

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Southern California Gas
Company (U904G), on Behalf of its
Customers, for Approval of Gas Line
Extension Allowances.

Application 25-07-001

**OPENING BRIEF OF THE PUBLIC ADVOCATES OFFICE
ON SOUTHERN CALIFORNIA GAS COMPANY'S APPLICATION
ON BEHALF OF ITS CUSTOMERS FOR APPROVAL OF
GAS LINE EXTENSION ALLOWANCES**

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I. INTRODUCTION

Pursuant to Rule 13.12 of the California Public Utilities Commission (Commission)'s Rules of Practice and Procedure (Rules) and the *Assigned Commissioner's Scoping Memo and Ruling*¹ (Scoping Memo), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby submits this opening brief in the *Application of Southern California Gas Company (U904G), on Behalf of its Customers, for Approval of Gas Line Extension Allowances*² (Application) filed on July 1, 2025.

The Commission should deny Southern California Gas Company (SoCalGas)'s Application because it fails to meet the requirements set forth in Decision (D.) 22-09-026.

II. BACKGROUND

On September 15, 2022, the Commission issued D.22-09-026. D.22-09-026 eliminated gas line extension allowances, but allowed SoCalGas, Pacific Gas and Electric

¹ *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo) at 4, filed October 14, 2025.

² Application 25-07-001, *Application of Southern California Gas Company, on Behalf of its Customers, for Approval of Gas Line Extension Allowances* (Application), filed July 1, 2025.

Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southwest Gas Corporation to request Commission approval for a gas line extension allowance for specific, unique non-residential projects that meet the specified minimum criteria.³ Ordering Paragraph 3 of D.22-09-026 also requires that the gas utilities “demonstrate the factual basis for the project applicants’ assertions, and confirm that the minimum requirements have been met” in any application with the Commission.⁴ The D.22-09-026 minimum criteria are: “(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.”⁵ For projects that meet the minimum criteria, D.22-09-026 orders the gas utility to file an application with the Commission, on behalf of the applicant(s), for approval of a gas line subsidy, by July 1 of each year starting in 2023.⁶ SoCalGas filed the Application on July 1, 2025.

SoCalGas requests that the Commission find that it has demonstrated that the eight⁷ individual customer applicants’ distinct proposed Renewable Natural Gas (RNG) refueling station projects meet the three minimum criteria set forth in D.22-09-026, and that the Commission approve the proposed projects.⁸ SoCalGas also requests authorization to file a Tier 1 Advice Letter within 30 days of a decision on the

³ D.22-09-026, *Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules*, issued September 15, 2022, Ordering Paragraph (OP) 2 at 81.

⁴ D.22-09-026, OP 3 at 82.

⁵ D.22-09-026, OP 2 at 82.

⁶ D.22-09-026, OP at 81-82.

⁷ The eight projects are Projects A, B, C, D1, D2, E, G, and H. The Application originally requested approval of nine different projects, but SoCalGas confirmed in its Rebuttal Testimony that the customer applicant for Project F withdrew its application, so Project F is cancelled.

⁸ Application at 3 and 10.

Application, to create a new balancing account to record costs associated with the projects for recovery in rates.⁹

The Commission should deny SoCalGas's Application. The evidentiary record shows that SoCalGas fails to demonstrate the factual basis for customer applicants' claims, as required by D.22-09-026. SoCalGas also fails to demonstrate that the proposed projects meet the three minimum criteria set forth in D.22-09-026. Furthermore, SoCalGas has not shown that creation of a new balancing account to record project costs is reasonable.

III. APPLICABLE LAW AND BURDEN OF PROOF

Commission precedent establishes that the utility has the "burden of affirmatively establishing the reasonableness of all aspects of its application."¹⁰ Consistent with this precedent, SoCalGas bears the burden of proving, by a preponderance of evidence, that it is entitled to the relief it is seeking.¹¹ Where the Commission entertains a reasonable doubt as to the utility's position, the utility has not met its burden of proof.¹² As described below, SoCalGas has failed to meet its burden of proof.

IV. DISCUSSION

A. SoCalGas fails to demonstrate the factual basis for the project applicants' assertions, as required by D.22-09-026.

D.22-09-026 requires that the gas utilities demonstrate on behalf of the project applicants the factual basis for the project applicants' assertions and confirm that the minimum criteria have been met before filing its annual application with the

⁹ Application at 11.

¹⁰ D.08-12-058, *Decision Granting a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project*, issued December 24, 2008, at 17, quoting D.06-05-016, *Opinion on Southern California Edison Company's Test Year 2006 General Rate Increase Request*, issued May 11, 2006, at 7.

¹¹ D.18-10-019, *Decision Modifying the Power Charge Indifference Adjustment Methodology*, issued October 19, 2018, at 31.

¹² D.18-10-019 at 31, quoting D.87-12-067, 27 CPUC2d 1, 22.

Commission.¹³ The record evidence shows that SoCalGas does not demonstrate the factual basis or confirm that the minimum criteria have been met for all eight projects.

1. There is scarce evidence that SoCalGas verified customer applicants' claims.

SoCalGas claims that it verified customer applicants' claims, and that the verification is demonstrated in Part II of its Chapter 2 testimony.¹⁴ SoCalGas also states that it requested additional information beyond that was provided in customers' applications, and that this additional information is included in its Chapter 2 testimony and workpapers.¹⁵ These assertions are not supported by the testimony and workpapers. The Chapter 2 workpapers consist of (1) SoCalGas's "Standard Lifecycle GHG Reduction Methodology" (Methodology) for each project, which merely plugs customers' annual RNG energy usage estimates from their applications into a formula, and (2) the customers' applications.¹⁶ There is no evidence of independent verification by SoCalGas of customers' claims or estimates in the Chapter 2 workpapers.

Furthermore, the vast majority of SoCalGas's Chapter 2 testimony merely regurgitates information in customers' applications, there is scarce evidence of any verification by SoCalGas.¹⁷ The only evidence SoCalGas provides is a reference in support of the customer applicant for Project B's claims that Project B plans to eventually transition to zero-emission vehicles (ZEVs) and that ZEVs are not currently a feasible alternative to natural gas.¹⁸ The primary reference to any analysis or assessment

¹³ D.22-09-026, OP 3 at 82.

¹⁴ Exhibit (Ex.) CalAdv-01, *Opening Testimony on Application of Southern California Gas Company, on Behalf of its Customers, for Approval of Gas Line Extension Allowances* (Cal Advocates Testimony), Attachment 2 at B-4.

¹⁵ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 2 at B-6.

¹⁶ See Ex. SCG-02-WP, *Workpapers Supporting the Prepared Direct Testimony of Jason Legner* (SCG Chapter 2 Workpapers).

¹⁷ See Ex. SCG-02, *Prepared Direct Testimony of Jason Legner* (SCG Chapter 2 Testimony).

¹⁸ Ex. SCG-02C, *Prepared Direct Testimony of Jason Legner (Confidential)* (SCG Chapter 2 Testimony (Confidential)), at JL-10, n. 27.

conducted by SoCalGas is to its Methodology.¹⁹ SoCalGas states that its Methodology was established to “verify” estimated GHG emission reductions provided in customers’ applications.²⁰ However, the Methodology itself relies on unverified customer assertions.²¹ Indeed, the Methodology merely plugs the customer applicants’ estimated annual energy usage of RNG estimates (in therms Higher Heating Value) into the formula.²² When asked directly whether SoCalGas received any supporting evidence from the customer applicants that demonstrates the estimated annual energy use of RNG for each project, SoCalGas stated that it “reviewed the usage estimates from customers and found them reasonable” and that additional supporting evidence was not provided.²³

In addition, SoCalGas states that it is not aware of how customer applicants intend to procure the RNG required for the proposed projects²⁴ or where each customer is in the RNG procurement process.²⁵ Moreover, when asked to provide the estimated number of Compressed Natural Gas (CNG) vehicles each project is estimated to serve annually, SoCalGas stated, “Projects B, C, G, and H did not provide the estimated number of vehicles as it was not required as part of application.”²⁶ In fact, SoCalGas’s applications do not require customer applicants to provide any evidence or documentation to support their assertions.²⁷ Therefore, despite its claims to the contrary, there is no record evidence to suggest that SoCalGas demonstrates the factual basis for the overwhelming majority of customer applicants’ assertions or confirmed that the proposed projects actually meet the D.22-09-026 minimum criteria.

¹⁹ See Ex. SCG-02, SCG Chapter 2 Testimony.

²⁰ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 1 at A-1.

²¹ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 2, 4, 6, 8, 10, 12, 16, and 18.

²² Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 2, 4, 6, 8, 10, 12, 16, and 18.

²³ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 2 at B-5.

²⁴ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 1 at A-3.

²⁵ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 1 at A-4.

²⁶ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 2 at B-2.

²⁷ See Ex. SCG-02-WP, SCG Chapter 2 Workpapers.

2. SoCalGas misinterprets the requirement to demonstrate the factual basis for customer applicants' assertions and confirm that minimum requirements have been met.

The evidence suggests that SoCalGas has not exercised due diligence in its assessment of the applications and instead views its role as merely presenting the information from customers' applications in the form of testimony. First, SoCalGas states that there is no requirement in D.22-09-026 that it must provide qualitative and quantitative evidence in support of these projects, and that the Decision only requires "demonstration that projects will lead to certain outcomes."²⁸ SoCalGas follows with the assertion that the customer applications and SoCalGas's evaluations meet this threshold.²⁹ While D.22-09-026 does not explicitly require such evidence, the use of "demonstrate" certainly implies that SoCalGas must make clear the factual basis for the customers' claims. The main definitions of "demonstrate" are "to show clearly;" "to prove or make clear by reasoning or evidence;" or "to illustrate and explain especially with many examples."³⁰ SoCalGas admits that demonstration of the factual basis for the three minimum criteria is required under D.22-09-026, but does not show this basis clearly, prove it with evidence, or illustrate and explain with examples in the instant application.

Furthermore, "confirm" is defined as "to give new assurance of the validity of: remove doubt about by authoritative act or indisputable fact."³¹ Therefore, while D.22-09-026 does not explicitly require that SoCalGas include supporting documentation in its Application, it explicitly requires confirmation that customers meet the minimum requirements, which by definition, involves more effort than accepting customers at their word. Despite this fact, SoCalGas merely relies on customer attestations.

²⁸ Ex. SCG-05, *Prepared Rebuttal Testimony of Jason Legner* (SCG Chapter 2 Rebuttal Testimony) at JL-8.

²⁹ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony, at JL-8.

³⁰ *Demonstrate*, Merriam-Webster, available at: <https://www.merriam-webster.com/dictionary/demonstrate>.

³¹ *Confirm*, Merriam-Webster, available at: <https://www.merriam-webster.com/dictionary/confirm>.

SoCalGas does not demonstrate the factual basis for project applicants' assertions or show that it confirmed that the minimum criteria were met. Moreover, the fact that SoCalGas fails to support customer claims with evidence further illustrates SoCalGas's failure to meet its burden of proof. Therefore, the Commission should reject SoCalGas's Application.

B. The proposed projects do not meet the minimum criteria set forth in D.22-09-026.

D.22-09-026 set forth three minimum criteria that the proposed projects must meet in order for the projects to be considered. As stated above, the three minimum criteria are: (1) the proposed projects must show a demonstrable reduction in GHG emissions; (2) The proposed projects must be consistent with California's climate goals; and (3) the proposed projects must demonstrate that they have no feasible alternatives to natural gas, including electrification.³² If a project does not meet one of the three criteria, then it cannot be considered for Commission approval. Furthermore, it's important to note that D.22-09-026 is clear that meeting all three minimum criteria is a prerequisite to filing an application for a gas line subsidy with the Commission.³³ Even if a project were to meet all three minimum criteria, approval is not guaranteed, and the project would still be subject to Commission evaluation.³⁴ As explained below, seven³⁵ of the eight proposed projects do not meet any of the three minimum criteria. Indeed, the supporting information that relates to a demonstration of GHG emission reductions is wholly absent from the Application.

³² D.22-09-026, OP 2 at 81-82.

³³ D.22-09-026 at 57.

³⁴ D.22-09-026, Finding of Fact (FOF) 24 at 77: "There may be limited circumstances where gas line extensions for some non-residential projects can be beneficial, and gas line subsidies for these projects may be warranted." *See also* D.22-09-026 at 57. "[This decision] does not change the methodology for calculation of gas line subsidies *if* the Commission grants gas line subsidies for specific projects through the application process" (emphasis added).

³⁵ Projects A, C, D, E, G, and H.

1. The proposed projects do not show a demonstrable reduction in GHG emissions.

D.22-09-026 requires that the proposed projects show a demonstrable reduction in GHG emissions.³⁶ SoCalGas asserts that the projects will achieve 120,213 metric tons of annual GHG reduction using 4,547,789 therms of RNG to replace diesel consumption.³⁷ However, achievement of the projected GHG reductions is contingent on (1) accurate customer RNG usage estimates and (2) the customers' ability to procure the necessary minimum volume of low-carbon RNG every year,³⁸ both of which SoCalGas fails to demonstrate.

a) SoCalGas's GHG reduction estimates rely on unsupported and unverified customer attestations.

As explained in Section IV.A.1. above, the accuracy of the customer RNG usage estimates cannot be determined because they are unsupported and unverified.³⁹ SoCalGas's stated GHG reductions are only achievable if customer applicants' estimates of annual RNG consumption are accurate, because the GHG reduction estimates are entirely dependent on the volume of diesel displaced by RNG.⁴⁰ SoCalGas's methodology makes a volumetric comparison between the difference in carbon intensity between RNG and the displaced diesel, meaning that for each incremental amount of displaced diesel, there will be a greater reduction in carbon emissions.⁴¹ Therefore, if customers' claimed RNG usage is not accurate and actual RNG consumption is less than estimated, the GHG reductions will be lower than projected, because less diesel will be

³⁶ D.22-09-026, OP 2(a) at 82.

³⁷ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 1. These figures represent the updated estimates after removing cancelled Project F's values. Total Estimated Annual Usage (6,718,435) – Project F Estimated Annual Usage (2,170,646). Total Average Estimated Annual Lifecycle GHG Emission Reductions (177,591) – Project F Average Estimated Annual Lifecycle GHG Emission Reductions (57,378).

³⁸ Ex. CalAdv-01, Cal Advocates Testimony at 1-3 to 1-5.

³⁹ Ex. CalAdv-01, Cal Advocates Testimony at 1-3.

⁴⁰ Ex. CalAdv-01, Cal Advocates Testimony at 1-3.

⁴¹ Ex. CalAdv-01, Cal Advocates Testimony at 1-3; Ex. SCG-02, SCG Chapter 2 Testimony at JL-2 to JL-3.

displaced.⁴² As SoCalGas relies solely on customer attestations and provides no supporting evidence as to the accuracy of customer attestations, the accuracy of the GHG reduction estimates has not been demonstrated. Moreover, SoCalGas admits that the public compressed gas refueling stations possess an “inherent level of uncertainty regarding customer volume and consumption patterns.”⁴³ Nonetheless, SoCalGas asserts that the admittedly variable, unsupported customer assertions are sufficient for use in its Methodology; a methodology that relies entirely on customer volume and consumption patterns to demonstrate GHG reductions.

Also, SoCalGas claims that Projects G and H are public RNG fueling stations “needed to serve the existing market of CNG vehicles.”⁴⁴ This casts even more doubt as to SoCalGas’s projected GHG emission reductions, because SoCalGas’s GHG emission reduction methodology is based on displaced diesel, yet if Projects G and H will serve existing CNG vehicles, then it’s not clear how any diesel is being displaced. In other words, because the vehicles that Projects G and H would serve already exist and already use CNG/RNG fuel, the projects cannot result in GHG reductions under SoCalGas’s Methodology because RNG would not displace any diesel fuel.

SoCalGas’s GHG reduction estimates are flawed in that they rely entirely on unsupported customer claims and improperly attribute diesel displacement to projects that would serve existing CNG/RNG vehicles.

b) SoCalGas does not demonstrate that customers are able to procure low-carbon RNG or adequate volume of RNG.

Furthermore, SoCalGas produces no evidence that the customers can procure the amount of low-carbon RNG that the estimated GHG reductions are based on. The estimated GHG reductions are also dependent customers’ ability to acquire 4.5 million therms of the low carbon RNG used in SoCalGas’s methodology.⁴⁵ The carbon intensity

⁴² Ex. CalAdv-01, Cal Advocates Testimony at 1-3 to 1-4.

⁴³ Ex. CalAdv-01, Cal Advocates Testimony, Attachment 2 at B-2.

⁴⁴ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony, at JL-11.

⁴⁵ Ex. CalAdv-01, Cal Advocates Testimony at 1-4. The 4.5 million therms comes from the original total

for the RNG used in SoCalGas’s GHG reduction methodology is -187.09 gCO₂e/MJ,⁴⁶ yet SoCalGas admits that bio-CNG ranges in carbon intensity from -532.74 to 84.83 gCO₂e/MJ depending on the source of the RNG.⁴⁷ If customer applicants are unable to procure enough low-carbon RNG, then the proposed projects’ GHG emissions reductions will be less than SoCalGas projected.⁴⁸ There is no evidence in the Application that customers are or will be able to procure RNG with a carbon intensity of -187.09 gCO₂e/MJ, and SoCalGas states that it does not know the status of customers’ procurement of RNG.⁴⁹ SoCalGas makes the unsupported assertion that significant GHG reductions “will occur *regardless* of exact RNG volumes” when compared to diesel or other alternatives because bio-CNG currently holds the lowest average carbon intensity of the clean fuel options.⁵⁰ While bio-CNG holds the lowest *average* carbon intensity, it can have a carbon intensity as high as 84.83 gCO₂e/MJ, as explained above. Therefore, if customers are unable to procure the low-carbon RNG reflected in SoCalGas’s methodology, the projects will realize much less GHG reductions than SoCalGas estimates.

Ultimately, the Application provides no evidence that projects will be able to acquire an adequate volume of RNG. If customers cannot procure an adequate volume of RNG, customers might procure fossil-CNG, which is not low carbon, and would result in much lower emission reductions than projected by SoCalGas.⁵¹ SoCalGas states that Cal Advocates’ concern is misplaced because, in 2024, 99% of all on-road fuel used in natural gas vehicles in California was RNG and the use of RNG as a transportation fuel in

of 6.7 million therms minus the estimated annual therms from the cancelled Project F.

⁴⁶ Ex. CalAdv-01, Cal Advocates Testimony at 1-4; Ex. SCG-02, SCG Chapter 2 Testimony at JL-3.

⁴⁷ Ex. SCG-02, SCG Chapter 2 Testimony at JL-3 to JL-4.

⁴⁸ Ex. CalAdv-01, Cal Advocates Testimony at 1-5.

⁴⁹ Ex. CalAdv-01, Cal Advocates Testimony at 1-5 and Attachment 1 at A-4.

⁵⁰ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-8.

⁵¹ Ex. CalAdv-01, Cal Advocates Testimony at 1-5.

the state has increased 44% over the last five years.⁵² These statistics, which come from a source authored by Coalition for Renewable Natural Gas,⁵³ are not relevant to the instant Application. These statistics do not address the issue raised by Cal Advocates, which is whether *the customer applicants' projects* will be able to procure adequate volumes of RNG. In fact, the same source to which SoCalGas cites states that RNG made up just 5.6% of all on-road alternative fuels dispensed by volume in California in 2024.⁵⁴ This fact suggests that RNG is not a particularly common alternative fuel source, which does not alleviate concerns that there may be issues with projects' ability to procure adequate RNG volume.

SoCalGas also states that, even if customers utilized fossil CNG, the projects would still result in reduced GHG emissions because the average carbon intensity of fossil CNG is 79.21 gCO₂e/MJ,⁵⁵ which is lower than diesel (~100 gCO₂e/MJ).⁵⁶ Again, SoCalGas assumes that customers would be able to procure fossil CNG with a carbon intensity of 79.21 rather than *demonstrating* customers will be able to. SoCalGas's speculation as to what fuels customers might use further proves that it does not meet the D.22-09-026 requirement to show a demonstrable reduction in GHG emissions.

Therefore, SoCalGas fails to show a demonstrable reduction in GHG emissions in compliance with D.22-09-026 because it relies on unsupported customer claims and does not demonstrate customers will be able to procure the type and volume of RNG on which its proposed GHG reductions rely. SoCalGas fails to meet the first of the three D.22-09-026 minimum criteria, so the Commission must deny its Application.

⁵² Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-9.

⁵³ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-9, n. 36.

⁵⁴ The Transport Project, RNG Coalition, California Renewable Transportation Coalition, *Decarbonizing California Fleets with Renewable Natural Gas (RNG) Transportation*, (Aug. 2025), available at: <https://static1.squarespace.com/static/53a09c47e4b050b5ad5bf4f5/t/68b760ac4cfaf8487a6d69aa/1756848300164/TP+RNG+CA+Decarbonize+Final+8-28+%282%29.pdf>.

⁵⁵ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-9. Cal Advocates utilizes 81.18 gCO₂e/MJ in its testimony, from 17 California Code of Regulations (CCR) § 95488.5, Table 7-1.

⁵⁶ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-9.

2. The proposed projects are not consistent with California's climate goals.

D.22-09-026 requires that proposed projects be consistent with California's climate goals.⁵⁷ California has committed to use of zero-emissions technologies, such as battery-electric vehicles, in the transportation sector.⁵⁸ Executive Order (EO) N-79-20 and EO N-27-25 clearly convey that the state's transition to zero-emissions technologies includes medium- and heavy-duty trucks.⁵⁹

The CNG trucks proposed in the Application will utilize natural gas and are not zero-emission vehicles (ZEVs).⁶⁰ Furthermore, apart from Project B,⁶¹ none of the projects include a plan or commitment to retire natural gas equipment or transition to ZEVs.⁶² Without a plan to transition to ZEVs, the Projects' long-term commitment to emission vehicles plainly fails to comply with California's "commitment to accelerate the deployment of zero-emission technologies, including passenger, medium- and heavy-duty vehicles, consistent with the deployment targets and other state actions directed in Executive Order N-79-20...."⁶³

In addition, Senate Bill (SB) 32 mandates a 40% reduction in GHG emissions below 1990 levels by 2030.⁶⁴ As discussed in Section IV.B.1. above, SoCalGas fails to show that the Projects will result in a demonstrable reduction in GHG emissions as discussed in Section IV.B.1. Because the projects' purported GHG reductions are not

⁵⁷ D.22-09-026, OP 2(b) at 82.

⁵⁸ Executive Order (EO) N-79-20, Gavin Newsom, issued September 23, 2020, at 2. Available at: <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf>; Executive Order N-27-25, Gavin Newsom, issued June 12, 2025, at 2. Available at: https://www.gov.ca.gov/wp-content/uploads/2025/06/CRA-Response-EO-N-27-25_-bl-formatted-GGN-Signed-6-11-954pmFinal.pdf.

⁵⁹ EO N-79-20 at 2; EO N-27-25 at 2.

⁶⁰ Ex. SCG-02, SCG Chapter 2 Testimony at JL-1.

⁶¹ The customer application for Project B states that it plans to transition to electric or hydrogen vehicles, (Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 29) and SoCalGas references documentation that supports this assertion in Ex. SCG-02C, SCG Chapter 2 Testimony (Confidential), at JL-10, n. 27.

⁶² See Ex. SCG-02-WP, SCG Chapter 2 Workpapers.

⁶³ EO N-27-25 at 2.

⁶⁴ Senate Bill (SB) 32, California Global Warming Solutions Act of 2006: emissions limit (Pavley, 2016), available at: <https://legiscan.com/CA/text/SB32/id/1428776>.

verifiable, SoCalGas does not show that the Projects will result in GHG reductions. Accordingly, SoCalGas's claim that all Projects support the goals established by SB 32⁶⁵ is speculative. In other words, because SoCalGas cannot show that the Projects will result in GHG reductions, it also cannot demonstrate that the Projects are consistent with the state's broader goal of reducing GHG emissions.

SoCalGas's proposed Projects A, C, D, E, G, and H do not include a timeline or plan to transition away from RNG to electric or other zero-emission vehicles, so the projects are not consistent with the state's climate goal to transition to a zero-emission transportation sector. In addition, SoCalGas does not demonstrate that the projects will reduce GHG emissions, so the Projects also cannot be said to be consistent with state's broader goal to reduce GHG emissions. As SoCalGas fails to meet this minimum requirement, the Commission must deny the Application.

3. The proposed projects do not demonstrate that they have no feasible alternatives to natural gas.

D.22-09-026 requires that the proposed projects demonstrate that they have no feasible alternatives to natural gas.⁶⁶ SoCalGas fails to meet this requirement. SoCalGas does not provide reasonable evidence to demonstrate that the projects have no feasible alternatives to the use of natural gas.⁶⁷ SoCalGas relies mostly on customer attestations that there are no feasible alternatives, it did not verify that other technologies are inadequate for the specific projects.⁶⁸ Customer attestations alone are insufficient to prove that there are no feasible alternatives to the use of natural gas. In order to demonstrate that there are no feasible alternatives, customers must provide data or evidence to support their claims.

⁶⁵ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-10.

⁶⁶ D.22-09-026, OP 2(c) at 82.

⁶⁷ Ex. CalAdv-01, Cal Advocates Testimony at 1-7.

⁶⁸ Ex. CalAdv-01, Cal Advocates Testimony at 1-7; Ex. SCG-02, SCG Chapter 2 Testimony at JL-6.

a) SoCalGas relies almost entirely on unverified customer claims to support its assertion that the projects have no feasible alternatives to natural gas.

SoCalGas must demonstrate that the projects have no feasible alternatives to natural gas, and mere customer attestation is not enough. In its rebuttal testimony, SoCalGas states that Project A’s business model requires the use of CNG or RNG for testing and delivery of vehicles, so no alternate fueling system will serve the needs of their business use case.⁶⁹ SoCalGas makes similar claims regarding Projects G and H.⁷⁰ As explained in Section IV.A. above, D.22-09-026’s gas line subsidy exemption is limited to those “specific, unique non-residential” projects where a gas line extension allowance may be warranted.⁷¹ The exemption is not intended to carve out subsidies for RNG fueling stations. D.22-09-026 is clear that the subsidy application process is for “specific, unique projects that claim to be unable to proceed without a gas line subsidy.”⁷² The developers for Projects A, G, and H are free to build their RNG refueling stations, but they are not entitled a subsidy simply because they chose to pursue a business centered around natural gas.⁷³

In addition, SoCalGas states that “Projects B (accepted by Cal Advocates) and E will serve existing fleets of trucks with remaining useful life—no alternative solution exists for these existing fleets of vehicles.”⁷⁴ First, the assertion that Cal Advocates accepts Project B is false. Cal Advocates’ position is that Project B may meet this requirement based on the supporting evidence provided for this project.⁷⁵ Second, Cal Advocates points out that SoCalGas relies entirely on the customer applicant’s claim that

⁶⁹ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

⁷⁰ Ex. SCG-02, SCG Chapter 2 Testimony at JL-17 and JL-19.

⁷¹ D.22-09-026, OP 3 at 82.

⁷² D.22-09-026 at 56.

⁷³ D.22-09-026, FOF 19 at 76. *See also* D.22-09-026 at 56. “Lastly, we reiterate that the elimination of these subsidies does not remove the builder or developer’s choice to build the CNG/RNG facility, it only requires that the costs caused by new customers be paid by those customers.”

⁷⁴ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

⁷⁵ Ex. SCG-02C, SCG Chapter 2 Testimony (Confidential), at JL-9 to JL-10.

EVs are not yet feasible for Project E and provides no supporting data on the range necessary to operate, the EV trucks that were explored, sufficient refueling times, and relative costs to CNG vehicles.⁷⁶

SoCalGas also asserts that Projects C and D “identified range and infrastructure limitations preventing the adoption of EV or hydrogen solutions at present.”⁷⁷ Yet, as with Project E, SoCalGas fails to provide data on the range necessary for business operations and data on the EV trucks that were explored.⁷⁸ Interestingly, the “range and infrastructure limitations” that SoCalGas claims customer applicants for Project D identified are not found in the customer application. The customer applicant for project D1 simply selected “No” to the question on whether a feasible alternative to natural gas exists, then responded “the only [sic] feasible technology is diesel engines” to the question about what technological alternatives are available for the customer’s business.⁷⁹ The customer applicant for Project D2 also selected “No” to the same question regarding feasible alternatives, and responded, “the diesel would be the only alternative depending on how far we have to go” to the same question about technological alternatives.⁸⁰

b) SoCalGas misinterprets what is necessary to meet this requirement.

SoCalGas states that “D.22-09-026 does not specifically require the submission of such customer evidence,” and that the Decision instead requires that customers demonstrate no feasible alternative, which they have done in their applications.⁸¹ While D.22-09-026 does not explicitly require the submission of evidence, it does require a demonstration of no feasible alternative which, as explained in Section IV.A.2. above, necessitates more than a mere statement from the customer.

⁷⁶ Ex. CalAdv-01, Cal Advocates Testimony at 1-8.

⁷⁷ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

⁷⁸ Ex. CalAdv-01, Cal Advocates Testimony at 1-8.

⁷⁹ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 42.

⁸⁰ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 48.

⁸¹ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

Rather than “impos[e] an overly burdensome standard” as SoCalGas suggests,⁸² Cal Advocates simply points out that SoCalGas’s Application does not meet the requirement to demonstrate that there are no feasible alternatives to natural gas.⁸³ In fact, in its testimony, Cal Advocates specifies the supporting data that would be helpful to verify customers’ claims, such as data on the range necessary to complete customer applicants’ routes or business operations, data on the EV trucks that customers explored, data on relative costs of EVs vs. CNG vehicles, and data on sufficient refueling times.⁸⁴ The supporting data that Cal Advocates suggests would constitute reasonable supporting evidence is not overly burdensome. Moreover, if customers did in fact explore these alternatives, as they claim, then it should not be difficult to provide this data with the applications. Without this additional data, it is impossible to determine if alternatives are feasible.

SoCalGas also claims that “imposing an overly burdensome standard” on the Projects could “contradict the intent of D.22-09-026, which is to guide—not halt—low-carbon infrastructure development to further California’s decarbonization goals, and promote alternative clean fuels.”⁸⁵ This statement is misleading. D.22-09-026 primarily eliminated gas line subsidies for customers.⁸⁶ In addition, the Decision does not prohibit customers from utilizing the fuel infrastructure of their choice; it simply eliminates subsidies for natural gas infrastructure.⁸⁷ D.22-09-026 states, “The Commission reiterates that the elimination of these [gas line] subsidies is one of many necessary and important steps in furthering California’s decarbonization goals...and continuing to promote alternative clean fuels.”⁸⁸ Furthermore, the Commission intended only for “a

⁸² Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

⁸³ Ex. CalAdv-01, Cal Advocates Testimony at 1-7 to 1-10.

⁸⁴ Ex. CalAdv-01, Cal Advocates Testimony, Table 1 at 1-8.

⁸⁵ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11 to JL-12.

⁸⁶ D.22-09-026 at 2.

⁸⁷ D.22-09-026, FOF 19 at 76.

⁸⁸ D.22-09-026 at 48.

limited number of unique gas line extension projects” to be considered for a potential subsidy.⁸⁹ Nothing in D.22-09-026 highlights gas line extension subsidies as an important part of California’s decarbonization goals, as SoCalGas implies.

Finally, SoCalGas claims, without citation, that Cal Advocates suggests “immediate conversion to ZEV fleets.”⁹⁰ This is blatantly false. Nowhere in Cal Advocates’ testimony is there any statement that the customers’ projects should immediately utilize ZEVs.

c) The projects do not explore renewable diesel as a feasible alternative to natural gas.

Finally, the projects fail to explore renewable diesel as a feasible alternative to natural gas.⁹¹ Renewable diesel has a lower carbon intensity than fossil-CNG, (42.1gCO₂e/MJ for renewable diesel compared to 81.18 gCO₂e/MJ for fossil-CNG), so it is a reasonable alternative to natural gas.⁹² In fact, the customer for Project C states that they would utilize renewable diesel if natural gas equipment was not available.⁹³ In addition, the customers for Project D state that they would retain diesel equipment if natural gas equipment was not available, so renewable diesel could be a feasible alternative for those projects as well.⁹⁴ The fact that customers failed to explore renewable diesel as an alternative to natural gas further proves that SoCalGas does not demonstrate that the Projects have no feasible alternatives to natural gas.

SoCalGas fails to demonstrate that customer applicants have no feasible alternatives to natural gas because it fails to provide supporting evidence of customer applicants’ assertions and because customer applicants fail to analyze renewable diesel as

⁸⁹ D.22-09-026 at 48.

⁹⁰ Ex. SCG-05, SCG Chapter 2 Rebuttal Testimony at JL-11.

⁹¹ Ex. CalAdv-01, Cal Advocates Testimony at 1-9 to 1-10.

⁹² Ex. CalAdv-01, Cal Advocates Testimony at 1-10.

⁹³ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 36.

⁹⁴ Ex. SCG-02-WP, SCG Chapter 2 Workpapers at 43 and 49.

an alternative fuel. The Commission must deny the Application because the projects fail to comply with this minimum requirement from D.22-09-026.

C. SoCalGas fails to demonstrate that the creation of a new balancing account to record costs is reasonable.

SoCalGas does not meet its burden to establish the need for a balancing account. SoCalGas does not explain why it is necessary to create a new balancing account to record costs associated with the proposed Projects, if approved by the Commission. In its Application, SoCalGas states, "...SoCalGas will record the actual revenue requirement in a new Gas Line Extension Balancing Account (GLEABA) for recovery in rates..."²⁵ In its testimony, SoCalGas provides additional detail about the proposed GLEABA, such as that it will be an interest-bearing two-way balancing account, that the purpose is to record incremental revenue associated with any approved project allowances, and that these costs will be recorded once the allowance is paid to the customer applicant.²⁶ Absent from both the Application and testimony, however, is any explanation as to why a new balancing account is needed.

For example, SoCalGas fails to explain why an existing balancing account cannot be utilized or modified to record the relevant costs. In fact, in its most recent General Rate Case decision, D.24-12-074, the Commission required SoCalGas to file a Tier 1 AL to establish a one-way balancing account to track savings from the elimination of line extension subsidies ordered in D.22-09-026 and refund those savings to ratepayers.²⁷ SoCalGas established the Gas Line Extension Balancing Account (GLEBA) in AL 6443-G.²⁸ Utilization of an existing balancing account supports administrative and accounting efficiency. The Commission has previously found that a utility did not meet

²⁵ Application at 3.

²⁶ Ex. SCG-03, *Prepared Direct Testimony of Rae Marie Yu, Maria E. Becerra, and Julia L. Cortez*, at RMY-MEB-JLC-1.

²⁷ D.24-12-074, *Decision Addressing the 2024 Test Year General Rate Cases of Southern California Gas Company and San Diego Gas & Electric Company*, issued December 23, 2024, OP 10(h) at 1091.

²⁸ SoCalGas Advice Letter 6443-G at 2, *Implementation of Regulatory Account Changes Pursuant to Test Year 2024 General Rate Case Decision 21-12-074*, issued February 18, 2025, available at <https://tariffsprd.socalgas.com/scg/filings/content/?utilId=SCG&bookId=GAS&flngStatusCd=Approved>.

its burden of establishing the need for a balancing account where it has available options to seek Commission authorization to allocate costs to ratepayers, such as an existing memorandum account.²² In addition, proliferation of balancing accounts makes tracking a utility's recorded costs more difficult, so new balancing accounts should only be granted where a utility has demonstrated that a new account is necessary.

Instead of creating a new balancing account, the Commission should require that SoCalGas record costs associated with any approved gas line extension allowances in an existing account, such as a modified GLEBA.

V. CONCLUSION

The Commission must deny the Application because it does not comply with the D.22-09-026 requirements. For the reasons explained above, SoCalGas fails to meet the Decision requirement to demonstrate the factual basis for customer applicants' claims and fails to prove that the projects meet the three minimum criteria outlined in the Decision. Furthermore, SoCalGas fails to demonstrate that the creation of a new balancing account to track associated costs with the projects, if approved, is reasonable.

Respectfully submitted,

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²² D.12-12-029, *Decision Denying Application*, issued December 28, 2012, at 17.