years from the issuance date of that decision, as directed in that decision.³ The Biomethane Decision requires the proposed pilot programs to achieve goals such as ensuring the long-term safety of the California pipeline, avoiding end user appliance malfunctions, and be consistent with other

¹ PHC Statement of SoCalGas (U904G), SDG&E (U902G), Southwest Gas (U905G), California Hydrogen Business Council, the California Public Advocates Office, EDF, Green Hydrogen Coalition, PG&E, RNG Coalition, Sierra Club and Southern California Generation Coalition, December 5, 2022.

² D.22-12-057 at 27.

³ *Id.* at 68.

requirements of the decision “relevant to leakage, reporting, heating value, system safety, environmental considerations, end-use emissions ...”⁴

On December 20, 2022, parties filed an updated joint PHC statement. On December 22, 2022, the assigned Administrative Law Judge (ALJ) held the PHC.

2. Amended Application

Due to the implications of the Biomethane Decision on this instant proceeding, the parties set forth two options:

- 1) Stay the schedule of this instant proceeding until Joint Applicants file an amended application in November 2023; or
- 2) Dismiss this instant proceeding without prejudice.

Joint Applicants, California Hydrogen Business Council, Green Hydrogen Coalition, and Sierra Club suggest the first option as Joint Applicants plan to amend this instant application to incorporate SDG&E’s proposed project changes and the requirements of the Biomethane Decision.

EDF, Cal Advocates, Southern California Generation Coalition, and Wild Tree Foundation suggest that this instant application be dismissed without prejudice due to their resource constraints and the 18-month statutory deadline of this instant application. Other parties defer to the Commission.

In anticipation of the amended application, this proceeding will remain open, but with the proceeding schedule stayed. Joint Applicants and PG&E, who is a party to this instant proceeding, are directed to meet and confer to ensure coordination across all utilities to comply with the Biomethane Decision. Specifically, Joint Applicants and PG&E are directed to coordinate a

⁴ *Id.* at 68-70.

comprehensive joint application to the extent possible to be filed as an amended application in this instant proceeding docket.

3. Issues

In their updated PHC statement, the parties identified various issues to be scoped in this instant proceeding. However, in view of the anticipated amended application, which is expected to be filed later in this proceeding, the issues to be determined in this proceeding will be identified in a subsequent scoping memo, after the filing of the anticipated amended application.

4. Need for Evidentiary Hearing

In view of the anticipated amended application, which is expected to be filed later in this proceeding, I determine at this time that no hearing is needed during the stayed period. I will revisit the hearing need issue in the subsequent scoping memo, after the filing of the anticipated amended application and identification of issues in the scope of this proceeding.

5. Schedule

I anticipate the amended application to be filed in November of 2023. The schedule is stayed for one year from today, or until amended applications are filed, whichever occurs first. The assigned Commissioner or ALJ may make changes to this schedule as needed to ensure a full record on the issues.

6. Category of Proceeding/ Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination⁵ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules.

⁵ Resolution ALJ 176-515, October 6, 2022, at 3.

7. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

8. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation within 30 days after the PHC.

On December 22, 2022, the assigned ALJ held the PHC. On or before January 19, 2023, Air Products and Chemicals, Inc., Wild Tree Foundation, EDF, Sierra Club, and SBUA filed notices of their intent to claim intervenor compensation within the 30-day deadline.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 1-866-849-8390 or 1-415-703-2074 or 1-866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Notwithstanding Rule 1.10(d), parties are not required to serve a paper copy of filed or served documents on the assigned ALJ unless specifically instructed to do so.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other

filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings, and filters to ensure receipt of e-mails from the Commission.

13. Assignment of Proceeding

Commissioner Darcie L. Houck is assigned Commissioner to this proceeding. Administrative Law Judge Zhen Zhang is the assigned ALJ and the Presiding Officer.

IT IS RULED that:

1. Joint Applicants and Pacific Gas and Electric Company are directed to meet and confer and coordinate a comprehensive joint amended application of all four utilities to be filed in the instant proceeding docket, to the extent possible.
2. The schedule of this proceeding is stayed for one year from today, or until an amended joint application is filed, whichever occurs first.
3. The issues to be determined in this proceeding will be identified in a subsequent scoping memo and ruling, after the filing of the anticipated amended application.
4. An evidentiary hearing is not needed during the stayed period.
5. The proceeding is categorized as ratesetting.

6. The Presiding Officer is Administrative Law Judge Zhen Zhang.
7. The assigned Commissioner or Administrative Law Judge may make changes to this schedule as needed to ensure a full record on the issues.

Dated March 3, 2023, at Sacramento, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner