FILED
09/18/26
01:30 PM
A2510008

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

Application of Southern California Gas Company (U904G) Proposing Woody Biomass Pilot Project.	Application 25-10-008 (Filed October 15, 2025)

REPLY BRIEF OF SMALL BUSINESS UTILITY ADVOCATES

Luke May
Regulatory Attorney
E&E Law Corp.
One Sansome Street, Suite 1400
San Francisco, CA 94104
Tel: (503) 702-3655
Email: luke@utilityadvocates.org

Counsel for Small Business Utility Advocates

September 18, 2026

TABLE OF CONTENTS

SUMMARY OF RECOMMENDATIONS iv

I. INTRODUCTION 5

II. SOCALGAS DOES NOT ADDRESS SBUA'S OUTREACH RECOMMENDATION, AND SBUA'S OTHER RECOMMENDATIONS ARE UNOPPOSED. 6

III. SOCALGAS OVERSTATES SBUA'S SUPPORT, AND OMITS SBUA'S EXPRESS RESERVATIONS. 7

IV. CAL ADVOCATES' POSITION REINFORCES SBUA'S CONCERN THAT SOCALGAS HAS NOT ADEQUATELY DEMONSTRATE EXPECTED GHG REDUCTIONS. 9

V. THE PILOT STATUS DOES NOT EXCUSE SOCALGAS FROM THE REQUIREMENT TO DEMONSTRATE A DEFENSIBLE EXPECTATION THAT NET GHG EMISSION REDUCTIONS WOULD OCCUR. 10

VI. IF THE COMMISSION APPROVES THE APPLICATION, IT SHOULD EXPRESSLY INCORPORATE SOCALGAS' STATED COST PROTECTIONS AND PUBLIC REPORTING COMMITMENTS. 11

VII. CONCLUSION 12

TABLE OF AUTHORITIES

Regulations and Rules

Cal. Code Regs., tit. 17, § 95893 8–10
Cal. Code Regs., tit. 17, § 95893(d)(3) 8, 10
Cal. Code Regs., tit. 17, § 95893(d)(5) 8–10
Cal. Code Regs., tit. 17, § 95893(d)(8) 8, 10
Cal. Code Regs., tit. 17, § 95893(e)(4)(B) 9–10
CPUC Rules of Practice and Procedure, Rule 13.12 5

Commission Decisions

D.22-02-025 10
D.24-12-032 10

Other Authorities

Assigned Commissioner's Scoping Memo and Ruling,
A.25-10-008 (February 3, 2026) 10
CPUC Environmental and Social Justice Action Plan 7–10

SUMMARY OF RECOMMENDATIONS

Consistent with its Opening Brief, SBUA recommends that the Application be approved include the following modifications and conditions (*see* SBUA Opening Brief at 3-6):

- Marketing, outreach, and community commitments: Require SoCalGas to provide a comprehensive marketing, education, and outreach (ME&O) plan, together with enforceable small-business and community commitments and quarterly emissions reporting sufficient to evaluate claimed net GHG reductions and local air-quality impacts.
- Ratepayer cost protections: Incorporate SoCalGas's commitments that project costs will not enter rate base, that the project will earn no rate of return, and that the developer will fully bear operation and maintenance costs for its own pipelines and related infrastructure.
- Cost-effectiveness and affordability: Before continuation or expansion beyond the pilot, require a complete cost-effectiveness analysis and preserve SBUA's affordability recommendations, including consideration of small business customers alongside low-income residential customers.

In addition, on the present record, SoCalGas has not demonstrated, by a preponderance of the evidence, a sufficiently supported showing of expected net GHG emissions reductions. The claimed avoided-emissions benefits remain inadequately substantiated. The Commission should withhold approval unless deficiencies concerning baseline assumptions, lifecycle carbon accounting, methane leakage, fuel displacement, and sequestration are resolved.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) Proposing Woody Biomass Pilot Project.	Application 25-10-008 (Filed October 15, 2025)

REPLY BRIEF OF
SMALL BUSINESS UTILITY ADVOCATES

I. INTRODUCTION

Small Business Utility Advocates (SBUA) submits this Reply Brief under Rule 13.12, responding to the Opening Briefs of Southern California Gas Company (SoCalGas), the California Public Advocates Office (Cal Advocates), and Sierra Club, each filed August 28, 2026.

SBUA's Opening Brief recommended that the Application be approved only with specified modifications and conditions, and that recommendation remains unchanged. SBUA's participation has focused particularly on the Project's impacts on small-business ratepayers, including community engagement, affordability, cost-effectiveness, emissions reporting, and Environmental and Social Justice (ESJ) considerations. This Reply Brief explains why SoCalGas's Opening Brief does not resolve SBUA's concerns or satisfy the conditions SBUA has identified, and why the other parties' Opening Briefs raise additional concerns regarding whether SoCalGas has adequately demonstrated expected GHG reduction.

II. SOCALGAS DOES NOT ADDRESS SBUA'S OUTREACH RECOMMENDATION, AND SBUA'S OTHER RECOMMENDATIONS ARE UNOPPOSED.

SoCalGas argues that conducting significant engagement activities before Commission approval would be premature, because the project's scope or design may change based on the Commission's determination.[1] But that does not address SBUA's requests. SBUA's Opening Brief identified two deficiencies: (1) that SoCalGas has developed no written outreach materials, and (2) that it does not plan to pursue "any drafting of material or engagement with those communities until final approval of the Application."[2] SBUA did not ask SoCalGas to conduct an outreach campaign before approval. SBUA asked that SoCalGas be required to provide a comprehensive ME&O plan, including draft written materials.[3] That is a planning document, and its preparation does not turn on whether the Commission modifies the project's scope or design. SBUA proposes that the plan be submitted for Commission review before construction or operation commences, which could be done via an Advice Letter or otherwise.

Nor do the preliminary discussions identified by SoCalGas with the California Certified Agricultural Growers Association, Western Tree Nut Association, and Almond Board of California "about the project and the potential of partnering on feedstock with nut farming businesses" address SBUA's concerns.[4] Those entities are agricultural trade associations, not small businesses, diverse businesses, and other community stakeholders.

SoCalGas also does not oppose SBUA's recommendations for quarterly emissions reporting, a cost-effectiveness analysis before continuation or expansion beyond the pilot, or

---

[1] SoCalGas Opening Brief at 32.

[2] SBUA Opening Brief at 3-4.

[3] SBUA Opening Brief at 1, 4.

[4] *Id.*

consideration of small business affordability. Indeed, SoCalGas expressly supports public reporting of methane emissions performance.[5] These recommendations should therefore be incorporated into any approval.

III. SOCALGAS OVERSTATES SBUA'S SUPPORT, AND OMITS SBUA'S EXPRESS RESERVATIONS.

SoCalGas overstates SBUA's support for the Project. Its Opening Brief characterizes SBUA's testimony as "generally supportive" but identifies only two of SBUA's concerns relating to community outreach and cost effectiveness.[6] That characterization is incomplete and omits SBUA's express reservations concerning the Project's claimed GHG reductions and related emissions reporting. SBUA has explained that reporting on greenhouse gas (GHG) emissions is necessary to determine compliance with California Air Resources Board (CARB) regulations and Environmental & Social Justice (ESJ) goals. In particular, SBUA indicated that *if* the project is approved, the Commission should require SCG to provide quarterly emissions reports, including GHG emissions, sufficient to determine adherence to the Selection Committee's criteria, which explicitly includes "Greenhouse Gas Reduction" as a relevant factor.[7]

As such, *if* the Commission approves this biomass pilot project, SBUA reaffirms that it must be paired with specific modifications, including emissions reporting. Without emissions

---

[5] SoCalGas Opening Brief at 24-25.

[6] SoCalGas Opening Brief at 32.

[7] SBUA Opening Brief at 2-3, 5 (notably as well, SBUA indicated that approval should only occur with modifications)(SBUA Opening Brief at 2).

commitments and reporting requirements, the Application would not adequately advance ESJ Action Plan Goals 1, 2 and 7.[8]

The evidentiary record confirms that SBUA has consistently raised concerns regarding GHG emissions and their potential impact on ESJ Goals. In its Direct Testimony, SBUA's expert witness – Ted Howard – indicated that: "I did not find definitive and specific compliance in SCG's Application" with applicable CARB regulations relating to (among other things) ratepayer benefit and permissible uses, and demonstration of GHG reductions.[9] Furthermore, in its Rebuttal Testimony, SBUA's expert stated that "I cannot support this Project unless SoCalGas adequately addresses and resolves the concerns raised by Dr. Grubert and Dr. Sahu, as the impact on local small businesses with respect to GHG emissions would run counter to the overall ESJ Goals." (SBUA-02 at 3).

Sierra Club's Testimony, through Drs. Grubert and Sahu, identifies several alleged deficiencies in the lifecycle carbon accounting applied to the project, including arguments that the pilot project would not reliably result in actual *reductions* to greenhouse gases, below appropriate baselines;[10] that the proposed baseline scenario overstates emissions that the project purportedly avoids;[11] that modeling assumptions relating to methane leakage are not properly developed;[12] and that carbon capture benefits remain speculative.[13] These critiques raise material questions concerning whether SoCalGas has adequately demonstrated that its claimed avoided-

[8] SBUA Opening Brief at 5.

[9] SBUA-01 at 5 (citing California Air Resources Board Regulations, §§ 95893(d)(3), (d)(5) and (d)(8)).

[10] Sierra Club Opening Brief at 22-24.

[11] Sierra Club Opening Brief at 19-26.

[12] Sierra Club Opening Brief at 17-19.

[13] Sierra Club Opening Brief at 27-28.

emissions credits correspond to actual net GHG reductions. A favorable carbon-intensity score does not establish compliance if the corresponding baseline, lifecycle emissions assessment, and sequestration assumptions are inadequately supported. The Commission therefore must determine whether the project is reasonably expected to reduce total emissions relative to a substantiated without-project scenario.[14]

Accordingly, SBUA re-affirms that *if* the project is approved, then reporting on emissions – including reporting on GHG emissions – must be an imposed condition, in order to effectively determine whether true "reductions" actually occur. Furthermore, firm emissions commitments and reporting requirements are necessary to evaluate whether the project would advance ESJ Action Plan Goals 1, 2, and 7.[15]

IV. **CAL ADVOCATES' POSITION REINFORCES SBUA'S CONCERN THAT SOCALGAS HAS NOT ADEQUATELY DEMONSTRATE EXPECTED GHG REDUCTIONS.**

Cal Advocates' Opening Brief augments SBUA's concerns. In pertinent part, Cal Advocates argues that the notion of displaced emissions is unproven;[16] that the model utilized by SoCalGas contains inherent assumptions that are potentially unreliable or unfounded;[17] that SoCalGas fails to properly account for potential methane emissions.[18] These critiques cause

[14] 17 CCR § 95893(d)(5), (e)(4)(B); *see generally* Sierra Club Opening Brief at 19-28.

[15] SBUA Rebuttal Testimony at 3 (noting that "I cannot support this Project unless SoCalGas adequately addresses and resolves the concerns raised by Dr. Grubert and Dr. Sahu, as the impact on local small businesses with respect to GHG emissions would run counter to the overall ESJ Goals … Without firm GHG commitments and reporting requirements, I cannot agree that the Application advances the ESJ goals discussed.").

[16] Cal Advocates Opening Brief at 17-18.

[17] Cal Advocates Opening Brief at 17-19 (In relation to potentially unreliable assumptions, Cal Advocates identifies that there is no established end use demonstrating fossil-fuel displacement and that the model omitted or inadequately estimated methane emissions).

[18] Cal Advocates Opening Brief at 18-19.

further concern as to whether SoCalGas' Application to develop its biomass pilot project would indeed demonstrate compliance with CARB § 95893(d)(5); namely, whether the pilot project would result in true *reductions* in emissions below defensible counterfactual scenarios. If project does not result in emission *reductions* below applicable baseline scenarios, then the project is potentially inconsistent with ESJ Goal 2.

V. THE PILOT STATUS DOES NOT EXCUSE SOCALGAS FROM THE REQUIREMENT TO DEMONSTRATE A DEFENSIBLE EXPECTATION THAT NET GHG EMISSION REDUCTIONS WOULD OCCUR.

As discussed *supra* Sections II-III, the Scoping Ruling indicates that approval depends on whether the project complies with CARB §§ 95893(d)(3), (d)(5) and (d)(8);[19] the Scoping Ruling also requires an evaluation of the nine goals identified in the Environmental and Social Justice Action Plan.[20] SoCalGas notes that an unbuilt pilot cannot provide empirically measured operating results, and that its estimates are reasonable and permissible.[21] However, concerns relating to this project do not depend on requiring an operating history before approving construction; such a position would be tautological. Thus, while a forecast is – by definition – prospective, it still must utilize supportable assumptions and account for the emissions material to the claimed result.[22]

---

[19] Scoping Ruling at 2, Issue 4.

[20] Scoping Ruling at 3, Issue 8.

[21] SoCalGas Opening Brief at 15 (stating that "Neither 17 CCR § 95893, D.22-02-025, nor D.24-12-032 requires the SB 1440 Pilot Project to demonstrate actual, empirically measured, or verified GHG reductions at the time the application is approved.").

[22] *Id.*; *see also* SBUA-02 at 1 (noting that "SoCalGas apparently did not correctly rely upon the [GREET] model to estimate carbon intensity scores, and thereby failed to demonstrate that its assessment of GHG reductions is consistent with validated models of carbon intensity.").

CARB § 95893(d)(5) requires a demonstration of *expected* GHG reductions, and § 95893(e)(4)(B) requires comparison of expected emissions with and without the use of allowance proceeds. So, the critical issue to assess is not simply whether a counterfactual comparison is permissible, but rather whether SoCalGas has established a credible comparison baseline – in advancing its argument that funding for this project will actually result in reduced net emissions. Furthermore, it is not incumbent on intervenors to identify an alternative emissions total.[23] SoCalGas bears the ultimate burden of proof in this proceeding. As such, any contention that intervenors have not affirmatively demonstrated that the project would conclusively fail to result in emission reductions should be discounted accordingly (*see, e.g.,* SoCalGas Opening Brief at 24, arguing that "Sierra Club presented no affirmative evidence demonstrating that the SB 1440 Project will fail to reduce emissions, that methane emissions were improperly excluded, or that CCS is infeasible."). Here, parties have developed record evidence suggesting that certain baseline assumptions may not be fully supported, that certain emissions may be inappropriately omitted from modeling, and that questions remain as to the extent of sequestration benefits.

VI. IF THE COMMISSION APPROVES THE APPLICATION, IT SHOULD EXPRESSLY INCORPORATE SOCALGAS' STATED COST PROTECTIONS AND PUBLIC REPORTING COMMITMENTS.

If the Commission approves the Application, then any approval should expressly incorporate SoCalGas's stated cost protections. SoCalGas represents that no project costs will enter the ratebase, and that SoCalGas will earn no rate of return on the project. SoCalGas further states that the developer bears operation and maintenance costs for its own pipelines and related

[23] SoCalGas Opening Brief at 8 (noting that SoCalGas "has the ultimate burden of proof" in this proceeding).

infrastructure.[24] If approved, these commitments should become enforceable conditions, which would protect small-business ratepayers against subsequent efforts to shift future costs to utility customers.

VII. CONCLUSION

Consistent with its Opening Brief, SBUA respectfully requests that the Commission approve the Application only with the modifications and conditions in the Summary of Recommendations herein. SBUA further requests that the Commission find that SoCalGas has not demonstrated, on the present record, a sufficiently supported expectation of verifiable net GHG reductions. Absent an adequate demonstration of expected reductions, and absent the modifications and conditions SBUA has recommended, the Application should not be approved.

Dated: September 18, 2026

By: /s/ Luke May

Luke May
Regulatory Attorney
E&E Law Corp.
One Sansome Street, Suite 1400
San Francisco, CA 94104

Counsel for Small Business Utility Advocates

[24] SoCalGas Opening Brief at 24.