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

Application Of Southern California Gas Company (U 904 G) Proposing Woody Biomass Pilot Project	Application 25-10-008

REPLY BRIEF OF THE BIOENERGY ASSOCIATION OF CALIFORNIA ON THE APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) PROPOSING WOODY BIOMASS PILOT PROJECT

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JULIA A. LEVIN
Executive Director
Bioenergy Association of California
PO Box 6184
Albany, CA 94706
Phone: 510-610-1733
Email: jlevin@bioenergyca.org

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I. INTRODUCTION

The Bioenergy Association of California (BAC) submits this Reply Brief in accordance with the Administrative Law Judge's Ruling of July 21, 2026 and the Commission's Rules of Practice and Procedure. BAC urges the Commission to approve SoCalGas' Application for its proposed woody biomass pilot project as it meets the requirements of Decision 22-02-025, including requirements to be consistent with the Air Board's Cap-and-Invest regulations and to advance Environmental and Social Justice Goals. BAC's Reply focuses on the following issues in parties' opening briefs:

- BAC agrees with SoCalGas that the proposed pilot project meets the requirements of D. 22-02-025.
- BAC also agrees that the pilot project is consistent with the state's Cap-and-Invest regulations, especially since CARB has explicitly authorized the use of allowance revenues for agricultural waste converted to pipeline biomethane as part of the updated Cap-and-Invest regulations.
- BAC objects to SBUA's proposal for a more widely applied cost-effectiveness test and believes that SoCalGas has demonstrated that the proposed pilot project will advance small businesses, including the project developer.
- BAC disagrees with Sierra Club's assertions about the project's climate and air pollution emissions, which ignore numerous Air Board, CalEPA, local air district and other expert agency findings.
- BAC objects to Sierra Club's inconsistent and contradictory arguments to justify its opposition to the pilot project.

These reply comments are explained below.

I. BAC AGREES WITH SOCALGAS AND SBUA THAT THE PROPOSED PROJECT MEETS THE DEFINITION OF A PILOT PROJECT AS REQUIRED BY D.22-02-025.

BAC agrees with SoCalGas and the Small Business Utility Advocates (SBUA) that the proposed project is consistent with the requirement of Decision 22-02-025 to propose a pilot project that converts wood waste to pipeline biomethane.[1] As SBUA noted in its testimony, "this pilot proposal is consistent with the pilot project considered in Ordering Paragraph 43 of D. 22-02-025."[2] SBUA also explained that a pilot project is generally "used to test new methods for organic waste diversion . . . before full-scale implementation."[3] SoCalGas also underscores that the role of pilot projects is to test new technologies or configurations and to provide real world data to inform future policy decisions. As SoCalGas stated in its Opening Brief, "The purpose of a pilot project is to address those knowledge gaps through real-world deployment and data collection. The Commission did not require applicants to resolve all of those uncertainties before approval; rather, it directed utilities to propose undertaking pilot projects precisely so those questions could be evaluated and answered."[4]

BAC agrees with SoCalGas that while "the technologies incorporated across project Lanes 1 through 9 are commercially available, their integration into a single, commercial-scale system capable of converting woody biomass into biomethane and interconnecting with a utility pipeline has not, to SoCalGas's knowledge, been achieved in the United States."[5] As BAC noted in its Opening Testimony, one type of pilot project is "a project whose individual parts/technologies have been demonstrated but not combined in this way before."[6] That is, as SoCalGas noted, exactly the situation with this proposed project – gasification and methanation are each proven technologies, but ones that have not be used together in a single project in the United States.[7] BAC

[1] Opening Brief of Southern California Gas Company [hereinafter "SoCalGas Opening Brief"], filed August 28, 2026, at pages 2-4 and 12-13; Ex. SBUA-01 at 3-4.
[2] Ex. SBUA-01 at 3-4.
[3] Id.
[4] SoCalGas Opening Brief at page 1.
[5] SoCalGas Opening Brief at page 9.
[6] Ex. BAC-01 at 6.
[7] SoCalGas Opening Brief at page 9.

also noted in its Opening Testimony that the California Energy Commission defines pilot projects as demonstrations of “emerging opportunities,”[8] which also applies to SoCalGas’ proposed project.

Public Advocates argues that the proposed project is not a pilot project because it doesn’t have an end date.[9] Public Advocates claims, without any citation, that a “key characteristic of pilot projects is that they have an end date.”[10] Public Advocates then relies on the Commission’s Decision 20-12-022, which established an ongoing program and clarified that the *program* was not a pilot project. The fact that the Commission was distinguishing an ongoing program without an end date from a pilot project does not lead to the conclusion that having an end date is a specific requirement of a pilot project. Decision 22-02-025, which established the requirements for the woody biomass pilot projects, does not require an end date. More importantly, common definitions of pilot projects, including the California Energy Commission definition that BAC cited in its Opening Testimony, do not require an end date to constitute a pilot project.[11]

II. BAC AGREES WITH SOCALGAS THAT THE PILOT PROJECT IS CONSISTENT WITH THE STATE’S CAP-AND-INVEST REGULATIONS.

BAC agrees with SoCalGas that the proposed pilot project is consistent with California’s Cap-and-Invest regulations, both because CARB has explicitly authorized the use of allowance revenues for agricultural waste to biomethane projects and because the record in this proceeding demonstrates the likelihood that the project will provide substantial carbon reductions.

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[8] Id.

[9] Opening Brief Of The Public Advocates Office On Southern California Gas Company’s Application Proposing Woody Biomass Pilot Project, filed August 28, 2026 [hereinafter, “Public Advocates Opening Brief”] at page 6.

[10] Id.

[11] Ex. BAC-01 at at 6.

A. CARB Has Explicitly Authorized the Use of Allowance Revenues for the Conversion of Agricultural Waste to Pipeline Biomethane.

CARB has just amended the Cap-and-Invest regulations to explicitly authorize the use of allowance revenues for the conversion of agricultural waste biomass to pipeline biomethane.[12] Given that explicit authorization, claims that the SoCalGas pilot project would somehow violate Cap-and-Invest regulations should be dismissed and the Commission should find that the pilot project is consistent with CARB's now explicit approval of allowances for exactly this type of project.

As part of its recent update to the state's Cap-and-Invest regulations, CARB added a new program that authorizes the use of up to 118 million allowances (worth about $4 billion dollars at present auction prices) to decarbonize manufacturing and oil and gas operations.[13] The updated Cap-and-Invest regulations explicitly authorize the use of allowances for agricultural biomass conversion to pipeline biomethane.[14] Specifically, the updated regulations authorize the use of allowances "to cover capital costs to enable use of the exempt biomass-derived fuel."[15] Exempt biomass-derived fuels are defined to include fuels derived from the "products, by-products, residues, and waste from agriculture"[16] as is the case with SoCalGas' proposed pilot project. And the regulations authorize the injection of biogas and biomethane into common carrier pipelines.[17]

CARB's explicit authorization of the use of Cap-and-Invest allowances for biomass conversion to pipeline biomethane demonstrates beyond question that the agency charged with implementing the state's Cap-and-Invest regulations has determined that conversion of waste biomass, including agricultural waste, to pipeline biomethane reduces climate pollution and is, therefore, an appropriate use of allowance revenues.

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[12] See: https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/cap-and-invest-regulation; https://ww2.arb.ca.gov/sites/default/files/2026-04/nc-MDIF%20FAQ_April%202026.pdf.
[13] Title 17, CCR, §§ 95802, 95852 and 95871.
[14] Title 17 CCR § 95802 [defining eligible biomass]; 95852.2(a)(2) [defining exempt biomass-derived fuels]; and 95852.1.1(a) [eligibility of pipeline biomethane].
[15] Title 17 CCR § 95891(g)(2)(A).
[16] Title 17 CCR § 95802.
[17] Title 17 CCR § 95852.1.1(a).

Sierra Club has been or should have been aware of CARB's determination that pipeline biomethane generated from agricultural waste is eligible for Cap-and-Invest allowances since Sierra Club testified at the CARB meeting where the Board approved the updates to the Cap-and-Invest regulations.[18]

B. The Record in this Proceeding Also Shows that the Pilot Project Will Reduce Greenhouse Gas Emissions.

CARB's determination that agricultural biomass conversion to pipeline biomethane is an appropriate use of Cap-and-Invest allowances should be sufficient proof for purposes of SoCalGas' Application, but the record in this proceeding also supports that conclusion. As SoCalGas noted in its Opening Brief, it provided substantial evidence of the project's "potential to achieve significant greenhouse gas (GHG) reductions, enable carbon capture opportunities, and provide critical insights into emissions performance and operational feasibility."[19] That evidence included extensive modeling by West Biofuels, the project developer.[20] As SoCalGas explained:

> "The Lucas/Summers Testimony developed baseline and use-case emissions estimates for both GHGs and criteria air pollutants. As shown by the carbon intensity scores, the CI for both use-case scenarios (without CCS and with CCS) are respectively approximately 49% and approximately 170% lower than the CI of natural gas. These scores demonstrate substantial GHG emissions reductions relative to conventional natural gas."[21] [citations omitted]

BAC's Opening Testimony also cited numerous studies and plans by expert state agencies finding that conversion of wood waste to energy provides significant Greenhouse Gas and Short-Lived Climate Pollutant reductions.[22] Those expert agencies include the California Air Resources Board (CARB), California Environmental Protection Agency (CalEPA), California Natural Resources Agency (CNRA), local air

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[18] Testimony of Asha Sharma on behalf of the Sierra Club on CARB's proposed changes to the Cap-and-Invest regulations, presented at the CARB Board meeting on May 28, 2026 in Sacramento, CA.
[19] SoCalGas Opening Brief at page 2.
[20] Ex. SCG-02R at pages JLMS 13-17.
[21] SoCalGas Opening Brief at page 16.
[22] Ex. BAC-01 at 2-5.

districts, the statewide association of local air districts, and Lawrence Livermore National Lab.[23] Those findings include data presented by CalEPA and CNRA that converting agricultural waste to energy cuts methane and black carbon emissions (both Short-Lived Climate Pollutants) by 98 percent compared to open burning (air curtain burners) or pile and decay.[24] BAC also noted that CARB recommended conversion of organic waste to pipeline biomethane in the *California Short-Lived Climate Pollutant Reduction Strategy*,[25] adopted to implement SB 1383 (Lara, 2016).[26]

The state's expert climate agencies – CARB, CalEPA and CNRA – have been clear for many years that converting agricultural waste to energy provides significant climate benefits. The Air Board's recent changes to the Cap-and-Invest regulations make that even more explicit. The Commission should rely on CARB, which is the agency tasked with implementing the Cap-and-Invest program, for the determination that agricultural waste to pipeline biomethane projects are appropriate uses of allowance revenues.

III. SIERRA CLUB AND PUBLIC ADVOCATES CLAIMS ABOUT GHG REDUCTIONS ARE NOT SUPPORTED BY THE EVIDENCE AND FAIL TO REBUT THE STATE'S CONSISTENT FINDING OF GHG REDUCTIONS.

The arguments of Sierra Club and the Public Advocates Office (which relies entirely on Sierra Club's arguments for this point) that SoCalGas has not demonstrated GHG emissions reductions do not withstand scrutiny for several reasons.

A. Both Sierra Club and Public Advocates Ignore Numerous Expert Agency Findings on the Climate Benefits of Converting Agricultural Waste to Biomethane.

As noted in section II-B, above, BAC's Opening Testimony cited numerous studies by expert state and local agencies on the GHG reduction and air quality benefits of

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[23] Id.
[24] Id. at page 3.
[25] Id. at pages 3-4.
[26] SB 1383 (Lara), Statutes of 2016, Chapter 395.

converting agricultural waste to biomethane.[27] Neither Sierra Club nor Public Advocates ever mentions or rebuts the conclusions in those studies, which include reports by CalEPA, CARB, CNRA, local air districts, national research labs, and more. They fail to explain why those studies are not applicable to the proposed pilot project or why the primary study relied on by Sierra Club is more applicable when it was conducted in a different country using different technologies and different feedstocks than the proposed pilot project. Public Advocates relies entirely on Sierra Club's arguments, without any additional citations to state findings or scientific literature, to claim that the proposed project does not meet Cap-and-Invest requirements.[28]

As SoCalGas noted in its Opening Brief, the study that Sierra Club (and Public Advocates by relying on Sierra Club's analysis) cites most heavily to dismiss the GHG benefits of the pilot project does not provide a valid or appropriate comparison.[29] That study was based in Denmark and considered emissions from facilities that use anaerobic digestion, an entirely different technology and facility type than the one proposed in SoCalGas' pilot project.[30] Anaerobic digestion converts wet, non-fibrous waste (food waste, sewage sludge, animal manure, etc.) to biogas using microbes that digest the organic materials in the absence of oxygen.[31] Gasification, by contrast, is a thermochemical process that uses high heat – not microbes that emit methane – to convert cellulosic material into bio-syngas and biochar.[32]

As SoCalGas notes in its Opening Brief, the Denmark study that Sierra Club relies on for its methane emission conclusions also included open lagoon digesters (rather than sealed containers), several facilities built in the 1980s and 1990s without modern methane capture equipment, and a number of other differences from the proposed pilot

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[27] Ex. BAC-01 at 2-5.
[28] Public Advocates Opening Brief at pages 18-19.
[29] SoCalGas Opening Brief at pages 19-21.
[30] Scheutz, Charlotte, and Anders M. Fredenslund. 2019. "Total Methane Emission Rates and Losses from Biogas Plants." Waste Management 97 (September), *available at*: https://americanbiogascouncil.org/wp-content/uploads/2023/07/Sheutz-et-al-Waste-Management-2019-Fugitive-Methane-Emissions-AD-Facilities.pdf).
[31] https://www.energy.ca.gov/data-reports/california-power-generation-and-power-sources/bioenergy/anaerobic-digestion.
[32] Public Resources Code § 40117.

project.[33] In other words, Sierra Club relies on a study that uses entirely different feedstocks and technologies, with very different emissions profiles and end products, to draw false conclusions about the proposed pilot project. While the Denmark study may be entirely valid, it is not appropriate as a basis for comparison with the proposed pilot project.

Both Sierra Club's and Public Advocates' arguments fail both because they ignore the state's consistent findings on the GHG benefits of projects like the proposed pilot project and instead rely on studies that are not applicable to the pilot project.

B. Sierra Club Relies on Inconsistent Standards and Arguments to Justify Its GHG Claims.

Sierra Club also relies on inconsistent arguments and standards to claim that the proposed pilot project will not achieve GHG reductions, including:

1. Sierra Club makes false conclusions about the amount of carbon that is sequestered during Whole Orchard Recycling (WOR), citing a study to conclude that WOR provides durable carbon sequestration (defined as 100 years of more) when that study shows that 93 percent of the carbon is released in the first 20 years.[34]
2. Sierra Club relies on the project's distance from Kerman to dismiss the *benefits* of avoided emissions (emissions reductions at the project site),[35] but ignores the project's distance from Kerman when assessing the project's *impacts* on sensitive populations.[36]
3. Sierra Club's assessment of avoided emissions ignores several major sources of emissions that the project would avoid, including dairy bedding, air curtain burning and biomass incineration or decay.[37]

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[33] SoCalGas Opening Brief at pages 19-21.
[34] SoCalGas Opening Brief at page 18.
[35] Sierra Club's Opening Brief at pages 34-35.
[36] Ex. SCG-03 at JLMS-30, Attachment 3 thereto (SCG-Sierra Club-DR-03, Question 1a) at 1.
[37] SoCalGas' Opening Brief at page 19.

4. Sierra Club witnesses claimed that methane leakage will be significant while acknowledging that they are unfamiliar with leak detection and repair technology or with biomass gasification facilities more generally.[38]

As BAC noted in its Opening Brief, Sierra Club has also stated that using waste biofuel for pipeline biomethane procurement has "far superior GHG benefits,"[39] yet Sierra Club now claims that the proposed pilot projects would not reduce GHG emissions.

Sierra Club's inconsistent findings and standards undercut their claims (and, therefore, Public Advocates' claims that rely on Sierra Club) about the likely GHG reductions from the proposed pilot project. The Commission should rely, instead, on CARB's conclusion that biomethane from agricultural waste conversion is eligible for Cap-and-Trade allowance revenues, as evidenced by its explicit inclusion in the updated Cap-and-Trade regulations.[40]

IV. BAC OPPOSES SBUA'S PROPOSAL TO ESTABLISH REQUIREMENTS FOR FUTURE PROCUREMENT IF THE PILOT PROJECT IS APPROVED AND DEEMED SUCCESSFUL.

SBUA's Opening Brief proposes that the Commission should include several modifications if it approves SoCalGas' pilot project. One of those proposed modifications is that "If the pilot is deemed successful, and subsequently proposed as a program available for SCG customers, the Commission should require a full cost effectiveness calculation, including tangible and intangible benefits, to ensure that net benefits exceed net costs."[41]

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[38] Ex. SCG-08 at 19 (Sierra Club's response to Question 13 of SoCalGas's Data Request No. 4) and Ex. SCG-06 at 4.

[39] BAC's Opening Brief at page 10, citing SIERRA CLUB REPLY COMMENTS ON ASSIGNED COMMISSIONER'S RULING REQUESTING COMMENT, filed March 29, 2021 in R.20-05-012, at page 2.

[40] Title 17 CCR § 95802 [defining eligible biomass]; 95852.2(a)(2) [defining exempt biomass-derived fuels]; and 95852.1.1(a) [eligibility of pipeline biomethane].

[41] Opening Brief of Small Business Utility Advocates, filed August 28, 2026, at pages 2 and 4-5.

BAC does not express an opinion on the substance of this proposed modification, but does oppose its adoption in a narrowly scoped application proceeding. A far-reaching requirement like this should be considered in the larger rulemaking on pipeline biomethane procurement, R.13-02-008, not in a proceeding focused on a single pilot project. In addition, considering this requirement more generally is only appropriate if and when the pilot project is deemed successful. To adopt it now is both premature and unfair to the many parties to R.13-02-008 that are not parties to A.25-10-008.

V. SBUA'S STATEMENTS ABOUT THE LACK OF SMALL BUSINESS PARTICIPATION ARE NOT ACCURATE.

SBUA criticizes the lack of small business specifics in SoCalGas' Application, including the lack of contracts executed with small businesses and the lack of documented small business participation in the pilot project.[42] These criticisms are not appropriate, though. First, SoCalGas cannot enter into contracts before the pilot project is approved, so criticizing it for the lack of executed contracts with small businesses is not appropriate at this stage. As SoCalGas committed in its opening testimony, the "project will offer opportunities to small and diverse businesses by collaborating with community and labor stakeholders, creating clean energy job opportunities, and encouraging participation from disadvantaged communities."[43] Second, and most importantly, SoCalGas has chosen a small business to be the project developer. West Biofuels qualifies as a small business under California Government Code section 14837 because it has fewer than 100 employees (West Biofuels has only 20 employees) and is independently owned.[44]

[42] Id. at page 6.
[43] Ex. SCG-03 at JLMS-17.
[44] https://codes.findlaw.com/ca/government-code/gov-sect-14837/.

VI. CONCLUSION

SoCalGas' proposed pilot project meets the requirements of D.22-02-025 and will provide important benefits to ratepayers and the state, above all reductions in Greenhouse Gas and Short-Lived Climate Pollutant emissions as required by state law and intended by the authors of SB 1440 and SB 1383. SoCalGas has shown the likelihood of those reductions and other benefits to the extent possible for a pilot project intended to demonstrate a new combination of technologies. CARB's explicit authorization of the use of allowance revenues for agricultural waste to pipeline biomethane production underscores the confidence that CARB has in the emissions reductions from projects such as SoCalGas is proposing. If successful, the project will not only benefit the climate and air quality, but will directly benefit ratepayers by demonstrating a tool to decarbonize the gas supply (and thereby reduce compliance costs) and to mitigate wildfires, which are a growing threat to energy affordability.

DATED: September 18, 2026

Respectfully submitted,

/s/ Julia A. Levin

JULIA A. LEVIN
Executive Director
Bioenergy Association of California
PO Box 6184
Albany, CA 94706
510-610-1733
jlevin@bioenergyca.org

VERIFICATION

I am a representative of the non-profit organization 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 under the laws of the State of California that the foregoing is true and correct.

Executed this 18th day of September, 2026 in Kensington, California.

/s/ Julia A. Levin

JULIA A. LEVIN
Executive Director
Bioenergy Association of California
PO Box 6184
Albany, CA 94706
510-610-1733
jlevin@bioenergyca.org