



COM/JR5/nd3 9/23/2025

FILED

09/23/25

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

09:38 AM

R1302008

Order Instituting Rulemaking to Adopt Biomethane Standards and Requirements, Pipeline Open Access Rules, and Related Enforcement Provisions.

Rulemaking 13-02-008

ASSIGNED COMMISSIONER'S RULING ORDERING RESPONSES TO INTERCONNECTION COST QUESTIONS

This ruling aims to gather cost data on interconnection costs and provide an update on the status of this proceeding. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas), and Southwest Gas Corporation (SWG) are ordered to respond to the utility focused questions in Section 2 of this ruling. All parties are encouraged to file comments in response to the questions in Section 3 of this ruling. Opening comments must be filed within 30 days of issuance of this ruling. Reply comments are due 10 days after the last day for opening comments.

1. Background

On November 21, 2019, the assigned Commissioner issued a Scoping Memo and Ruling initiating Phase 4 of this proceeding (Phase 4 Scoping Memo). It identified three specific action items necessary to implement Senate Bill (SB) 1440: (1) consultation with the California Air Resources Board, (2) a determination as to whether biomethane procurement targets or goals can be adopted in a cost-effective manner while complying with all applicable state and federal laws, and (3) consideration of seven specific issues necessary to

ensure compliance with California Public Utilities Code Section 651(b). On June 5, 2020, the assigned Commissioner issued a subsequent Amendment to Phase 4 Scoping Memo, and added seven additional issues for consideration in Phase 4 of this proceeding.

On June 3, 2021, the assigned Administrative Law Judge issued a ruling (Biomethane Procurement Ruling) directing parties to comment on an Energy Division staff proposal (Staff Proposal). A copy of the Staff Proposal was attached to the Biomethane Procurement Ruling, and it recommended establishment of a biomethane procurement program for California's four large gas utilities: PG&E, SDG&E, SoCalGas, and SWG (collectively, the Utilities). The Biomethane Procurement Ruling directed parties to file comments on four specific questions related to the Staff Proposal and any other relevant issues that were not addressed in the Staff Proposal.

On February 24, 2022, the California Public Utilities Commission (Commission) issued Decision (D.) 22-02-025. It directed the adoption of a Renewable Gas Standard (RGS) program to implement SB 1440. On December 28, 2022, pursuant to D.22-02-025, Ordering Paragraph 31, the Utilities submitted draft Renewable Gas Procurement Plans (RGPPs). These draft RGPPs have not yet been approved. Pursuant to D.22-02-025, the Commission is expected to issue a decision in response to the draft RGPPs "providing specific instructions to each of the utilities for what to modify or include in their final RGPP." On July 20, 2023, a ruling ordered responses regarding RGS program cost estimate data. On August 21, 2023, these RGS program cost estimate data responses were filed by the Utilities.

Most recently, the assigned Commissioner issued a ruling in June of 2024 to better inform the review of the pending RGPPs. After reviewing the

information submitted, staff identified a gap in understanding the interconnection costs, which is a key driver of biomethane project costs. The four large gas utilities shall file responses to questions under the heading “Utility Questions” within 30 days of issuance of this ruling. All parties are requested to file comments on the questions in Section 3 (Questions for All Parties). As specified in Section 3, non-utility parties may file comments on the questions focused on the four large gas utilities.

2. Utility Questions

1. Provide the specific steps for a typical biomethane interconnection project¹ process, the timeline of each step, and the party responsible for completing each step.
2. List any budget or sub-budget categories² that the Utilities track for biomethane interconnection projects.
3. Describe the process by which the Utilities estimate, budget, and track spending on biomethane interconnection costs.
4. What factors contribute most significantly to interconnection cost variations across projects? Explain.
5. How many biomethane interconnection projects has each Utility completed?
6. For all biomethane interconnection projects with an interconnection date between 2015-2025, as well as any projects expected to come online by 2027, provide the following information, in a spreadsheet:

¹ **“Biomethane interconnection project”** means a utility infrastructure project that encompasses the complete planning, design, permitting, construction, and commissioning activities required to physically connect a biomethane production facility to a utility’s gas pipeline system and enable the safe injection of biomethane into the utility’s distribution or transmission network.

² **“Budget or sub-budget categories”** means the cost classification system used to organize project expenses, where budget categories represent major cost groupings (*e.g.*, construction, engineering) and sub-budget categories represent detailed cost components within each major grouping (*e.g.*, labor, materials, equipment).

- a. The project's name
 - b. Location
 - c. Online date
 - d. Feedstock type (*e.g.*, dairy, diverted organic waste, *etc.*)
 - e. Total interconnection costs
 - f. Average and maximum throughput
 - g. A percentage cost breakdown of specific activities (*e.g.*, labor, materials, contingency)
 - h. How much money was recovered from ratepayers for each project.
7. What are the average, median, and range of interconnection costs for all the biomethane interconnection projects listed in response to Question 6? These summary figures should be filed publicly.
 8. In total, how much has been recovered from ratepayers for biomethane interconnection, inclusive of Low Carbon Fuel Standard or SB 1440 Pilot Projects?
 9. Regarding cost recovery treatment of biomethane interconnection costs:³
 - a. For each budget and sub-budget category described above, how does the Utility recover its costs?
 - b. Are any biomethane interconnection costs rate-based?
 - c. Do the Utilities earn a return on any biomethane interconnection costs? Be specific.

³ **"Biomethane interconnection costs"** means all expenses incurred by a utility in connection with a biomethane interconnection project, including direct construction costs, engineering and design costs, permitting and regulatory costs, contingency amounts, supervisory fees, and other costs reasonably attributable to connecting a biomethane production facility to the utility's gas pipeline system.

10. Regarding contingency amounts:⁴
 - a. How do the Utilities estimate contingency amounts for biomethane interconnection projects?
 - b. How often have the Utilities exceeded the contingency amount on biomethane interconnection projects? Be specific.
 - c. Are any limits applied to potential contingency amounts?
 - d. How are the Association for the Advancement of Cost Engineering Recommended Practices guidelines applied to managing this additional cost for biomethane producers?
11. Regarding “Supervisory Fees”:⁵
 - a. How do the Utilities set their supervisory fees?
 - b. How often do the Utilities quote supervisory fees to developers?
 - c. What costs are represented in supervisory fees?
 - d. Provide an example supervisory fee quote, with an explanation of the supervisory fee in that instance was estimated.
 - e. What is each Utility’s average supervisory quote?⁶
 - f. How have supervisory fees changed over the last five years? Why or why not?

⁴ **“Contingency amount”** is an estimated additional cost included in interconnection project budgets to account for unforeseen expenses, scope changes, or cost overruns that may occur during project development and construction.

⁵ **“Supervisory fees”** means fees charged by utilities to biomethane developers for utility oversight and supervision of interconnection work performed by the developer or the developer’s contractors.

⁶ Average supervisory quote should include not only those supervisory fees that the Utility has charged developers but also any supervisory fee estimates that were quoted but ultimately not executed.

- g. How are revenues from supervisory fees treated?
Specifically, do these earnings go to shareholders or ratepayers?
- 12. What steps have the Utilities already taken or plan to take to reduce biomethane interconnection costs and what is the status of those changes?

3. Questions for All Parties

1. Non-Utility parties may respond to any of the Utility Questions listed above.
2. How do the four large gas utilities' interconnection costs compare to gas utility interconnection costs in other states or other pipeline operators? If there are differences, what are key drivers of differences?
3. Are interconnection costs in California a significant market barrier for biomethane developers? Explain.
4. How can the Commission lower interconnection costs?
5. How do supervisory fees in California compare to other states?
6. Should the Commission take steps to reduce the supervisory fees charged by the Utilities? If so, how?
7. What level of transparency and detail is reasonable in a cost estimate of an interconnection project for a developer? What cost elements should be clearly delineated in detail and what elements are reasonable to keep aggregated or confidential?

Parties may request any sensitive personal information be submitted under seal pursuant to Rule 11.1 and Rule 11.4 of the Commission's Rules of Practice and Procedure. Instructions on formatting and submitting confidential and redacted documents can be found on the Commission's website at:

[Practitioner's Page – Filing Confidential Documents Under Seal \(Motion to File Under Seal\)](#).

4. Proceeding Schedule Update

Parties have 30 days to file opening comments in response to this ruling, and then 10 days after the last day for opening comments to file reply comments.

A proposed decision in this Rulemaking is expected by Q2 2026.

IT IS RULED that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southwest Gas Corporation shall respond to the Utility Questions in Section 2 within 30 days of issuance of this ruling.

2. Opening comments shall be filed within 30 days of issuance of this ruling and Reply comments 10 days after the last day for opening comments.

3. Parties may request confidential treatment for any information requested in this ruling pursuant to Rule 11.1 and Rule 11.4 of the California Public Utilities Commission's Rules of Practice and Procedure.

Dated September 23, 2025, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner