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

Application of Pacific Gas and Electric Company
for Approval of its Woody Biomass to Renewable
Natural Gas Pilot Project

(U 39 G)

Application No. 23-06-_____

**APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 G)
FOR APPROVAL OF THE WOODY BIOMASS TO
RENEWABLE NATURAL GAS PILOT PROJECT**

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I. INTRODUCTION

By this Application and California Public Utilities Commission (Commission or CPUC) Decision (D.) 22-02-025, Pacific Gas and Electric Company (PG&E) submits this *Application for Approval of its Woody Biomass to Renewable Natural Gas Pilot Project* (Application), pursuant to D.22-02-025, Ordering Paragraph (OP) 43, and Rule 2.1 of the Rules of Practice and Procedure of the Commission. PG&E hereby requests that the Commission approve the following:

1. PG&E's Woody Biomass to Renewable Natural Gas (RNG) Pilot Project (Pilot Project) Application;
2. PG&E's proposed reservation of \$16.936 million allowance of PG&E's Cap-and-Trade funds;
3. PG&E's RNG offtake agreement commercial terms;
4. PG&E's request to use a Tier 2 Advice Letter to utilize unspent Cap-and-Trade funds for RNG projects and programs within the scope of SB 1440; and,
5. PG&E's cost recovery proposal.

II. SUMMARY OF PG&E'S PROPOSED WOODY BIOMASS TO RNG PILOT PROJECT

After receiving and evaluating all pilot project offers, PG&E selected one partner, West Biofuels, LLC, to implement the proposed Biomass Gasification Pilot funded through the

Commission-reserved \$16.936 million of PG&E’s Cap-and-Trade funds for eligible infrastructure costs.¹ The proposed Pilot Project will include “gasification, utilizing a Fast Internally Circulating Fluidized Bed (FICFB) gasifier, and direct methanization to increase the methane content.”² Direct methanization employed will remove the need for CO2 removal by utilizing hydrogen to convert the CO2 in the gas into additional RNG.³

West Biofuels proposes to utilize and scale-up its existing gasification facility, adding a methanation system to the gasifier to produce higher volumes of methane from the feedstock. After successful demonstration and testing of the pilot, West Biofuels intends to implement a “Phase 2” to expand the project to a commercial demonstration scale.

The interconnection of West Biofuels’ Project to PG&E’s pipeline system will support the development of novel biomass-to-RNG conversion technology that has the strong potential to be an asset for reducing woody waste and short-lived climate pollutants (SLCP) in California. PG&E will use resources at its disposal, *e.g.*, forest waste supply and relationships with hydrogen supplier resources, to enhance the viability of the woody biomass gasification technology, ensure its success, and minimize costs of the Pilot Project.

The RNG procured by PG&E via this Pilot Project will contribute towards PG&E’s procurement targets for 2025 and 2030 as established in D.22-02-025. All Pilot Project RNG procured will count for the Renewable Gas Standard 2030 target.⁴ RNG produced from diverted organic waste feedstock will also count towards PG&E’s 2025 short-term procurement requirement.⁵

¹ Decision (D.) 22-02-025, p. 47.

² PG&E Opening Testimony, Chap. 1, p. 1-7.

³ *Id.*

⁴ D.22-02-025, p. 32.

⁵ Diverted organic waste feedstock contributing to the short-term procurement requirement includes, but is not limited to, agriculture waste feedstock and diverted organic waste feedstock planned for the Pilot Project.

III. PREPARED TESTIMONY IN SUPPORT OF PG&E’S PILOT PROJECT

PG&E’s Application is supported by the following Prepared Testimony that accompanies the Application:

Chapter 1 – Policy and Pilot Selection

Chapter 2 – Renewable Gas Interconnection

Chapter 3 – Cost Recovery

This Prepared Testimony addresses the requirements established in *Decision Implementing Senate Bill 1440 Biomethane Procurement Program*, issued February 25, 2022 (D.22-02-025). Below, PG&E provides an overview of the requirements relevant for this Application, and where in the Prepared Testimony PG&E provides the requested information.

A. Commission Requirements for Proposed Woody Biomass to RNG Pilot Project Pursuant to D.22-02-025

On February 25, 2022, the Commission issued D.22-02-025, implementing Senate Bill (SB) 1440, that required the gas utilities to “file an application no later than July 1, 2023, proposing at least one woody biomass gasification project focused on conversion of woody biomass to biomethane.”⁶ Pursuant to D.22-02-025, Ordering Paragraph (OP) 43, these pilot projects shall include:

1. Procurement of Bio-SNG

In D.22-02-025, OP 43, the Commission required that the proposed woody biomass gasification project include the “procurement of bio-[Synthetic Natural Gas (SNG)] from forest, agricultural, and urban wood waste pyrolysis and gasification projects using methanation.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

2. Utility Discretion to Choose Which Waste to Focus On

In D.22-02-025, OP 43, the Commission provided each utility the option to “decide whether its pilot project will focus on forest or agricultural waste based on what best serves its

⁶ D.22-02-025, Ordering Paragraph (OP) 43, p. 67.

interests and the interests of its customers.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

3. Coordination of Pilot Project with Department of Conservation

In D.22-02-025, OP 43, the Commission required that the utilities “coordinate such gasification projects and strategic placement with the pilot projects authorized for the Department of Conservation by SB 155.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

4. Project Cost Shall Include Pipeline Extensions

In D.22-02-025, OP 43, the Commission required that project costs shall include pipeline extensions to the pilot facilities. These “pipeline extensions for additional projects and the pilots should propose methods for using carbon dioxide in carbon capture and storage or use projects rather than venting into the atmosphere.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

5. Pilot Technology Should be Capable of Expansion and Have Significant Potential to Increase RNG Supply in the Long Term

In D.22-02-025, OP 43, the Commission required that the pilots proposed should test “technologies that are capable of expansion and that have significant potential to increase the renewable natural gas supply in the long term.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

6. Studying and Reporting of Emissions and Emissions Reduction or Elimination

In D.22-02-025, OP 43, the Commission required that the pilots shall “study and report “fugitive methane, pollutant, and particulate matter emissions and emissions reduction or elimination methods in the gasification or pyrolysis process, the methanation process, and pipeline infrastructure.” PG&E’s Application addresses this in Prepared Testimony, Chapter 1.

IV. SUMMARY OF RELIEF AND AUTHORITY SOUGHT

A. Estimated Funding Requirements

Pursuant to D.22-02-025, OP 43, the Commission directed the utilities to set aside \$40

million from their 2022 Cap-and-Trade Program allowance auction proceeds to fund these pilot projects—of which PG&E was allocated 42.34 percent or \$16,936,000.⁷ PG&E’s Pilot Program anticipates necessitating up to \$16.936 million in infrastructure funds, including pipeline extension. PG&E’s Application addresses this in Prepared Testimony, Chapter 3.

B. Approve Offtake RNG Agreement Commercial Terms

PG&E requests Commission approval of the commercial terms of the RNG offtake agreement between PG&E and West Biofuels. This will ensure that PG&E customers directly benefit from the investment that they are making in the West Biofuels technology development, as well as indirectly benefit from the development of new clean technologies. PG&E proposes to submit the final executed RNG offtake agreement via a confidential Tier 1 Advice Letter, subject to Commission approval. PG&E’s Application addresses this in Prepared Testimony, Chapter 1, Confidential Attachment A.

C. Approve Tier 2 Advice Letter Process to Utilize Unspent GHG Funds

PG&E requests Commission approval of a Tier 2 Advice Letter process to allow PG&E the opportunity to request utilization of any savings related to the pilot costs below the \$16.936 million allowance on additional RNG projects, programs, and contracts within the scope of D.22-02-025. PG&E’s Application addresses this in Prepared Testimony, Chapter 3.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

PG&E files this Application pursuant to D.22-02-025.

A. Legal Name and Principal Place of Business (Rule 2.1(a))

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E’s principal place of business is 300 Lakeside Drive, Oakland, California 94612. PG&E is duly organized under the State of California.

⁷ D.22-02-025, p. 47.

B. Correspondence, Communications, and Service (Rule 2.1(b))

All correspondence, communications, and service of papers regarding this Application should be directed to:

Benjamin Ellis
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300 Lakeside Drive
Oakland, CA 94612-3534
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C. Proposed Categorization (Rule 2.1(c))

PG&E proposes that this Application be categorized as a ratemaking proceeding.

D. Need for Hearings (Rule 2.1(c))

PG&E anticipates that evidentiary hearings may be requested by other parties to this proceeding, but the need for evidentiary hearings will depend on the degree to which and grounds on which other parties might contest the proposals contained within this Application. While PG&E hopes to resolve the issues raised in this Application without hearings, such as through more informal procedures including discovery. Should those issues fail to be resolved through informal procedures, evidentiary hearings may be necessary.

E. Issues to be Considered (Rule 2.1(c))

The principal issue presented in this Application is whether the Commission should approve PG&E's request for approval of its proposed Woody Biomass to RNG Pilot Project, including authorization of reimbursement of the \$16.936 million allowance of PG&E's Cap-and-Trade funds to support implementation of the Pilot Project pursuant to D.22-02-025, approve the RNG offtake agreement commercial terms, approve PG&E's Tier 2 Advice Letter process to request use of unused Cap-and-Trade allocated funds, and approve PG&E's cost recovery proposal.

F. Relevant Safety Considerations (Rule 2.1(c))

In D.16-01-017, the Commission amended Rule 2.1(c), requiring an applicant to identify

all relevant safety considerations implicated by an Application to which the assigned Commissioners and presiding officer could refer to during the proceeding. In order to ensure that safety considerations have received full consideration by parties and the Commission, PG&E's Prepared Testimony, Chapter 1, includes details on PG&E's efforts to promote public safety through safety measure protocols, requirements, and audits for PG&E personnel and vendors participating in the Woody Biomass to RNG Pilot Project.

G. Procedural Schedule (Rule 2.1(c))

PG&E proposes the following procedural schedule for this Application to be resolved within 18 months of filing.

PG&E files Application	June 30, 2023
Protests and Responses filed and served	30 days after Daily Calendar Notice
Reply filed and served	10 days after Protests and Responses
Notice of PHC	July 2023
Prehearing Conference	August 2023
Scoping Memo	Late August/Early September 2023
Intervenor Reply Testimony	October 2023
PG&E Rebuttal Testimony	November 2023
Evidentiary Hearings (if needed)	February 2024
Concurrent Opening Briefs	Early April 2024
Concurrent Reply Briefs	Early May 2024
Proposed Decision	Within 90 days of submission or by October 2024
Final Decision	December 2024

H. Articles of Incorporation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application (A.) 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

I. Authority to Increase Rates

Because this submittal does not seek to increase rates, this requirement is not applicable.

J. Balance Sheet and Income Statement (Rule 3.2(a)(1))

PG&E's balance sheet and income statement for the period ending March 31, 2023, were filed on May 15, 2023, in A.23-05-012, and are incorporated herein by reference.

K. Statement of Presently Effective Rates (Rule 3.2(a)(2))

PG&E's presently effective electric rates were filed on June 15, 2023, in A.23-06-008, and are incorporated herein by reference.

L. Statement of Proposed Increases or Changes in Rates (Rule 3.2(a)(3))

Approval of this Application will not result in increased electric rates for distribution customers; therefore, a statement setting forth PG&E's proposed increases or changes to electric rates is not needed.

M. General Description of PG&E's Property and Equipment (Rule 3.2(a)(4))

Because this submittal is not a general rate application, this requirement is not applicable.

N. Summary of Earnings (Rule 3.2(a)(5) and (6))

A summary of recorded year 2021 revenues, expenses, rate bases and rate of return for PG&E's Electric and Gas Departments was filed with the Commission on July 22, 2022, in A.21-06-021 and is incorporated herein by reference.

O. Statement of Election Method of Computing Depreciation Deduction for Federal Income Tax (Rule 3.2(a)(7))

Because this submittal is not a general rate application, this requirement is not applicable.

P. Most Recent Proxy Statement (Rule 3.2(a)(8))

Because this submittal is not a general rate application, this requirement is not applicable.

Q. Type of Rate Change Requested (Rule 3.2(a)(10))

Results of operations at proposed rates are not required because the submittal does not seek to increase or change proposed rates.

R. Notice to Governmental Entities (Rule 3.2(b))

Because this submittal does not seek to increase rates, this requirement is not applicable.

S. Publication (Rule 3.2(c))

Because this submittal does not seek to increase rates, this requirement is not applicable.

T. Notice to Customers (Rule 3.2(d) and (e))

PG&E is serving this Application and its Prepared Testimony on the Rulemaking (R.) 13-02-008 service list. Because this submittal does not seek to increase rates, the requirement to include notices with the regular bills mailed or emailed to customers is not applicable.

VI. CONCLUSION AND REQUEST FOR COMMISSION ORDERS

PG&E respectfully requests that the Commission issue appropriate orders:

1. Approving PG&E's Woody Biomass to RNG Pilot Project Application;
2. Approving as reasonable PG&E's proposed reservation of the \$16.936 million allowance via PG&E's Cap-and-Trade funds;
3. Approving the RNG offtake agreement commercial terms;
4. Approving PG&E's request to use a Tier 2 Advice Letter process to request utilization of unspent Cap-and-Trade funds for RNG projects, programs, and contracts within the scope of D.22-02-025;
5. Approving PG&E's cost recovery proposal; and,
6. Granting such additional relief the Commission deems appropriate.

Respectfully Submitted,

BENJAMIN ELLIS

By: /s/ Benjamin Ellis
BENJAMIN ELLIS

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Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: June 30, 2023

VERIFICATION

I, the undersigned, say:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized, pursuant the Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the CPUC, to make this Verification for and on behalf of said Corporation, and I make this Verification for that reason. I have read the foregoing Application, and I am informed and believe that the matters therein concerning Pacific Gas and Electric Company are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on June 29, 2023, at Oakland, California.

By:  _____
GILLIAN CLEGG
Vice President, Energy Policy & Procurement