



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

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Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure Safe
and Reliable Gas Systems in California and
Perform Long-Term Gas System Planning

Rulemaking 20-01-007
(Filed January 27, 2020)

**MOTION OF
ENVIRONMENTAL DEFENSE FUND
REQUESTING TECHNICAL WORKSHOP**

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Attachment E December 5, 2022 Energy Division Letter

Attachment F January 19, 2023 SoCalGas Letter

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Pursuant to Rule 11.1 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, Environmental Defense Fund (EDF) respectfully submits the following Motion to request a technical workshop on General Order (G.O.) 177 implementation. The scope of this request largely reflect the reporting and implementation of G.O. 177 by the major gas utilities: Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E, together with SoCalGas the Sempra Utilities), and Pacific Gas & Electric Company (PG&E).

In support of this request, EDF refers to the following filings: Sempra Preliminary Report,¹ the Sempra Annual Report,² and the PG&E Annual Report.³ EDF further refers to various data request responses in the Sempra Utilities' 2024 General Rate Case (GRC) and various letters between the Sempra Utilities and Energy Division regarding the Ventura Compressor Station as follows:

- Attachment A** Sempra GRC Data Request Response EDF-SCG-005, Question 6a (SoCalGas Claimed G.O. 177 Exemptions)
- Attachment B** Sempra GRC Data Request Response EDF-SDGE-005, Question 6a (SDG&E Claimed G.O. 177 Exemptions)
- Attachment C** Sempra GRC Data Request Response PAO-SCG-043-LMW, Question 13 (Hydrogen Refueling Stations in RAMP)
- Attachment D** Letter from SoCalGas to Energy Division, *Request for Guidance Regarding Compliance with the Assigned Commissioner's Scoping Memo and Ruling Related to the Ventura Compressor Modernization Project Application*, dated November 23, 2022 (November 23, 2022 SoCalGas Letter)
- Attachment E** Letter from Energy Division to SoCalGas, *Request for Guidance Regarding Compliance with the Assigned Commissioner's Scoping Memo and Ruling in Consolidated General Rate Case Applications 22-05-015 and 22-05-016 Related to the Ventura Compressor Modernization Project Application*, dated December 5, 2022 (December 5, 2022 Energy Division Letter)
- Attachment F** Letter from SoCalGas to Energy Division, *Ventura Compressor Modernization Project*, dated January 19, 2023 (January 19, 2023 SoCalGas Letter)

¹ Joint List of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for Proposed Infrastructure Projects Pursuant to D.22-12-021, filed February 6, 2023.

² Joint Motion of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 G) for Leave to File an Amended Joint Annual Report for Gas Investments Pursuant to General Order 177 filed March 31, 2023.

³ Pacific Gas and Electric Company's (U 39 G) Report of Planned Gas Investments in Compliance with Decision 22-12-021 (Decision Adopting Gas Infrastructure General Order 177) filed March 1, 2023.

I. FACTS AND LAW SUPPORTING THE MOTION

Since the issuance of G.O. 177, the gas utilities have begun to provide their G.O. 177 reporting. EDF notes that the content of these reports vary significantly, and as a result, several raise important questions. Interpretations of elements of G.O. 177 similarly diverge, underscoring the need for clarity on G.O. implementation and processes. EDF observes that the Commission, the gas utilities, and the other stakeholders would benefit from more robust reporting and consistent interpretation and implementation of G.O. 177. To that end, EDF requests that a technical workshop to address these matters.

EDF underscores some of the differences in interpretation and implementation specifically related to: (a) adequacy of reporting; (b) analysis of alternatives, including non-pipeline alternatives; (c) defining “project”; (d) application of exemptions; and (e) specific concerns regarding related to the reporting.

A. Adequacy of Annual Reporting

With regards to the content of the Annual Reports, EDF observes:

- The Sempra Annual Report does not provide specific information, such as a specific order, regarding their asserted exemptions from G.O. 177;
- The PG&E Annual Report further does not provide a “detailed description of the gas infrastructure project including information on what will be modified or constructed, what specific actions will be taken, and *why* the project will be conducted” as required by G.O. 177 Section X.C.4.⁴ Instead, PG&E offers only a high-level scope of work for each project.

Further, G.O. 177 required potential environmental impacts and measures taken to reduce impacts to be noted in the Preliminary Reports, but not the Annual Reporting. EDF recommends that the Annual Report template be updated to include this information.

⁴ Emphasis added.

B. Analysis of Alternatives, Including Non-Pipeline Alternatives

EDF further notes that the reporting does not provide sufficient information regarding alternatives, including non-pipeline alternatives.

- Section VI.A.4. requires a CPCN Application to include “analysis of alternatives, including non-pipeline alternatives”; however, Section X.D.1. which relates to the reporting obligations of the utilities only includes “high level analysis of non-pipeline alternatives considered.” The result of this misalignment within G.O. 177 is that the Commission is not informed of pipeline-related alternatives that would be of benefit to ratepayers, such as repair rather than replacement of pipelines;
- The PG&E Planned Gas Investment Report asserts that a “high level analysis of non-pipeline alternatives” required by G.O. 177 Section X.D.1. is “not applicable as work is performed on a station asset” for each of its projects. This assertion has no basis in G.O. 177 nor D.22-12-021.

C. Definition of Project

EDF also finds that the reports raise questions how “project” is defined by the utilities. For example, there is insufficient clarity within the Sempra Planned Gas Investment Report on why certain line items are not considered a single project under G.O. 177, including:

- Playa Del Rey RECLAIM Lean Burn, Playa Del Rey Linear Generator Installation, and Playa Del Rey Upgrade H2S System; and
- Line 85-Section 5 Replacement, Line 85N-Elk Hills Road to Lake Station Replacement, and Line 85N-Lake Station to Grapevine Replacement.

An additional matter raised in the Sempra GRC relates to the combined consideration of Line 235 East and Line 235 West, as set forth in *The Utility Reform Network and Southern California Generation Coalition Joint Motion to Sever SoCalGas Line 235 Issues*, filed March 8, 2023, in A.22-05-015 and -016.⁵

⁵ Available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M503/K315/503315266.PDF>.

D. Excessive Application of Exemptions

EDF raises concern about the excessive use of CPCN Exemptions by the Sempra Utilities.

The Sempra Utilities claim that if any projects are subject to any of a wide range of safety programs, those projects are exempt from the requirement to file a G.O. 177 Application.

Specifically:

SoCalGas has determined projects that meet the criteria for an exemption under Section IV.B.a (compliance with CalGEM, PHMSA, CPUC or other regulatory agency safety requirements) include mandatory programs that focus on enhancing system integrity. Such programs include:

CalGEM

- Storage Integrity Management Programs (SIMP)

PHMSA/CPUC

- Pipeline Safety Enhancement Plan (PSEP)
- Integrated Safety Enhancement Plan (ISEP) (which incorporates aspects of the Gas Transmission Safety Rules [GTSR] and PSEP),
- Transmission Integrity Management Programs (TIMP)
- Distribution Integrity Management Programs (DIMP)
- Storage Integrity Management Programs (SIMP)
- Risk Assessment Mitigation Phase (RAMP) Programs⁶

Under this interpretation, *any* project that SoCalGas deems to be subject to these programs would be exempt from filing a G.O. 177 Application. The gas utilities' ability to define which projects are subject to the above rules, creates even greater breadth of this interpretation by the Sempra Utilities. For example, SoCalGas asserts that even SoCalGas's proposed development of hydrogen refueling stations is considered safety-related:

Renewable Energy solutions and Hydrogen Refueling stations are related to Energy System Resilience, as described in the 2021 RAMP Exhibit SCG-CFF-2. These projects help secure energy resilience by minimizing reliance on conventional power for facilities and fleet.⁷

⁶ Attachments A and B hereto.

⁷ Attachment C hereto.

This interpretation is contrasted with the Commission's and the SoCalGas's interpretation of G.O. 177 as it relates to the Ventura Compressor Modernization (VCM) Project. The Commission needs to provide this clarification, since all projects could have a safety component and render the Commission's intention of a robust G.O. as inert or ineffective.

In its General Rate Case (GRC, A.22-05-015 and -016), SoCalGas asserted that "[t]he VCM Project is designated as a RAMP project to enhance the reliability of the transmission compressor station."⁸ Notwithstanding, SoCalGas has understood from the outset that the VCM Project is subject to G.O. 177:

[T]he VCM Project appears to fit squarely within the parameters of the proposed GO: the VCM Project exceeds \$75 million and does not meet any of the currently identified exemptions.⁹

The Commission's Energy Division concurred, requiring SoCalGas to "file a consolidated application [regarding the VCM Project] in compliance with... the GO."¹⁰ In response to Energy Division's Letter, SoCalGas detailed safety-related work that would not be ceased due to the applicability of G.O. 177: soil remediation, lead paint and asbestos removal, installation of a methane fence line monitoring system, and installation of security cameras.¹¹

While the matters of interpretation in this case pertain to SoCalGas, the Commission and the parties would benefit from consistent interpretation across gas utilities.

⁸ Exhibit SCG-06 at CHB-99:3-4.

⁹ Attachment D at 2.

¹⁰ Attachment E at 2.

¹¹ Exhibit F at 2.

E. Specific Concerns Regarding Hydrogen Blending

EDF further expresses specific concern regarding the Sempra Utilities' Preliminary Report regarding the Honor Rancho Compressor Modernization Project and the Moreno Compressor Modernization Projects. The Sempra Utilities indicate that each of these projects will include "hydrogen blending equipment."¹² Whether hydrogen blending is safe, environmentally beneficial, or appropriate is a matter of contention before this Commission in in the Biomethane Rulemaking (R.13-02-008) and in the Hydrogen Blending Pilot Applications (A.22-09-006).

II. SPECIFIC RELIEF OR RULING REQUESTED

To provide a more complete record upon which the Commission will act, EDF respectfully requests that the procedural schedule be augmented by a technical workshop regarding G.O. 177 implementation. EDF requests that this technical workshop include discussion regarding:

- Improving and augmenting the annual G.O. 177 reports to be filed in this proceeding;
- Forming a consistent interpretation regarding the applicability of G.O. 177 to projects; and
- Clarifying processes to comply with G.O. 177.

This technical workshop would provide a benefit to the Commission and the parties to achieve a common understanding of G.O. 177, and appropriate processes and reporting ensuring appropriate and consistent regulatory oversight regarding large gas infrastructure projects.

III. RELATIONSHIP TO OTHER PROCEEDINGS

This *Motion for Technical Workshop* is intended to work in tandem with the determinations the Sempra GRC and other venues. For example, the *Joint Motion* pertains to Line 235

¹² Sempra Utilities Preliminary Report at 3-4.

specifically—a line already identified within Sempra’s G.O. 177 Reports and specifically analyzed by the Joint Movants—whereas the technical workshop will address processes, procedures, and, if applicable, interpretations of G.O. 177 in the context of the Commission’s long-term gas planning endeavors more generally. EDF argues that this technical workshop would be a more time efficient use of the Commission’s resources. If the Commission were to not grant this motion, EDF would be compelled to submit a petition to modify the General Order in order to gain this clarification. A short-term technical workshop is a far more appropriate use of the Commission’s time and resources. EDF encourages the prompt consideration of this request.

IV. CONCLUSION

EDF thanks Assigned Commissioner Douglas and Assigned Administrative Law Judges Fogel and Bemserfer for their consideration of this Motion.

Respectfully submitted,

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