



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

Application of Pacific Gas and Electric
Company on Behalf of Customers Seeking a
Gas Line Subsidy.

(U 39 M)

Application 25-07-_____

FILED

07/01/25

04:59 PM

A2507002

**APPLICATION OF PACIFIC GAS AND ELECTRIC
COMPANY (U 39 M) ON BEHALF OF CUSTOMERS
SEEKING A GAS LINE SUBSIDY PURSUANT TO THE
REQUIREMENTS OF D.22-09-026**

**PUBLIC VERSION
(ATTACHMENTS A THROUGH E, CONTAINS CONFIDENTIAL MATERIAL)**

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I. INTRODUCTION

Pursuant to Ordering Paragraph (OP) 2 of Decision (D.) 22-09-026, Pacific Gas and Electric Company (PG&E) files this annual application requesting approval from the California Public Utilities Commission (Commission), on behalf of its customers, for a gas line extension subsidy for projects meeting the minimum requirements set out in D.22-09-026.

OP 2 of D.22-09-026 directs the utilities to “file an application with the Commission, on behalf of the applicant(s), for approval of a gas line subsidy” when the applicant meets the following criteria:

- (a) The project shows a demonstrable reduction in greenhouse gas emissions;
- (b) The project’s gas line extension is consistent with California’s climate goals, including those articulated in Senate Bill 32 (Pavley, 2016); and
- (c) The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification.¹

D.22-09-026 further directs that the utilities, “on behalf of the project applicants, shall demonstrate the factual basis for the project applicants’ assertions, and confirm that the minimum requirements have been met based on the information provided by applicants assertions.”²

PG&E reviewed applications received from customers using the criteria set out in D.22-09-026 and provides the following analysis to the Commission based solely on information provided by the customers.

II. APPLICATIONS THAT PG&E BELIEVES MEET THE MINIMUM CRITERIA SET OUT IN D.22-09-026

After reviewing the applications received from customers, PG&E believes that two applications meet the minimum criteria set out in D.22-09-026 and provides the following analysis to the Commission. PG&E notes that it is not an expert in the areas of these two projects

¹ D.22-09-026, OP 2, at 81-82.

² D.22-09-026, OP 3, at 82.

but did its best to meet the requirements of D.22-09-026, which require it to perform an analysis as to whether the requirements of the decision are met. However, given that PG&E is not an expert in landfill or data center construction, PG&E's analysis is not as sophisticated as would be the analysis of an expert in those fields. Furthermore, while PG&E notes that the customers submitted applications to PG&E under the penalty of perjury, PG&E is not in a position to independently validate many of the statements made in the applications and must take the customers at their word concerning many of the technical and financial aspects of the projects at issue.

A. Application 74057424 – Capturing Landfill Gas and Converting it to Renewable Natural Gas

The factual basis for the project applicants' assertions that the project meets the minimum requirements of D.22-09-026 are set out below. This customer application is included here as Attachment A. As background, this application is for a project that would capture landfill gas that is currently being incinerated and convert it to pipeline grade renewable natural gas.³

1. A Demonstrable Reduction In Greenhouse Gas Emissions

PG&E believes, based on information provided by the customer, that the customer has sufficiently established that this project shows a demonstrable reduction in greenhouse gas emissions. An Amended Air Quality, Climate and Health Risk Assessment, conducted by Montrose Environmental at the request of the customer, determined that this project would reduce greenhouse gas emissions at the landfill by 55% to 72%, thus, eliminating between 11,595 and 18,499 metric tons of CO₂e emissions each year.⁴ This assessment is included here as Attachment B. This analysis also included an estimate of the greenhouse gas emissions resulting from construction activities, which were amortized over a 30-year project lifetime.⁵

³ See Attachment A at 3.

⁴ See Attachment B at 58.

⁵ See Attachment B at 59.

2. Consistent With California's Climate Goals

PG&E believes, based on information provided by the customer, this project is consistent with California's climate goals, including the California Global Warming Solutions Act of 2016 (Senate Bill 32), which mandates a statewide reduction in greenhouse gas emissions.⁶ The customer has demonstrated that the project will capture gas released from a landfill, which would have been incinerated, and convert it to pipeline grade renewable natural gas.⁷ The project is estimated to reduce between 11,595 and 18,499 tons of CO₂e emissions each year.⁸ When considered over the multiple decade anticipated lifetime of the project, this emission reduction is significant.

3. No Feasible Alternatives To The Use Of Natural Gas

Based on the information provided by the customer, PG&E believes the customer has sufficiently demonstrated that there are no feasible alternatives to the use of natural gas for this project since the customer has provided evidence that the cost of operating this project using only electricity would make the project economically unfeasible. The customer explored using electricity to run the upgrading facility. At the customer's request, PG&E performed a Preliminary Engineering Study Report detailing the potential costs of providing electric service to the landfill.⁹ This report is included here as Attachment C. Based on the results of the report, the customer determined that powering the project with natural gas was the only way to make the project feasible and prevent it from being un-investable.¹⁰ An analysis of the costs of powering this project on both electric and natural gas, prepared by the customer, is included here as Attachment D.

Additionally, the customer notes that it is not feasible to use the natural gas produced at the landfill to power the landfill because this would also make the project economically

⁶ Cal. Health & Safety Code § 38500 *et seq.*

⁷ See Attachment A at 3.

⁸ See Attachment B at 58.

⁹ Attachment C.

¹⁰ See Attachment D at 2.

unfeasible. Specifically, the customer provided an analysis demonstrating that using the natural gas produced at the landfill to power the project would reduce the total revenue over the life of the project by approximately \$200 million.¹¹

Lastly, the customer notes that all funds authorized by the Biomethane Monetary Incentive Program, established in D.15-06-029, are currently encumbered and that this program is not on the waitlist for that program. Thus, it is not anticipated that this project would receive funds from this program. Given these limitations, it appears the customer has successfully demonstrated there is no feasible alternative to the use of natural gas for this project.

B. Application 74059725 – A Data Center in an Area Where PG&E Does Not Provide Electric Service

The factual basis for the project applicants' assertions that this project meets the minimum requirements of D.22-09-026 are set out below. This customer application is included here as Attachment E. As background, this application is for a project that would build a data center in an area where electric service is only provided by Silicon Valley Power and where there is a multi-year delay for Silicon Valley Power to provide electrical service to the site.

1. A Demonstrable Reduction in Greenhouse Gas Emissions

Based on information provided by the customer, PG&E believes this project has sufficiently shown a demonstrable reduction in greenhouse gas emissions because, as discussed below, electric service is not expected to be available at this site for at least six years and the alternative to using natural gas would be to attempt to use diesel to fuel this project. According to the United States Energy Information Administration, diesel produces approximately 40% more CO₂ emissions than natural gas.¹² Given that this project is a data center that requires a significant amount of energy (an estimated 7,200 MBtu/hour), powering this site with self-generated electrical (such as solar) is not an option.¹³ Thus, using natural gas at this site would

¹¹ See Attachment D at 3.

¹² United States Energy Information Administration, Carbon Dioxide Emission Coefficients, available at: https://www.eia.gov/environment/emissions/co2_vol_mass.php.

¹³ See Attachment E at 2.

reduce greenhouse gas emissions by approximately 40% compared to the alternative of diesel power.

2. Consistent with California's climate goals

PG&E believes, based on information provided by the customer, that this project is consistent with California's climate goals, including the California Global Warming Solutions Act of 2016, which mandates a statewide reduction in greenhouse gas emissions.¹⁴ The customer provided evidence that electric service is not available at this site for at least six years,¹⁵ thus, attempting to power this site through diesel would produce approximately 40% more CO₂ emissions than natural gas.¹⁶ Additionally, it is well-accepted that natural gas is considered to be a cleaner fuel than diesel and that burning diesel releases more harmful particulate matter and other toxic substances than does natural gas.¹⁷ Reducing harmful particulate matter and toxic substances is consistent with California's climate goals.

Lastly, the customer noted that this project proposes to install Bloom Energy Servers, which use solid oxide fuel cells to convert fuels directly to electricity without combustion.¹⁸ A data sheet on these Bloom Energy Servers is included here as Attachment F. Bloom Energy represents that these high efficiency energy systems produce significantly less pollutants (such as NO_x, SO_x, and particulate matter) and carbon emissions than legacy technologies.¹⁹ This would also be consistent with California's climate goals.

¹⁴ Cal. Health & Safety Code § 38500 *et seq.*

¹⁵ See Attachment E at 4.

¹⁶ United States Energy Information Administration, Carbon Dioxide Emission Coefficients, available at: https://www.eia.gov/environment/emissions/co2_vol_mass.php.

¹⁷ See California Air Resources Board, Overview: Diesel Exhaust & Health, available at: <https://ww2.arb.ca.gov/resources/overview-diesel-exhaust-and-health>.

¹⁸ See Attachment F at 1.

¹⁹ See Attachment F at 1.

3. No feasible alternatives to the use of natural gas

Based on the information provided by the customer, PG&E believes the customer's statements sufficiently demonstrate that there are no feasible alternatives to the use of natural gas at this site because there is no other way to provide adequate power to the area in question. The proposed data center is located in the service territory of Silicon Valley Power and, while PG&E can provide natural gas to this location, only Silicon Valley Power can provide electric service to the site. The customer attested that Silicon Valley Power provided an estimated timeline for electrical interconnection to this location which would delay the project by at least six years, making the project untenable.²⁰ Given this delay, using diesel to power this site would produce significantly more carbon emissions and the only feasible way for this project to proceed would be to use natural gas at this location. As noted above, attempting to self-power this site through methods such as solar energy are not feasible given the size constraints, energy requirements, and location of this data center project.

III. PROPOSED CATEGORY FOR THE PROCEEDING

Pursuant to Commission Rule of Practice and Procedure (Rule) 2.1(c), PG&E proposes that this proceeding be categorized as ratesetting.

IV. THE NEED FOR HEARINGS

Pursuant to Rule 2.1(c), PG&E believes that only written evidence in this proceeding should be necessary and that formal, scheduled hearings should not be needed. However, given that no customer has yet successfully been determined to meet the requirements of D.22-09-026, should the Commission preliminarily determine that the customers do not meet the requirements of that decision, PG&E requests the customers be granted a hearing to further plead their case and submit additional written evidence, if needed. PG&E believes that this would be the most equitable outcome for the customers until there is established precedent for what constitutes a successful application.

²⁰ See Attachment E at 4.

V. PROPOSED SCHEDULE

Pursuant to Rule 2.1(c), PG&E does not propose a specific schedule but defers to the needs of the Commission as to the timing of this proceeding. While PG&E does not believe formal hearings would be needed, as noted above, PG&E would simply request that, as part of any schedule, the Commission allow the customers to submit additional information to support their claims—should the Commission determine it is needed—since there have not yet been any successful customer applications to serve as precedent.

VI. CONCLUSION

Pursuant to D.22-09-026, PG&E respectfully requests that the Commission determine whether the customer applications submitted herein meet the minimum requirements to be granted a gas line subsidy.

Respectfully Submitted,

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Dated: July 1, 2025

VERIFICATION

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 1, 2025, at San Francisco, California.



Gabriel Briggs

Assistant Corporate Secretary