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 SIERRA CLUB

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The Sierra Club respectfully submits this Reply Brief in the above-captioned proceeding. This brief is timely filed pursuant to the July 21, 2026 Email Ruling of the Administrative Law Judge ("ALJ").

INTRODUCTION AND SUMMARY

Parties' Opening Briefs confirm that Southern California Gas Company ("SoCalGas") has failed to meet its burden to demonstrate the reasonableness of its Application proposing a woody biomass gasification pilot project ("Proposed Project"). Although SoCalGas and the Bioenergy Association of California ("BAC") devote substantial attention to the potential benefits of converting woody biomass into methane, neither brief cures the fundamental defects in SoCalGas's Application identified by Sierra Club and the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates").

SoCalGas has failed to propose a "pilot project" because its Application prioritizes investment in its own infrastructure and does not commit to ensuring a new gasification project is actually funded, nor does it demonstrate compliance with the other requirements established by Decisions ("D.") 22-02-025 and 24-12-032 and the California Air Resources Board ("CARB") regulations governing the use of Cap-and-Trade allowance auction proceeds. SoCalGas relies entirely on hearsay evidence for its greenhouse gas ("GHG") showing, which the Commission cannot lawfully use as the sole basis for any factual finding. Even if such a prohibition did not exist, SoCalGas's GHG claims are riddled with incorrect assumptions, analytical errors, and unsupported conclusions regarding methane leakage, biogenic carbon dioxide ("CO_2") emissions, "avoided" emissions, and carbon capture and storage ("CCS").

Further, in its brief, SoCalGas incorrectly claims "benefits" to Environmental and Social Justice ("ESJ") communities that are certain to experience additional pollution from a new, polluting facility without any confirmed air quality benefits from the Proposed Project's speculative "avoided" emissions reductions, the locations of which are largely unknown. And as Small Business Utilities Advocates ("SBUA") asserts, the Proposed Project does not advance the goals of the Commission's ESJ Action Plan.

For its part, BAC skirts the record and reverts to vague and inapposite arguments and extra-record assertions that have no bearing on the actual question before the Commission: whether the evidence shows that SoCalGas has met its burden, based on the evidence that parties have moved into the record.

Commission direction, CARB regulations, and overwhelming record evidence indicate that the Commission must reject SoCalGas's invitation to approve the expenditure of ratepayer funds based on hearsay evidence and on a proposal that has not demonstrated GHG reductions, consistency with the Commission's ESJ Action Plan, or compliance with other applicable requirements. Without any certainty of environmental or ratepayer benefits, and in light of the risk of GHG, criteria pollutant, and volatile organic compound ("VOC") <u>increases</u>, the Proposed Project is neither a just nor reasonable use of ratepayer funds. SoCalGas has failed to carry its burden of proof, and the Application should be denied.

ARGUMENT

I. SoCalGas has not demonstrated greenhouse gas reductions.

A. Denial is required because SoCalGas's relies on hearsay evidence that cannot provide the sole basis for any finding of fact.

The Commission must reject SoCalGas's recommendation that it find that the Proposed Project "reasonably demonstrates greenhouse gas emissions reductions using appropriate, established modeling methodologies for a pilot-scale project."[1] As detailed in Sierra Club's Opening Brief, longstanding precedent prohibits the Commission from relying on out-of-court statements as the sole basis for any finding if fact.[2]

Here, SoCalGas's entire GHG showing is based on hearsay evidence. SoCalGas's testimony regarding lifecycle GHG assessment relies entirely on a bespoke Excel spreadsheet that was created by Dr. Eric Tan to model the purported GHG impacts of the Proposed Project ("Tan Model"). Further, as indicated in Sierra Club's brief, SoCalGas's testimony on GHGs largely copies verbatim a memorandum of Dr. Tan which summarizes the results of the Tan Model ("Tan Memo").[3] These materials are hearsay because Dr. Tan is not a witness in this proceeding, and no witness can corroborate the Tan Model or

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[1] SoCalGas Opening Brief at iv.

[2] Sierra Club Opening Brief at 13-16; *The Utility Reform Network v. Pub. Utils. Comm'n*, 167 Cal. Rptr. 3d 747, 759 (Ct. App. 2014) ("Hearsay evidence is admissible in Commission proceedings but cannot be the sole support for a finding of disputed fact.") (heading capitalization omitted).

[3] Sierra Club Opening Brief at 7, Exhibit A.

Memo because they lack the requisite knowledge and expertise.[4] As a result, the Commission cannot rely on this evidence to find that SoCalGas has demonstrated GHG reductions, and such a finding is required under the applicable Commission direction and CARB regulations. On this basis alone, rejection of the Application is required.

B. Sierra Club agrees with Cal Advocates that SoCalGas has not met its burden to show that the Proposed Project will reduce GHGs.

Cal Advocates correctly argues that SoCalGas has not shown where or how the proposed biomethane will ultimately be used or what fuel if any it will displace.[5] Indeed, there is no evidence that the methane will be injected into the pipeline system.[6] These omissions are fatal to the Application. As Cal Advocates explains, without an identified end use, SoCalGas cannot demonstrate that the Proposed Project will actually displace fossil methane.[7] Sierra Club further agrees with Cal Advocates that, having failed to demonstrate fossil-fuel displacement, SoCalGas's claim of GHG reductions through such displacement cannot stand.[8]

Even if SoCalGas could show fossil gas displacement, the evidence indicates that the Proposed Project will not reduce GHGs and instead will almost certainly (and perversely) increase GHGs.[9] SoCalGas's contrary claims are baseless, as detailed below.

1. SoCalGas's model is not consistent with the GREET model.

Sierra Club agrees with SoCalGas that, as general matter, "[t]he GREET methodology may be validly applied as long as the analysis relies on identical mathematical calculations and validated emission factors, such as those from the 2024 R&D GREET model."[10] But the evidence shows that SoCalGas did not use "identical mathematical calculations and validated emission factors." SoCalGas's own submissions show this:

1) The day before rebuttal was due, SoCalGas, have claimed it was using GREET, eliminated a key model assumption regarding the carbon neutrality of biogenic carbon;[11] and

[4] Sierra Club Opening Brief at 15-16.
[5] Cal Advocates Opening Brief at 17-22.
[6] Cal Advocates Opening Brief at 17.
[7] *See* Cal Advocates Opening Brief at 17-18, 22.
[8] Cal Advocates Opening Brief at 17-18, 22.
[9] Sierra Club Opening Brief at 29.
[10] SoCalGas Opening Brief at 17.
[11] Sierra Club Opening Brief at 5, 22-23.

2) The change was expressly inconsistent with GREET, which, as the excerpt in Figure 1 indicates, treats biogenic carbon as climate neutral.[12] Specifically, cell E35, the entry for "Biogenic CO2 emissions credit" is <u>negative</u> 58,066g/CO_2e/mmBtu.

Figure 1: Excerpt of GREET Model relevant to biomethane[13]

	A / B / C / D	E	F	G
1	**Renewable Natural Gases Based Fuel**	Home	Inputs	Results
2	**1) Scenario Control and Key Input Parameters**			
3				
4	**1.1) Shares of Landfill Gas and Biogas for Each Fuel**			
5		**RNG as Intermediate Fuel**	**MeOH**	**CNG**
6	Landfill Gas	100%	100%	100%
7	Bio-gas from AD of Animal Waste	0%	0%	0%
8	Bio-gas from AD of Wastewater Sludge	0%	0%	0%
9	Bio-gas from AD of MSW	0%	0%	0%
10				
11	**1.2) Assumptions Regarding RNG Production via Upgrading**			
12	Energy source for biogas upgrading	1	1--RNG, 2-- Fossil NG	
13	Select biogas upgrading technology	Pressure Swing Adsorption		Pressure Swing
14	Electricity (MJ/m3 biogas)	0.954		0.954
15	CH4 loss (%)	2.8%		2.8%
16	CH4 purity (%)	98.0%		98.0%
17	DEA	0.00		
18	MEA	0.00		
19	Potassium hydroxide	0.00		
20	Heat (MJ/m3 biogas)	0.00		
21	Biogas leakage during AD	1%		
22				
23		LFG-based	Manure-based	WWTP-based
24		Micro Turbine	Micro Turbine	Micro Turbine
25	CHP Generator Electrical Efficiency	#NAME?	#NAME?	#NAME?
26	Heat Recovery Efficiency from CHP generator	70%	70%	70%
27	Boiler Efficiency	80%		
28	RNG Upgrading Efficiency (powered by Electricity)	94.4%		
29	RNG Upgrading CH4 Leakage	2%		
30	RNG Small Scale Liquefaction Efficiency (powere	89.0%		
31				
32	CNG Refueling Options	1	1 -- On-Site, 2 -- Off-Site	
33	Allocation Handling Method	2	1 -- Displacement, 2-- Energy Alloca	
34				
35	Biogenic CO2 emission credits	-58,066	(gCO2e/mmBtu biogas combustior	

Rather than follow GREET and use validated emissions factors, SoCalGas muddled its way through the lifecycle assessment that it proffered as its GHG reduction showing. Sierra Club's expert witness, Dr. Emily Grubert, who was Chair of Argonne National Lab's GREET Model Review Committee in 2024,[14] clearly explains SoCalGas's inconsistency with GREET and the modeling associated errors; Sierra Club described them again extensively in its briefing.[15] In response, SoCalGas fails to provide any evidence that that Tan Model and the conclusions drawn from its treatment of biogenic carbon are consistent with GREET or any other validated model.

[12] Sierra Club Opening Brief at 22.
[13] SC-02-Atch-A (GREET modeling page excerpt indicating in cell E35 a negative value for biogenic CO_2).
[14] SC-01R, Sierra Club Direct Testimony, Grubert at 1:26-29; SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 9:8-10.
[15] Sierra Club Opening Brief at 22-23.

2. SoCalGas does not demonstrate that methane leakage will be zero, as its model assumes.

SoCalGas devotes substantial discussion to criticizing Sierra Club's testimony that because methane leakage is a certainty, SoCalGas's assumptions of zero leakage lack support.[16] In so doing, it attempts to turn the burden of proof on its head. The Commission should reject this maneuver. It is not Siera Club's burden to show that there will be leakage; rather, it is SoCalGas's burden to show that there will certainly not be, because the Tan Model upon which SoCalGas relies, assumes zero leakage for the entire Proposed Project.

The evidence shows that SoCalGas has not met that burden. As Sierra Club's expert witnesses explain in detail, (1) the method that SoCalGas used to measure likely emissions from the facility is flawed; (2) there is no evidence of any analogous facility or project with zero leakage, and in fact other projects that manufacture methane show alarming rates of leakage; and (3) SoCalGas ignored all other project "lanes" (methane transportation, pipeline injection, and storage) as well as end uses where leakage will occur.[17] As Cal Advocates rightly notes, the Commission denied Pacific Gas & Electric Company's ("PG&E") woody biomass pilot application in D.25-05-003 in part because PG&E failed to include methane emissions from "transmission, storage, distribution, or production" of methane in its GHG estimates.[18] SoCalGas has committed the same error here.

SoCalGas simultaneously argues that no comparable commercial-scale facility exists while also asserting confidence that methane leakage will be negligible.[19] These positions cannot be reconciled. If the Proposed Project is "novel" and lacks comparable operating experience,[20] there cannot be certainty of zero leakage in all project lanes. Whether a particular leakage study matches the proposed facility is not the relevant inquiry; rather, the question is whether SoCalGas has demonstrated that leakage will be zero for the Proposed Project. The record shows that it has not.

Ultimately, SoCalGas does not and cannot rebut Sierra Club's central point on leakage: the Proposed Project is specifically designed to create, process and transport methane, a highly potent GHG, that would not have otherwise existed and that is highly leak-prone from cradle to grave. Because

[16] SoCalGas Opening Brief at 20-23.
[17] Sierra Club Opening Brief at 18-19.
[18] Cal Advocates Brief at 19 (citing D.25-05-003 at Finding of Fact 7).
[19] SoCalGas Opening Brief at 9-10, 20-23.
[20] SoCalGas Opening Brief at 2.

SoCalGas cannot support its zero-leakage assumption, and because a GHG reduction showing is required, this deficiency provides yet another basis for rejection of the Application.

3. SoCalGas does not demonstrate "avoided" GHG emissions.

A significant portion of SoCalGas's claimed GHG reduction benefit for the Proposed Project derives from assumptions regarding avoided emissions from alternative uses of the woody almond orchard waste.[21] But SoCalGas does and cannot explain how emissions are "avoided" if they are simply shifted from one source of emissions (the base case: decomposition of the woody biomass during whole orchard recycle) to another source (the use case: combustion of methane in vehicles). As Sierra Club described in detail in testimony and in its Opening Brief, these emissions are simply not avoided, and SoCalGas's reliance on avoided emissions in the Tan Model as a source of GHG reductions is therefore unfounded.

SoCalGas takes issue with Sierra Club's illustrative Figure 1, which its witness, Dr. Grubert, uses to explain why the base case whole orchard recycling ("WOR") emissions are not avoided.[22] SoCalGas claims the diagram is invalid because it fails to include the other base cases such as dairy bedding.[23] This contention misses the point of the figure: to illustrate why CO_2 emissions from <u>WOR</u> are not "avoided" because those CO_2 emissions are ultimately emitted into the atmosphere through combustion of the manufactured methane <u>plus the added risk of methane leakage</u>, which does not exist in the base case and does exist in the project case. Contrary to SoCalGas's claims, the figure is not intended to show all the base cases that SoCalGas included. Sierra Club's witness indicates that her focus is on the WOR base case given its importance for the Tan Model's GHG accounting.[24] And in any event, SoCalGas does not explain how factoring in those other base case emissions could justify its claim of avoided emission—i.e., how those CO_2 emissions would be avoided rather than merely shifted in time and space.

4. Sierra Club's expert witness correctly applies the relevant science on biogenic carbon emissions and temporary carbon storage.

Contrary to SoCalGas's assertions, the testimony of Sierra Club's expert witness, Dr. Emily Grubert, demonstrates that SoCalGas's assumptions regarding emissions from whole orchard recycling ("WOR") are unsupported by the evidentiary support.

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[21] SCG Opening Brief at 17-20, 25-27.
[22] SCG Opening Brief at 18.
[23] SoCalGas Opening at 18-19.
[24] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert 4:27-29; SC-01, Sierra Club Direct Testimony, Grubert at 7:5-9.

First, Dr. Grubert finds that SoCalGas inflated the base case emissions in a matter that was inconsistent with GREET because it did not account for the carbon neutrality of the biogenic CO_2 emissions from WOR. That error is described above in Section I.B.1 and in detail in Sierra Club's testimony and briefing.[25]

Second, contrary to SoCalGas's argument, Dr. Grubert correctly explains that in addition treating biogenic carbon as climate neutral, best-practice carbon accounting would also address the issue of carbon sequestration from WOR. By contrast, SoCalGas assumes <u>zero</u> carbon is stored in soils, which contradicts the findings of Culumber et al. (SoCalGas's its main source on WOR), and statements by the California almond industry that WOR leads to carbon storage in soils.[26]

Dr. Grubert does not presume all carbon is stored indefinitely in the soil for 100 years, as SoCalGas contends.[27] Rather, she explains that 1) some carbon is stored on a <u>decadal</u> time scale, which matters for the climate,[28] and 2) that the project methane (through leakage and presumed end use combustion) would, by contrast, have an <u>immediate</u> climate impact.[29] Dr. Grubert's conclusion is consistent with Culumber et al., which projects at least 20 years of carbon storage for ~7% of the original carbon in the woody biomass.[30] Dr. Grubert accepts the findings of Culumber et al., and explains that if that same woody biomass is instead converted to methane, the climate impact is guaranteed to be higher.[31] Thus, she testifies that not only does intentional production of methane (a gas with high global warming potential) mean that any methane release contributes additional warming relative to a non-methane base case, but also the methane from the Proposed Project will be burned <u>much earlier</u> than 20 years from now, such that the carbon from the woody biomass is either released as methane or much earlier than it would have otherwise been released.[32] In other words, <u>the Proposed Project accelerates the return of carbon to the atmosphere versus the base case, eliminating any climate benefit from temporary CO_2 storage.</u>[33]

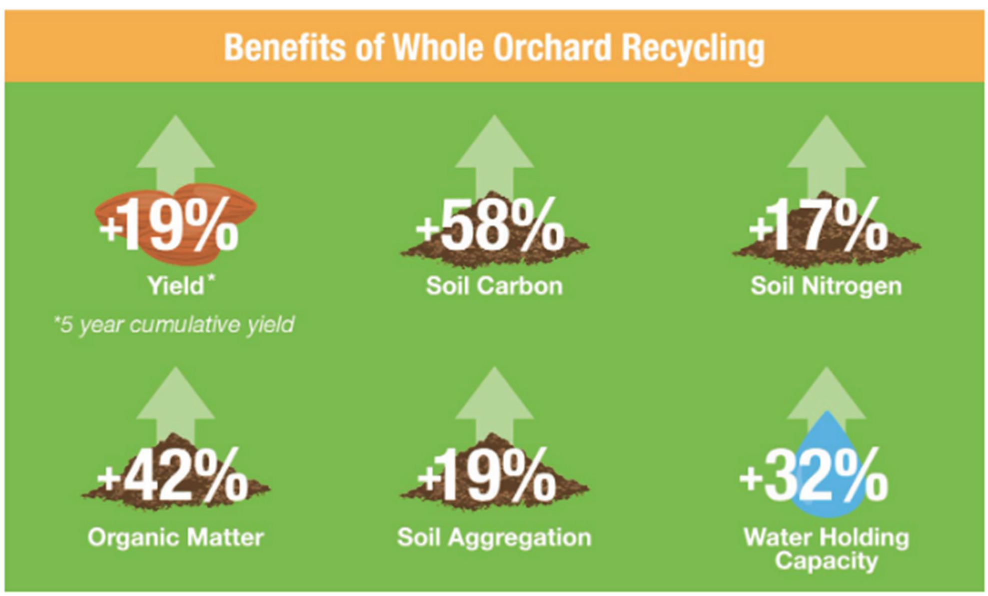
[25] SC-01R, Sierra Club Direct Testimony, Grubert at 9:6-20; SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 2:14-3:16; Sierra Club Opening Brief at 22-23.
[26] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 9:25 to 10:1-2.
[27] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 9:22-23.
[28] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 9:22-24.
[29] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 5:3-29 to 6:1-3 (Figure 1).
[30] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 7:17-19.
[31] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 7:19-20.
[32] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 7:20-26.
[33] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 7:26-28.

Dr. Grubert provides a detailed justification for these conclusions, citing a wide range of scientific sources including:

- Liu et al. 2019. "Comparative Analyses of Different Biogenic CO_2 Emission Accounting Systems in Life Cycle Assessment." 652 Sci. Total Env't 1456–62. https://doi.org/10.1016/j.scitotenv.2018.11.039;[34]
- Pscherer & Krommes. 2025. "LCA Standards for Environmental Product Assessments in the Bioeconomy with a Focus on Biogenic Carbon: A Systematic Review." Int'l J. of Life Cycle Assessment 30 (2): 371–93. https://doi.org/10.1007/s11367-024-02387-7;[35] and
- Mayer et al. ahead of print, June 7, 2026. "The Value of Reversible Carbon Storage in a Zero-Emissions World." Env't. Sci. & Tech. https://doi.org/10.1021/acs.est.6c00333.[36]

Dr. Grubert also cites the website of California Almonds, entitled "Whole Orchard Recycling[.]"[37] It lists under "Benefits of Whole Orchard Recycling" a graphic that claims +58% for "soil carbon" essentially claiming a carbon storage benefits.[38] The cite figure is provided below as Figure 2:

Figure 2: Excerpt of California Almond website claiming increased soil carbon from WOR



[34] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 9 note 18.
[35] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 3 note 5, 7 note 12.
[36] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 3 note 6, 7 note 13.
[37] SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 10 note 19.
[38] Dr. Grubert does not adopt this percentage in her testimony (and the website does not site a source for its figures) but presents it to for the purpose of showing that the almond industry claims that WOR can provide some carbon storage, whereas SoCalGas and the Tan Model presume zero carbon storage from WOR. *See* SC-02, Sierra Club Sur-Rebuttal Testimony, Grubert at 10 note 19.

In short, Sierra Club has provided credible evidence that SoCalGas's assumptions about the emissions from WOR are inconsistent with GREET and best-practice carbon accounting and lead to unreliable emissions accounting and ultimately inaccurate carbon intensity scores for the Proposed Project. SoCalGas's arguments to the contrary in its Opening Brief do not salvage the fact that it has mischaracterized the base case emissions from WOR and that that misrepresentation is yet another reason why its GHG showing is not credible.

5. The evidence does not indicate the CCS will actually be implemented or capture the Proposed Project's carbon dioxide emissions.

SoCalGas continues to cling to the contention that CCS is technically feasible as a general matter and that commercial CCS systems have achieved reportedly high capture rates elsewhere.[39] Again, its argument is unavailing. As Cal Advocates explain, SoCalGas has not demonstrated that CCS will be implemented <u>for this Proposed Project</u>.[40] SoCalGas acknowledges that long-term CCS implementation depends on obtaining an off-take partner for carbon dioxide.[41] Yet it has not identified such a partner. Nor has it identified other key components of a feasible project—namely, a sequestration arrangement, storage pathway, or project-specific implementation plan that demonstrates carbon capture and storage will actually occur, as Cal Advocates aptly observes.[42] What is more, even if the performance of other CCS projects were relevant here, the capture rates that SoCalGas presents are merely "advertised" and "marketed" estimates based on the project "design[]," not <u>actual</u> CO_2 capture rates that have been demonstrated and sustained.[43]

The Commission must therefore reject SoCalGas's attempt to claim emissions reductions based on future CCS implementation that remains entirely speculative.

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[39] SoCalGas Opening Brief at 17.
[40] Cal Advocates Brief at 9-10
[41] SCG-02R, SoCalGas Corrected Revised Testimony at JLMS-13.
[42] Cal Advocates Opening Brief at 9-10
[43] SoCalGas Opening Brief at 15-17; SC-11, SoCalGas Response to Sierra Club Data Request 7, Response 7-12(a) at 24; *accord* David Schlissel, Mark Kalegha, INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS, *Carbon Capture at Boundary Dam 3 still an underperforming failure* (April 30, 2024) https://ieefa.org/resources/carbon-capture-boundary-dam-3-still-underperforming-failure (finding capture rate of Boundary Dam Unite 3 (a project cited by SoCalGas as evidence of 90% capture capability) was in fact 63% as of 2023).

6. SoCalGas cannot kick the evidentiary can down the road: a demonstration of GHG is required in this Application.

SoCalGas suggests that details about GHG emissions, including the end uses, may be worked out later.[44] It maintains that the project uncertainties identified by Sierra Club are appropriate because it proposes a pilot project.[45] It further claims that the Proposed Project can still benefit ratepayers through technology demonstration and emissions evaluation.[46] These arguments miss the mark for the obvious reason that they ignore the law. The Commission has made clear that SoCalGas must demonstrate compliance with D.22-02-025 and with specific CARB regulations at the application stage. As detailed in Cal Advocates' and Sierra Club's Opening Briefs, the record indicates that SoCalGas has not made such a showing.[47] SoCalGas even admits that the appliable CARB regulations require that "that auction allowance proceeds be directed toward projects that demonstrably reduce GHG emissions."[48] Future developments are not evidence of GHG reductions, and a demonstration of reduction is required here.[49]

Incredibly, SoCalGas also states that "[u]ltimately, this case is not only about the merits of a single pilot project."[50] In fact, that is precisely what this proceeding is about—nothing more and nothing less. In D.22-02-025, the Commission required SoCalGas and PG&E to submit applications for their respective pilot projects, and the reasonableness of this Application and whether it has complied with applicable Commission decisions and CARB regulations is the question before Commission. The Commission should reject SoCalGas's attempt to cloud and confuse the very clear set of questions before the Commission.

C. Prior decisions on dairy pilots and the biomethane monetary incentive program are not germane to the Commission's disposition of this Application.

SoCalGas's reliance on decisions involving dairy biomethane pilot projects and the biomethane monetary incentive program ("BMIP") is misplaced.[51] The woody biomass pilot project requirement established in D.22-02-025 is governed by its own terms, wholly separate from those of other pilot

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[44] SoCalGas Opening Brief at 1-2, 10, 16.
[45] SoCalGas Opening Brief at 1-2, 10, 16.
[46] SoCalGas Opening Brief at iv, 14-16.
[47] Cal Advocates Opening Brief at 16-22; Sierra Club Opening Brief at 12-20.
[48] Sierra Club Opening Brief at 17.
[49] Sierra Club understands that a pilot project cannot demonstrate actual GHG reductions if it is not yet built and operational, but the issue here is different: even based on the proposal provided in the Application and the full record in this case, there is no evidence that the project, when operational, will reduce GHGs. In fact, the evidence shows it will likely increase GHGs.
[50] SoCalGas Opening Brief at 2.
[51] *See, e.g.*, SoCalGas Opening Brief at v, 10, 25, 29; SCG-03, SoCalGas Rebuttal Testimony at JLMS-10, JLMS-11.

programs. The dairy pilot and BMIP decisions do not supersede the specific requirements adopted by the Commission for this proceeding. As Cal Advocates correctly explains, years after the Commission had issued the diary pilot and BMIP decisions, it adopted D.22-02-205, and in that decision, it did not import the same criteria.[52] Rather, it specifically required compliance with CARB regulations as a condition of funding the woody biomass pilots.[53] Sierra Club agrees with Cal Advocates that the Commission must therefore evaluate the Application under the standards established for woody biomass pilot projects under D.22-02-025 rather than under entirely different frameworks that the Commission established for distinct types of projects.[54]

D. BAC's GHG claims are unsupported and inapposite.

BAC, an industry association whose goal is promote bioenergy project development, focuses on policy arguments regarding purported benefits of bioenergy, wildfire mitigation, job creation and forest managements.[55] These issues have no bearing on this proceeding. Again, the question before the Commission is whether this specific proposal satisfies the requirements established in D.22-02-025, and D.24-12-032, including the applicable CARB regulations. BAC proffers no evidence that it does. Indeed, BAC never addresses the deficiencies identified by Sierra Club and Cal Advocates pertaining to SoCalGas's GHG claims including:

- The Application's inability to satisfy the CARB regulations that govern the use of ratepayer funds;
- Myriad deficiencies in SoCalGas's emissions analysis;
- The absence of a demonstrated CCS implementation pathway;
- The lack of an identified end use; and
- The lack of demonstrated fossil-fuel displacement.

General policy arguments advanced in favor of biomass utilization cannot substitute for the evidentiary showing required in this proceeding.[56]

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[52] Cal Advocates Opening Brief at 3-6; 20-21.
[53] D.22-02-025 at 46, Ordering Paragraph 43; see also D.25-05-003.
[54] As Cal Advocates argues, SoCalGas also fails to propose credible study and reporting of emissions, which D.22-02-025 plainly requires. Cal Advocates Opening Brief at 10-12. SoCalGas's contrary arguments hold no weight; mere commitments to study and report sometime in the future do not ensure effective monitoring and disclosure of pollution impacts will actually occur. SoCalGas Opening Brief at 12. And even if SoCalGas commits to disclose methane emissions data, that disclosure will not provide accurate information to the public if the monitoring protocols are shoddy (which the evidence suggests they would be, as SoCalGas proposes to use monitoring technology that cannot detect low levels of fugitive emissions). *See* Sierra Club Opening Brief at 38.
[55] BAC Opening Brief at 2-11.
[56] Without evidence on its side, BAC resorts to attacking the Sierra Club's motivation for protesting the Proposed

II. SoCalGas and BAC incorrectly claim that the Proposed Project supports ESJ communities.

Contrary to SoCalGas and BAC's assertions, the Proposed Project would emit harmful pollutants in ESJ communities and provide yet another basis for concluding SoCalGas has not met its burden to demonstrate the reasonableness of its Application.

A. The Proposed Project fails to advance the Commission's ESJ Action Plan goals.

SoCalGas's Proposed Project would impose new, harmful emissions onto its ESJ host communities, contrary to ESJ Action Plan goals. Goal 2 of the Commission's ESJ Action Plan pertains to increasing investing in clean energy to benefit ESJ communities, "especially to improve local air quality and public health."[57] SoCalGas incorrectly asserts that the Proposed Project advances the Commission's ESJ Action Plan goals, including Goal 2, by allegedly "reducing pollution in Kern County[;]"[58] similarly, BAC also claims the Proposed Project will meet Goal 2.[59]

As SBUA states, "the Application does not adequately advance ESJ Action Plan Goal[] . . . 2[.]"[60] Sierra Club agrees. While SoCalGas acknowledges that the area in which the Proposed Project would be located is "identified as economically disadvantaged and heavily pollution-burdened[,]"as detailed in Sierra Club's Opening Brief, the proposed facility would be a <u>new</u> source of pollution in this already polluted and disadvantaged part of California's Central Valley.[61] SoCalGas's claim of avoided emissions is pure speculation, as explained below. Accordingly, SoCalGas and BAC's assertion that the Proposed Project would support the Commission's ESJ Action Plan Goal 2 is unsupported and incorrect.

B. SoCalGas is wrong that Sierra Club omitted avoided baseline emissions.

SoCalGas contends that Sierra Club "ignor[es] displaced baseline emissions, including air curtain burning, biomass power generation, and diesel-intensive handling operations" in its assessment of the Proposed Project's impacts.[62] Not so. As explained in Sierra Club's Opening Brief, the Proposed

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Project as "agenda driven" and cites out-of-context excerpts from filings in other proceedings that have no bearing on the Application before the Commission here. BAC Opening Brief at 10. The positions that Sierra Club has taken in this proceeding are consistent with its positions in other proceedings: California ratepayers should be funding only investments that demonstrate a real reduction in GHGs or other health-harming emissions, and the Commission should carefully review all biomethane projects using independently validated models and up-to-date science on the risks that methane projects may pose to the climate and public health.

[57] Sierra Club Opening Brief at 29-30 (citation and internal quotation marks omitted).

[58] SoCalGas Opening Brief at 25-26.

[59] BAC Opening Brief at 5, 7.

[60] SBUA Opening Brief at 5.

[61] SoCalGas Opening Brief at 26; *see also* Sierra Club Opening Brief at 30-31.

[62] SoCalGas Opening Brief at 27.

Project will increase VOCs, NOx, and numerous other pollutants including GHG emissions and criteria pollutants in the surrounding ESJ community.[63] SoCalGas's justification for these increases relies on comparing them to avoided baseline conditions, but that comparison fails because, even using SoCalGas's method, VOCs and NOx increase, and because the emissions data are too uncertain to support any conclusion of localized emissions reductions.

SoCalGas's contrary contentions are baseless. First, SoCalGas's witnesses do not verify the accuracy of the estimated base case disposal methods and quantities.[64] Second, SoCalGas admits that the geographic coordinates of the air curtain burning and diesel-intensive wood chipping operations associated with the base case are unknown and change year-to-year.[65] In fact, these locations could be anywhere in the service area for the almond industry facility where the Proposed Project would be located, which spans approximately 55 miles to the northwest and 50 miles to the southeast.[66] Third, the one source of base case emissions whose location is known—the biomass plant located in Stockton, CA—is located approximately 130 miles from the facility.[67]

Therefore, if all the avoided emissions occur a significant distance from the facility, there is no measurable "benefit[] to the nearby ESJ community[,]" as SoCalGas claims without evidentiary support.[68] Sierra Club thus considered and appropriately minimized, rather than ignored, the purported "avoided" base case emissions when concluding that the Proposed Project would not provide a benefit to the ESJ community surrounding the facility.

C. BAC's claim that the Proposed Project will reduce air pollution is unfounded.

No evidence supports BAC's claim that the Proposed Project will reduce air pollution in the communities near the facility. In fact, there is no modeling or testimony in the record showing that the alternative fate to the Proposed Project would be "open burning" or methane-emitting "pile and decay of agricultural waste," as BAC claims for the first time in briefing.[69] Instead, SoCalGas's Second Corrected Revised Testimony names the base case disposal methods as dairy bedding, air curtain burning, biomass plant incineration, and incorporation.[70] BAC is thus claiming benefits that are not in the record and that

[63] Sierra Club Opening Brief at 33-34.
[64] Sierra Club Opening Brief at 34.
[65] Sierra Club Opening Brief at 34.
[66] Sierra Club Opening Brief at 34.
[67] Sierra Club Opening Brief at 35.
[68] Sierra Club Opening Brief at 35 (internal citation and quotation marks omitted).
[69] BAC Opening Brief at 5-6.
[70] SCG-02R, Second Corrected Revised Testimony at JLMS-15 (Table 1), Attach. 1 at 3 (Table 1) (The attachment lacks page numbers, and this page citation assumes the first page should be page

are even not asserted by SoCalGas. Indeed, BAC has not proffered any facts that the Proposed Project will confer air quality benefits. As explained in Sierra Club's Opening Brief, the Proposed Project is a new emitting source which will create adverse localized air pollution impacts for the surrounding ESJ communities.[71]

D. The 7-to-8-mile distance to the "populated areas" of Kerman, CA does not mean toxic air impacts are harmless to local ESJ communities.[72]

SoCalGas wrongly asserts that Sierra Club ignored "the substantial geographic separation between the proposed facility and populated areas" in assessing air impacts from the Proposed Project.[73] In doing so, SoCalGas attempts to limit the Scoping Memo and Ruling's definition of "environmental and social justice communities" to just those who reside in Kerman, CA.[74] Yet SoCalGas itself previously "recognize[d] that air pollutants disperse[,]" that "potential impacts are not limited strictly to 'populated areas[,]'"[75] and that CARB and SJVAPCD regulations are structured such that "meaningful air toxics impacts are localized near emission sources[.]"[76] As Sierra Club's expert witness explains in testimony and as Sierra Club asserted in its Opening Brief, the appropriate metric to consider is therefore not the exposure in "populated areas" but <u>ambient air quality at the fenceline of the facility</u>.[77] Only considering the impact on people who reside in Kerman, CA, overlooks community members and other members of public who live, work, study, recreate, and/or travel close to the facility, disregards nearby sensitive receptors, and unrealistically assumes static background levels and no future land use changes.[78] Sierra Club thus appropriately characterizes the Proposed Project as emitting new pollution in ESJ communities surrounding the Proposed Project, regardless of the distance to the "populated areas" of Kerman, CA.

E. SoCalGas cannot demonstrate public health benefits to local ESJ communities on this record.

SoCalGas asserts that "[t]he Commission should find that the project advances the Commission's Environmental and Social Justice (ESJ) Action Plan by delivering environmental, economic, and public

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"1").

[71] *See, e.g.*, Sierra Club Opening Brief at 29-36 (section entitled "The Proposed Project would emit harmful pollutants in ESJ communities, in direct contravention of the Commission's ESJ Action Plan").
[72] SoCalGas Opening Brief at 27.
[73] SoCalGas Opening Brief at 27.
[74] Scoping Memorandum and Ruling at 3, Issue 8.
[75] SC-11, SoCalGas Response to Sierra Club Data Request 9, Response 9-2(a) at 18.
[76] SoCalGas Opening Brief at 28.
[77] Sierra Club Opening Brief at 36.
[78] Sierra Club Opening Brief at 36.

health benefits to disadvantaged communities in the San Joaquin Valley."[79] But the evidence shows that SoCalGas has not credibly analyzed the public health risk or benefits to the ESJ community surrounding the Proposed Project facility. Investing in this polluting experiment with unknown health impacts to a disadvantaged community already overburdened by pollution would be counter to the Commission's ESJ Action Plan goals, and the Commission should accordingly deny SoCalGas's Application.

1. Future air district permitting is not evidence of air quality benefits to the surrounding ESJ communities.

To justify its risky project, SoCalGas asserts that San Joaquin Valley Air Pollution Control District ("SJVAPCD") will not approve a project if it does not comply with the region's Attainment Plan.[80] It also claims Sierra Club's pollution claims are "speculative" because of Sierra Club's expert witness's statement that he cannot speak to what "'review[]' will be conducted[.]"[81] SoCalGas claims that SJVAPCD review "typically requires offsets or regional improvements as a condition of approval."[82] None of these points meet SoCalGas's burden because, as Sierra Club's witness indicates, no party knows what if any restrictions the air district will impose on this facility, and even if it were to require "regional improvements" and "offsets," those measures, by definition, could occur far from the ESJ communities that surround and are directly impacted by pollution emitted from the new facility. In sum, SoCalGas provides no assurance that the Proposed Project will impart the claimed "public health benefits" to the ESJ community around the facility.[83] It therefore has not met its burden.

2. The evidence shows there will be emissions increases from the facility, but SoCalGas has not analyzed the health impact risk to local ESJ communities.

Although SoCalGas argues that a health risk assessment is not required at this stage, it fails to provide concrete evidence as to the health impacts of the Proposed Project on ESJ communities.[84] In other words, the appropriate consideration is not whether the Proposed Project will be permitted but whether it will cause air toxics impacts in ESJ communities. As the ALJ clearly explained:

> the scope of this proceeding identifies the requirements of Decision 22-02-025 and D.24-12-032 (scoped items #2 and #3, respectively) as relevant and also scopes impacts on environmental and social justice communities (scoped item #8). D.22-02-025 and D.24-

[79] SoCalGas Opening Brief at v.
[80] SoCalGas Opening Brief at 28.
[81] SoCalGas Opening Brief at 28 (citation and internal quotation marks omitted).
[82] SoCalGas Opening Brief at 28.
[83] SoCalGas Opening Brief at v ("The Commission should find that the project advances the Commission's Environmental and Social Justice (ESJ) Action Plan by delivering environmental, economic, and public health benefits to disadvantages communities in the San Joaquin Valley.").
[84] Scoping Memorandum and Ruling at 3, Issue 8; *see* SoCalGas Opening Brief at v.

> 12-032 establish that study and reporting of all types of pollution must be addressed. The Commission has also established health risk and accidental risk assessments directly bear on environmental and social justice communities. It should not be a surprise to parties that **various impact assessments will bear on the consideration of scoped items #2, #3, and #8 [ESJ communities impact]**.[85]

Instead of providing evidence about risk, SoCalGas adopts a "trust us" approach, asking the Commission to come to conclusions without a health risk assessment in the record. Without supporting data, SoCalGas claims for the first time in its Opening Brief that the Proposed Project "is not expected to result in significant air toxics impacts[,]"[86] "the evidentiary record does not demonstrate significant air toxics impacts[,]"[87] and that air toxics impacts "are not significant" because of the facility's distance to Kerman, CA.[88] These varying, imprecise conclusions are unsupported inferences about what a health risk assessment might show, as Sierra Club explains in its Sur-Rebuttal Testimony regarding SoCalGas's previous faulty conclusion that the impacts of air toxics would be "less than significant."[89] Although SoCalGas cites CARB and SJVAPCD regulations to claim that "air toxics impacts from stationary sources are generally limited to areas near the emission source[,]"[90] it does not provide findings for this specific Project. Since the concentration of air toxics at the fenceline and thus the impact of the Proposed Project on the local ESJ communities is unknown,[91] there is no credence to SoCalGas's claim that the Proposed Project will bring "public health benefits to disadvantaged communities[.]"[92]

3. In addition to facility emissions during routine operations, emissions from accidents can impact nearby ESJ communities, and SoCalGas has not analyzed this risk.

SoCalGas asserts that no legal authority mandates an accidental risk assessment as a condition of initial project approval, the Proposed Project is at too early a stage to conduct this analysis, and it is simply unnecessary.[93] As explained in the Sierra Club Opening Brief, while this assessment is not

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[85] Administrative Law Judge's Ruling Denying Southern California Gas Company Motion for Testimony at 2-3 (July 9, 2026) (emphasis added).
[86] SoCalGas Opening Brief at 30.
[87] SoCalGas Opening Brief at 28.
[88] SoCalGas Opening Brief at 28 (heading capitalization omitted).
[89] SC-02, Sierra Club Sur-Rebuttal Testimony, Sahu at 23:11-13.
[90] SoCalGas Opening Brief at 30.
[91] SC-02, Sierra Club Sur-Rebuttal Testimony, Sahu at 24:14-15.
[92] SoCalGas Opening Brief at v.
[93] SoCalGas Opening Brief at 30-31 ("There Is No Legal Requirement to Conduct an Accidental Risk Assessment, Nor Is It Necessary for the Project.").

explicitly required by the governing decisions, it is relevant to the issue of ESJ community impacts.[94] Sierra Club raised this issue in sur-rebuttal testimony in response to SoCalGas's unsupported claim that because the facility was 7-8 miles from populated areas, local impacts were "[n]egligible."[95] As Sierra Club's witness indicates, there is no evidentiary basis for a "[n]egligible" local air quality impacts finding,[96] and in fact, there are pollution concerns because ambient air at the fenceline is the appropriate metric (as discussed above) and because accidents happen that can significantly and directly impact people in the vicinity of the facility.[97] Absent such an assessment, the risk of accidental pollution from non-routine risks, such as fires and explosions, is unknown, and SoCalGas cannot support a "[n]egligible" local air quality impacts conclusion.[98] Further, this analysis is even more necessary for, in SoCalGas's words, a project that deploys "commercially available technologies in a novel configuration that has not yet been deployed at a commercial scale in California or, to SoCalGas's knowledge, anywhere in the United States."[99] Although this "industrial-scale experiment" is situated in a disadvantaged community,[100] nowhere in its Opening Brief does SoCalGas show that the local population will not be at risk of harmful pollution from accidents. This lack of accidental risk assessment is yet another reason why SoCalGas's claims of community "benefits" and "negligible" air impacts are unsupported.

CONCLUSION

For the foregoing reasons, the Commission should deny the Application and require SoCalGas to return all of the Cap-and-Trade proceeds to ratepayers.

[94] Sierra Club Opening Brief at 37.
[95] SC-02, Sierra Club Sur-Rebuttal Testimony, Sahu at 33:3-25 (citation and internal quotation marks omitted).
[96] SC-02, Sierra Club Sur-Rebuttal Testimony, Sahu at 33:3-25 (citation and internal quotation marks omitted).
[97] Sierra Club Opening Brief at 37; SC-02, Sierra Club Sur-Rebuttal Testimony, Sahu at 33:15-25.
[98] Sierra Club Opening Brief at 37.
[99] SoCalGas Opening Brief at 2.
[100] Sierra Club Opening Brief at 37 (citation and internal quotation marks omitted).

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Respectfully submitted,

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