PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item# 13 (Rev.1)
Agenda ID# 24456

ENERGY DIVISION **RESOLUTION G-3623**
September 17, 2026

R E S O L U T I O N

Resolution G-3623. Pacific Gas and Electric Company's Gas Research, Development, and Demonstration Plans for 2024 (Advice Letter 5196-G), 2025 (Advice Letter 5197-G), and 2026 (Advice Letter 5222-G).

PROPOSED OUTCOME:

- Denies Pacific Gas and Electric Company's (PG&E's) 2024 Gas Research, Development, and Demonstration (RD&D) Plan with a proposed budget of $1,945,797 (as requested in Advice Letter 5196-G). Approves, in part, 1) PG&E's 2025 Gas RD&D Plan with a proposed budget of $6,700,087 (as requested in Advice Letter 5197-G); and 2) PG&E's 2026 Gas RD&D Plan (as requested in Advice Letter 5222-G) with a proposed budget of $8,267,000 pursuant to California Public Utilities Commission Decision (D.) 23-11-069.
- Authorizes PG&E to record $611,440 in exclusively administrative costs incurred in 2025 in its balancing account.

SAFETY CONSIDERATIONS:

- This Resolution approves a total of $6,306,913 for PG&E's *Innovative and Cost-Effective Integrity Management* Initiative.

ESTIMATED COST:

- $6,133,333 and $7,874,348 in gas ratepayer funds for PG&E's 2025 and 2026 Gas RD&D Investment Plans, respectively.

By Advice Letter 5196-G and Advice Letter 5197-G filed on April 3, 2026.
By Advice Letter 5222-G filed on June 1, 2026.

SUMMARY

This Resolution 1) denies PG&E's Advice Letter (AL) 5196-G with its proposed 2024 Gas RD&D Investment Plan (Gas RD&D Plan or Plan); 2) approves, in part, AL 5197-G with its proposed 2025 Plan; and 3) approves, in part, AL 5222-G with its proposed 2026 Plan. PG&E's Gas RD&D Program was established pursuant to D.23-11-069, requiring PG&E to submit, and the Commission to approve, an annual Tier 3 AL describing PG&E's proposed Gas RD&D Investment Plan prior to utilizing authorized funds.[1] The California Public Utilities Commission's (CPUC or Commission) findings are based on review of PG&E's Gas RD&D requirements. Specifically, the Commission: 1) denies PG&E's 2024 Gas RD&D Plan with a proposed budget of $1,945,797; 2) approves, in part, PG&E's 2025 Gas RD&D Plan with a proposed budget of $6,700,087 and administrative budget of $670,000; and 3) approves, in part, PG&E's 2026 Gas RD&D Plan with a proposed budget of $8,267,000 and administrative budget of $826,700.[2] This Resolution authorizes PG&E to record $611,440 in its balancing account for administrative costs incurred in the development of its 2024 Plan and Report pertaining to Commission-required compliance activities. This Resolution authorizes budgets of $6,133,333 and $7,874,348 for PG&E's 2025 and 2026 Plans, respectively, including 10% of funds for Program Administration. The Commission directs PG&E to submit revised 2025 and 2026 Gas RD&D Investment Plans via individual Tier 2 Advice Letters with modifications described in this Resolution and according to the modified budgets outlined in Appendix B of this Resolution.[3]

[1] D.23-11-069: Decision on Test Year 2023 General Rate Case (GRC) for Pacific Gas and Electric Company.
[2] See Resolution G-3623 at Appendix A: PG&E's 2024-2026 Plans Proposed Budgets.
[3] See Resolution G-3623 at Appendix B: PG&E's 2024-2026 Plans Commission-Modified Budgets.

BACKGROUND

Public Utilities Code Section 740.1, D.23-11-069 adopting PG&E's Test Year (TY) 2023 General Rate Case (GRC), and Resolution G-3618 detail Commission requirements for developing, reviewing, and approving PG&E's Annual Gas RD&D Investment Plans.

Public Utilities Code Section 740.1

Public Utilities Code Section 740.1 directs the Commission to consider the following guidelines in evaluating proposed Gas RD&D investments:

- *(a) Projects should offer a reasonable probability of providing benefits to ratepayers.*
- *(b) Expenditures on projects which have a low probability for success should be minimized.*[4]
- *(c) Projects should be consistent with the corporation's resource plan.*[5]
- *(d) Projects should not unnecessarily duplicate research currently, previously, or imminently undertaken by other electrical or gas corporations or research organizations.*[6]
- *(e) Each project should also support one or more of the following objectives:*
  - *(1) Environmental improvement.*
  - *(2) Public and employee safety.*
  - *(3) Conservation by efficient resource use or by reducing or shifting system load.*
  - *(4) Development of new resources and processes, particularly renewable resources and processes which further supply technologies.*
  - *(5) Improve operating efficiency and reliability or otherwise reduce operating costs.*[7]

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[4] The Commission's compliance assessment of AL 5222-G with requirements (a) & (b) is captured in the compliance assessment of Resolution G-3618 at p. 20-21 under Initiative Criteria 4. Anticipated Impacts.
[5] The Commission's compliance assessment of this requirement is captured in the compliance assessment of AL 5196-G, 5197-G, and 5222-G with D.23-11-069 at (2) and (4) listed below.
[6] Consistent with D.23-11-069 at p. 217-218. The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 20-21 under Initiative Criteria 3. Identified Need.
[7] Consistent with Executive Order (EO) N-5-24 (Newsom, 2024) On reducing rates. The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 20-21 under Initiative Criteria 1. Policy Priority.

Decision 23-11-069 Adopting PG&E's 2023 Revenue Requirement in PG&E's General Rate Case and Gas RD&D Investment Plan Funds Upon Approval of a Tier 3 Advice Letter

The Commission in D.23-11-069 (PG&E's 2023 GRC) approved a TY 2023 Gas RD&D budget forecast of $7.414 million based on 2020 Gas RD&D costs as the most measurable basis.[8] D.23-11-069 also approved an escalation factor authorizing annual budgets of $8.09 million for PG&E's 2024 Plan and $8.267 million for PG&E's 2025 and 2026 Plans.[9] To utilize authorized funds, D.23-11-069 requires PG&E to submit, and the Commission to approve, an annual Tier 3 AL describing PG&E's proposed Gas RD&D Investment Plan. Upon Commission approval of the Plan, PG&E may then record Gas RD&D program expenses in a one-way balancing account. PG&E shall not record any Gas RD&D program expenses in a one-way balancing account until an annual Tier 3 Advice Letter outlining its Gas RD&D Budget Plan is approved by the Commission.[10]

D.23-11-069 requires PG&E to submit its annual Gas RD&D Investment Plans as follows, consistent with prior Commission Decisions and Resolutions guidance:[11]

(1) The annual research plan should detail budgets broken down by research sub-program area and explain how the projects improve reliability, safety, equity, affordability, and environmental benefits, and incorporates input from key stakeholders, such as the Disadvantaged Communities Advisory Group.[12]
(2) The annual research plan should include a proposed benefits analysis framework, created in consultation with Energy Division staff. This framework should provide sufficient quantitative estimates of potential safety, reliability, operational efficiency, improved affordability, environmental-related benefits,

[8] D.23-11-069 at p. 217.
[9] D.23-11-069 at p. 740. The Commission authorized an $8.267 million budget cap for PG&E's 2025 Gas RD&D Plan. The Commission may have authorized a budget cap higher than $8.267 million for PG&E's 2026 Plan based on the authorized escalation factor in D.23-11-069, however, PG&E only proposed a 2026 Plan budget of $8.267 million.
[10] D.23-11-069 at p. 217-218.
[11] D.23-11-069 at p. 218-221.
[12] D.23-11-069 at p. 218. The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 20-21 under Initiative Criteria.

benefits to underserved communities, and numeric targets or a specified numeric range of potential benefits for projects.[13]

(3) PG&E should cap its administrative costs for Gas RD&D at 10% .... PG&E's annual research plan should provide detail about administrative costs and require PG&E to allocate these cost categories to its administrative budget as outlined below.[14]

(4) In its annual research plan, PG&E should explain how its proposals for low carbon research projects (rather than zero/no carbon projects) support the State's aggressive zero-carbon goals.[15]

(5) The annual research plan should include information on funds encumbered, spent, and unspent.[16] The plan should also outline co-funding and collaborative partners and explain how PG&E engages with diverse academic populations. Further, PG&E should describe how its research plan will benefit underserved communities.[17]

(6) PG&E shall hold an annual workshop prior to submitting its Tier 3 Advice Letter Annual Gas RD&D Investment Plan and shall consult with Energy Division to develop the workshop agenda. The annual workshop shall be held at least 90 days before submitting its annual Gas RD&D research plan to the CPUC to allow sufficient time to incorporate stakeholder feedback. At these workshops, PG&E shall present the results of the previous year's RD&D program and obtain input regarding its proposed spending for the following calendar year. The workshop shall follow the guidance of D.19-09-051 Ordering Paragraph 30.[18]

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[13] D.23-11-069 at p. 218-219. The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 20-21 under Initiative Criteria.

[14] D.23-11-069 at p. 219. See Resolution G-3623 at Appendix C: Administrative Budget Cost Categories.

[15] D.23-11-069 at p. 219-220. The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 20 under Initiative Criteria: Policy Priority.

[16] The Commission's compliance assessment of AL 5222-G with this requirement is captured in the compliance assessment of Resolution G-3618 at p. 23.

[17] D.23-11-069 at p. 220.

[18] D.23-11-069 at p. 220. The Commission's compliance assessment of this requirement is captured in the compliance assessment of AL 5222-G with Resolution G-3618 at p. 22 under Public Workshop.

(7) Prior to the workshop, PG&E should submit its RD&D annual report to Energy Division staff describing prior years' RD&D program including a summary of ongoing and completed projects; funds expended, funding recipients, and leveraged funding; and an explanation of the process used for selecting RD&D project areas as well as the structure of PG&E's RD&D portfolio.[19]

(8) PG&E shall provide Energy Division staff with the workshop presentation materials as well as documentation on stakeholders consulted in the development of RD&D projects, both at least one week before the workshop.[20]

(9) PG&E shall engage relevant stakeholders to encourage their attendance at the workshop, such as the California Energy Commission, the Disadvantaged Communities Advisory Group, the U.S. Department of Energy, and other organizations engaged in gas research and development.[21]

(10) PG&E's research plan should allocate approximately $296,400 to an evaluation or audit.[22]

(11) PG&E's research plan may separately allocate and track funds for gas research development and deployment in one database that tracks all ratepayer-funded R&D and Development projects across these industries.[23]

Resolution G-3618 Denying PG&E's Previous 2024 & 2025 Gas RD&D Plans and Establishing Additional Program Requirements

In Resolution G-3618, adopted January 15, 2026, the Commission denied PG&E's previously proposed Gas RD&D Plans for 1) 2024 including a cost recovery request for 2023 and 2024 expenses[24] submitted via AL 5077-G-A; and 2) 2025 submitted

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[19] D.23-11-069 at p. 220. The Commission's compliance assessment of this requirement is captured in the compliance assessment of AL 5222-G with Resolution G-3618 at p. 19 under Annual Report.

[20] D.23-11-069 at p. 220-221.

[21] D.23-11-069 at p. 221. The Commission's compliance assessment of this requirement is captured in the compliance assessment of AL 5222-G with Resolution G-3618 at p. 22 under Public Workshop.

[22] D.23-11-069 at p. 221.

[23] D.23-11-069 at p. 221.

[24] In AL 5077-G-A at p. 61, PG&E requested to recover $7,207,712 in expense revenue requirements, including total actual Gas RD&D (MAT GZA) expenses recorded in Calendar Years 2023 ($3,532,835) and 2024 ($3,674,877). Though the Commission denied this request in Resolution G-3618 at OP 1, in AL 5196-G Attachment B at p. 82, PG&E detailed the expenses "for transparency and record completeness as part of the 2024 Research Plan resubmission."

via AL 5069-G. For further consideration of these proposed Plans, Resolution G-3618[25] provided PG&E with the opportunity to submit revised Tier 3 ALs addressing compliance issues outlined in Appendices F and G within 60 days and attach to its Advice Letter: 1) a track-change version of its original Plan; 2) a clean version of its updated Plan; and 3) a table describing the modifications made per the compliance issues detailed in the appendix of Resolution G-3618.

Resolution G-3618 also set the following additional requirements for PG&E's 2026 Plan and beyond:

Annual Report

PG&E shall submit its Annual Gas RD&D Reports prior to holding Public Workshops in accordance with D.23-11-069,[26] each by March 1 annually. PG&E shall include information on all active and recently completed projects.[27] For clarity in reporting, PG&E shall indicate which projects have been funded via previous GRC cycles or other funding mechanisms as these are not affiliated with Investment Plans approved within this Gas RD&D Program. In future reporting, PG&E shall clearly delineate projects that may be funded within this Gas RD&D Program, including the specific Initiative and approved Investment Plan associated with each project. The Initiative Criteria described below shall serve as guidance for PG&E to demonstrate realized ratepayer benefit and provide meaningful reporting on impacts both in detail and by synthesizing major accomplishments and contributions to Gas RD&D. ED staff shall provide additional guidance via an Annual Report Template.

Annual Investment Planning

Initiative Criteria

[25] Resolution G-3618 at OPs 3 & 4.
[26] D.23-11-069 at p. 220. "(7) Prior to the workshop, PG&E should submit its RD&D annual report to Energy Division staff…"
[27] Public Resources Code 25620.8 at (a)(6).

PG&E shall develop and propose Gas RD&D investments at the Initiative level and demonstrate the following for each, consistent with Commission guidance (see Appendix D): [28]

1. **Policy Priority:** Alignment with and prioritization of critical gaps and needs identified in State goals and specific CPUC policies and proceedings to demonstrate ratepayer benefit, informed by consultation with CPUC staff.
2. **Identified Need:** Innovation and differentiation from existing RD&D activities to support complementary rather than duplicative efforts, informed by specific consultation with other Gas RD&D Administrators. Demonstrate that the Initiative will leverage existing progress while providing distinct additional value.
3. **Proposed Solution**: Describe Research Topics, anticipated near-term project outputs commensurate with the proposed funding level, and intended pathways to scale, commercialize, and otherwise utilize results from RD&D activities to promote technology transfer and market facilitation.
4. **Anticipated Impacts**:
    a. Reasonable probability of providing California ratepayer benefit by locating projects in the State of California[29] and detailed planned methodologies for tracking and evaluating quantitative impacts from investments through the use of the EPIC Program's Uniform Impacts Analysis Foundational Principles.[30]
    b. Cost-effectiveness and protection of affordability to ratepayers.
    c. Promote equity and provide benefits to Environmental & Social Justice (ESJ) communities, informed by consultation with community-based organizations (CBOs) and the Commission's most current ESJ Action Plan.[31]

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[28] See Resolution G-3618 (2026) at Appendix D: Commission Guidance on Gas RD&D Initiative Criteria. D.23-11-069 at p. 218: "Consistent with prior Commission decisions and Resolutions approving other gas R&D and Development Programs, PG&E shall submit an annual R&D and Development research plan for Commission approval."

[29] Resolution G-3601 (2023) at OP 5. "The only exception made is for projects affiliated with out-of-state federal labs, in which case Administrators shall explicitly justify benefits to California ratepayers."

[30] D.23-04-042 at Appendix A. Consistent with Resolution G-3603 (2024): Approving the CEC FY 2023-2024 Gas RD&D Plan at OP 6.

[31] Environmental & Social Justice (ESJ) Action Plan Version 2.0 (2022).

Pre-Submittal Consultation

- Intra-Administrator Coordination

PG&E shall be proactive in collaborating with the other Gas RD&D administrators, the California Energy Commission (CEC) and Southern California Gas (SoCalGas) Company, to promote and demonstrate complementary rather than duplicative RD&D activities. PG&E shall document this coordination in Gas RD&D Plans at the Initiative level, including by differentiating proposed Initiatives from similar activities, demonstrating how research outcomes inform future proposals, and defining PG&E's specific intended role for each proposed Initiative.[32]

- Pre-Submittal Consultation with CPUC Subject Matter Experts

PG&E shall consult with CPUC staff to seek and integrate feedback prior to Plan submittal, and this consultation shall be documented at the Initiative level in Plans. This consultation is intended to promote ratepayer benefit and create efficiencies in the Commission's Plan review and approval by proactively aligning proposed investments with priority Gas RD&D-related technology, market needs, and emerging opportunities as identified in CPUC proceedings and policies.[33]

The Electric Program Investment Charge (EPIC) Strategic Goal of "Achieving 100% Net-Zero Carbon and the Coordinated Role of Gas" highlights the intrinsic link between gas and electric investment policy and planning, particularly involving electrification and decarbonization efforts. Greater collaboration among California RD&D programs is needed to identify and scale cost-effective strategies to provide ratepayer benefit and achieve "the last 10 percent of reaching the state's goal to be carbon neutral by 2045 economy-wide."[34] The CPUC's Long-Term Gas Proceeding also concludes that, "[t]o achieve California's decarbonization goals and effectuate an equitable gas transition, a

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[32] D.23-11-069 at p. 220. See Initiative Criteria 2. Identified Need above.
[33] See Initiative Criteria 1. Policy Priority above. Consistent with Resolution G-3603 (2024) at OP 4.
[34] D.24-03-007: Order Instituting Rulemaking (OIR) on the Commission's Own Motion to Consider Renewal of the EPIC Program at p. 19-20.

coordinated, iterative, and long-term planning process will help the State agencies and utilities align initiatives related to gas system planning efforts and analytics."[35] Thus pre-submittal consultation with CPUC staff may be coordinated with other Gas RD&D and EPIC administrators to promote efficiencies and strategic, holistic investment planning across programs, thereby maximizing the impacts of investments.

- Public Workshop

PG&E shall coordinate with other Gas RD&D administrators to hold an Annual Public Workshop to obtain broad stakeholder input regarding proposed investments for the upcoming year prior to Plan submittal,[36] informed by feedback provided by CPUC staff.[37] PG&E shall consult ED staff on its engagement of diverse relevant stakeholders, document feedback from stakeholders, and demonstrate how feedback has been incorporated at the Initiative level in Plans, including from Environmental and Social Justice (ESJ) and Tribal communities.[38] PG&E shall also present on the results from its most recent Annual Report at the workshop.[39]

Annual Plan Submittal & Approval

PG&E is required to submit proposed Gas RD&D Plans to the Commission via a Tier 3 Advice Letter (AL) by June 1 annually.[40] PG&E shall justify the total budget amount with specific citations including page numbers referring to Commission policies in which the budget or explicit escalation factor was approved. PG&E shall post proposed and approved Investment Plans publicly and easily accessible on its website and notify the CPUC of the web address; PG&E shall also coordinate with other administrators to develop service lists of relevant ongoing CPUC Proceedings on which to serve Plans

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[35] D.24-09-012: OIR to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning at p. 6.
[36] D.23-11-069 at p. 220. Consistent with D.19-09-051: SoCalGas 2019 GRC Decision at OP 30.
[37] Consistent with Resolution G-3571 (2020) at OP 5a.
[38] D.23-11-069 at p. 220-221. See Initiative Criteria 4. Anticipated Impacts above. Consistent with: D.19-09-051 at p. 379.
[39] D.23-11-069 at p. 220.
[40] D.23-11-069 at p. 218.

and consult with ED staff to ensure these lists are sufficient.[41] The Plan shall only become effective when the Commission adopts a Resolution approving the Plan,[42] and PG&E shall not record any Gas RD&D program expenses in a one-way balancing account until an annual Tier 3 Advice Letter outlining its Gas RD&D Budget Plan is approved.[43] PG&E shall continue to consult CPUC staff on proposed uses of approved Gas RD&D funds during Plan implementation to ensure ongoing policy alignment and relevance.

Required information on funds encumbered, spent, and unspent[44] should clearly identify the associated Initiative and approved Investment Plan and include Program Administrative funds. ED staff may provide additional guidance to facilitate effective reporting of this information.

Encumbrance Periods

PG&E must return unspent funds[45] in the Gas Research and Development (R&D) and Deployment Balancing Account (GRDDBA) to ratepayers at the close of the 2023 GRC funding cycle, consistent with the PG&E Gas Preliminary Statement.[46] Proactive coordination on proposed Plans via pre-submittal Consultation with CPUC staff promotes alignment with CPUC Policies and Proceedings and efficiencies in Plan review and approval to best utilize the permitted encumbrance period. Limited

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[41] Consistent with Resolution G-3571 (2020) at OP 5c & 5d.

[42] General Order 96-B Rule 7.3.5 at PDF p. 19.

[43] D.23-11-069 at p. 217-218.

[44] D.23-11-069 at p. 220.

[45] Funds explicitly approved via Resolution which PG&E has committed, contracted out, or otherwise encumbered shall not be returned at the close of the GRC cycle to allow for the completion of work in progress. If contracts are terminated after the close of the GRC cycle, uncommitted or disencumbered funds shall be returned to ratepayers.

[46] PG&E Gas Preliminary Statement Part GA (AL 4835-G) at Section 3: "At the end of the GRC cycle, if the total balance in all three subaccounts (Distribution Subaccount plus Main Transmission Subaccount plus LT Subaccount) in the account is less than the 2023-2026 adopted amounts at the end of the rate case cycle, it will be returned to customers." Consistent with:
D.19-09-051 at Conclusions of Law (CoL) 66. "Approval of the funding for the RD&D program should be subject to a one-way balancing account treatment and unspent funds should be returned to ratepayers at the end of each GRC cycle."
D.24-12-074: SoCalGas 2024 GRC Decision at p. 330. "Unspent funds shall be returned to ratepayers at the end of each GRC cycle."

encumbrance periods allow Gas RD&D investments to be responsive to evolving research, technology, and market conditions and needs and promote timely innovation as well as ratepayer benefit.

Summary of PG&E's Advice Letter 5196-G: 2024 Gas RD&D Plan[47]

PG&E submitted its proposed 2024 Plan via Tier 3 AL 4931-G on July 1, 2024. PG&E later withdrew AL 4931-G on May 12, 2025, after consultation with CPUC staff. PG&E resubmitted its 2024 Plan (AL 5077-G) on June 25, 2025, and subsequently submitted its modified 2024 Plan via supplemental AL 5077-G-A on August 18, 2025. The Commission denied AL 5077-G-A on January 15, 2026, via Resolution G-3618 based on non-compliance with Commission requirements:

1. PG&E spent approximately $7.2 million in total in 2023 and 2024 revenue requirements without first receiving Commission approval.
2. PG&E did not demonstrate ratepayer benefits attributable to each proposed Initiative.
3. PG&E did not demonstrate that Initiatives were complementary and not duplicative of RD&D currently, previously, or imminently underway, particularly by differentiating research activities from other programs.
4. PG&E did not allocate Program Administrative costs to specific categories using the Administrative Budget template.
5. PG&E's proposal for hydrogen projects did not align with Commission policies and proceedings to support ratepayer benefit.
6. PG&E did not indicate which projects have been funded via previous GRC cycles or other funding mechanisms as opposed to those that may be funded within this Gas RD&D Program for clarity in reporting on funds encumbered, spent, and unspent.[48]

In Resolution G-3618, the Commission authorized PG&E to resubmit its 2024 Plan via Tier 3 AL within 60 days (by March 15, 2026) addressing the compliance issues above for further Commission consideration.[49] The CPUC's Energy Division Executive

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[47] This Resolution references page numbers of the clean version of PG&E's updated 2024 Gas RD&D Plan submitted via AL 5196-G at Attachment B, PDF p. 106-205.
[48] Resolution G-3618 (2026) at p. 14-16.
[49] Resolution G-3618 (2026) at OP 3.

Director approved an extension for PG&E to resubmit its 2024 Plan by April 17, 2026. PG&E resubmitted its 2024 Plan via AL 5196-G filed on April 3, 2026. AL 5196-G includes:

- Attachment A: A track-change version of PG&E's previous 2024 RD&D Plan submitted via AL 5077-G-A.
- Attachment B: A clean version of PG&E's updated 2024 RD&D Plan.
- Attachment C: A table describing the required modifications per Resolution G-3618 at Appendix F.

Summary of Modifications to PG&E's 2024 Gas RD&D Plan Resubmitted via AL 5196-G

PG&E seeks approval of its proposed, revised Gas RD&D Investment Plan for 2024 in AL 5196-G. Table 1 below shows PG&E's budget previously proposed in AL 5077-G-A and its revised budget proposed in AL 5196-G. See Table 2 detailing PG&E's proposed budget allocations for its revised 2024 Plan budget.

Table 1: PG&E's 2024 Plan Revised Proposed Budget

Previous Proposed Plan Budget *AL 5077-G-A*	**Revised Proposed Plan Budget** *AL 5196-G*	**Budget Decrease**
$ 8,092,000	$ 1,945,797	$ 6,146,203

PG&E states that its revised budget is the result of the following modifications:

- "PG&E revised the 2024 Gas RD&D Plan to clarify program scope and analytical boundaries, including a clearer distinction between research, planning, and execution activities, and revised proposed budgets to reflect a more limited research portfolio consistent with Commission eligibility guidance and attribution requirements.
- PG&E largely removed hydrogen-related RD&D activities from the revised 2024 Plan.
- PG&E removed or significantly narrowed RD&D activities associated with emissions measurement, integrity management, and other existing federal or state mandates, including activities aligned with Natural Gas Leak Abatement best practices, PHMSA Mega Rule requirements, and CalGEM mandated obligations.

- PG&E revised the Plan to remove gas RD&D projects located outside of California, except where projects are affiliated with a federal laboratory.
- PG&E clarified the distinction between gas RD&D-funded activities and work supported through external funding mechanisms, including research consortia, and reclassified participation in research consortia as a Program Administrative activity subject to the applicable administrative cost cap.
- PG&E expanded its discussion of coordination and non-duplication practices and applied the Electric Program Investment Charge (EPIC) Uniform Benefits framework and calculations including more explicit translation of RD&D outputs into quantified, annualized ratepayer benefits where appropriate.

PG&E incorporated additional documentation responding to the compliance items identified in Appendix F of Resolution G-3618, including a table identifying where and how specific Commission findings are addressed in the revised Plan, and revised the narrative structure and level of detail to improve clarity and consistency based on Commission staff feedback and stakeholder input."[50]

PG&E's Request for 2024 Gas RD&D Plan

PG&E seeks approval of its proposed, revised Gas RD&D Investment Plan for Calendar Year 2024 in AL 5196-G, authorized by D.23-11-069 at $1,945,797[51] with the following proposed budget allocations to various Initiatives:

[50] AL 5196-G at p. 3-4.
[51] D.23-11-069 at p. 217 & 740 approved a Test Year 2023 Gas RD&D budget of $7.414M and escalation factor authorizing an $8.09M annual budget cap for PG&E's 2024 Plan.

Table 2: Revised 2024 Gas RD&D Plan Proposed Budget[52]		
Investment Theme	**Initiative Title**	**2024 Plan Budget**
Gas System Integrity	Innovative and Cost-Effective Integrity Management	$ 893,830
	Advanced Leak Detection and Repair	$ 61,615
Decarbonization	Clean Fuels Integration	$ 181,152
Administrative		$ 809,200
	ANNUAL TOTAL:	**$ 1,945,797**

Gas System Integrity Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Gas System Integrity Theme to advance technologies to improve gas system integrity and reduce methane emissions.[53]

- Innovative and Cost-Effective Integrity Management

PG&E states that it seeks to develop projects within the Innovative and Cost-Effective Integrity Management Initiative to advance a new generation of integrity management tools and practices by integrating 3D mapping, AI-enabled sensors, on-demand and/or real-time monitoring solutions. PG&E states that it intends to enhance safety, reduce maintenance costs, ensure transferable methods and analyses to address federal and state regulations, and improve operational efficiency. PG&E proposes to allocate $893,830 in its 2024 Plan.[54]

- Advanced Leak Detection and Repair

PG&E states that it seeks to develop projects within the Advanced Leak Detection and Repair Initiative to advance next-generation leak detection and repair solutions, including mobile leak detection, aerial leak detection (drones and satellites), and continuous monitoring options. PG&E states that it intends to reduce emissions, increase operational reliability, and help meet evolving state policy goals. PG&E proposes to allocate $61,615 in its 2024 Plan.[55]

[52] AL 5196-G Attachment B at p. 66, 68, & 76.
[53] AL 5196-G Attachment B at p. 67.
[54] AL 5196-G Attachment B at p. 70-73.
[55] AL 5196-G Attachment B at p. 73-75.

Decarbonization Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Decarbonization Theme to develop or advance technologies to decarbonize the gas system by conducting foundational research that better informs the industry's understanding of the challenges and impacts of integrating cleaner fuels into existing pipelines and system assets, as well as into customer applications and end uses.[56]

- Clean Fuels Integration

  PG&E states that it seeks to develop projects within the Clean Fuels Integration Initiative to assess the technical, operational, and economic implications of clean fuel integration (renewable natural gas, renewable hydrogen, and synthetic methane). PG&E states that it intends to support carbon reduction, system reliability, and energy affordability. PG&E proposes to allocate $181,152 in its 2024 Plan.[57]

Program Administration

PG&E proposes to allocate $809,200 in its 2025 Plan to administrative costs.[58]

Summary of PG&E's Advice Letter 5197-G: 2025 Gas RD&D Plan[59]

PG&E submitted its proposed 2025 Plan via Tier 3 AL 5069-G on May 30, 2025. The Commission denied AL 5069-G on January 15, 2026, via Resolution G-3618 based on non-compliance with Commission requirements:

1. PG&E did not demonstrate ratepayer benefits attributable to each proposed Initiative.
2. PG&E did not demonstrate that Initiatives were complementary and not duplicative of RD&D currently, previously, or imminently underway, particularly by differentiating research activities from other programs.

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[56] AL 5196-G Attachment B at p. 75-77.
[57] AL 5196-G Attachment B at p. 78-81.
[58] AL 5196-G Attachment B at p. 66.
[59] This Resolution references page numbers of the clean version of PG&E's updated 2025 Gas RD&D Plan submitted via AL 5197-G at Attachment B, PDF p. 161-293.

3. PG&E did not allocate Program Administrative costs to specific categories using the Administrative Budget template.
4. PG&E's proposal for hydrogen projects did not align with Commission policies and proceedings to support ratepayer benefit.
5. PG&E did not indicate which projects have been funded via previous GRC cycles or other funding mechanisms as opposed to those that may be funded within this Gas RD&D Program for clarity in reporting on funds encumbered, spent, and unspent.[60]

PG&E received an extension to resubmit its 2025 Plan via AL 5197-G on April 3, 2026, in accordance with Resolution G-3618. AL 5197-G includes:

- Attachment A: A track-change version of PG&E's previous 2025 RD&D Plan submitted via AL 5069-G.
- Attachment B: A clean version of PG&E's updated 2025 RD&D Plan.
- Attachment C: A table describing the required modifications per Resolution G-3618 at Appendix G.

<u>Summary of Modifications to PG&E's 2025 Gas RD&D Plan Resubmitted via AL 5197-G</u>

PG&E seeks approval of its proposed, revised Gas RD&D Investment Plan for 2025 in AL 5197-G. Table 3 below shows PG&E's previously proposed budget in AL 5069-G and its revised proposed budget in AL 5197-G. See Table 4 detailing PG&E's proposed budget allocations for its revised proposed 2025 Plan budget.

Table 3: PG&E's 2025 Plan Revised Proposed Budget		
Previous Proposed Plan Budget *AL 5069-G*	**Revised Proposed Plan Budget** *AL 5197-G*	**Budget Decrease**
$ 8,267,000	$ 6,700,087	$ 1,566,913

PG&E states that its revised budget is the result of the following modifications:

- "PG&E revised the 2025 Gas RD&D Plan to clarify program scope and analytical boundaries, including a clearer distinction between research, planning, and execution activities, and revised proposed budgets to reflect a more limited

[60] Resolution G-3618 (2026) at p. 17-18.

research portfolio consistent with Commission eligibility guidance and attribution requirements.

- PG&E eliminated hydrogen-related RD&D activities from the revised 2025 Plan.
- PG&E removed or significantly narrowed RD&D activities associated with emissions measurement, integrity management, and other existing federal or state mandates, including activities aligned with Natural Gas Leak Abatement best practices, PHMSA Mega Rule requirements, and CalGEM mandated obligations.
- PG&E revised the Plan to remove gas RD&D projects located outside of California, except where projects are affiliated with a federal laboratory.
- PG&E clarified the distinction between gas RD&D-funded activities and work supported through external funding mechanisms, including research consortia, and reclassified participation in research consortia as a Program Administrative activity subject to the applicable administrative cost cap.
- PG&E expanded its discussion of coordination and non-duplication practices and applied the Electric Program Investment Charge (EPIC) Uniform Benefits framework and calculations, including more explicit translation of RD&D outputs into quantified, annualized ratepayer benefits where appropriate.

PG&E incorporated additional documentation responding to the compliance items identified in Appendix G of Resolution G-3618, including a table identifying where and how specific Commission findings are addressed in the revised Plan, and revised the narrative structure and level of detail to improve clarity and consistency based on Commission staff feedback and stakeholder input."[61]

PG&E's Request for 2025 Gas RD&D Plan

PG&E seeks approval of its proposed, revised Gas RD&D Investment Plan for Calendar Year 2025 in AL 5197-G, authorized by D.23-11-069 at $6,700,087[62] with the following proposed budget allocations to various Initiatives:

[61] AL 5197-G at p. 3-4.
[62] D.23-11-069 at p. 217 & 740 approved a Test Year 2023 Gas RD&D budget of $7.414M and escalation factor authorizing an $8.267M annual budget cap for PG&E's 2025 Plan.

Table 4: Revised 2025 Gas RD&D Plan Proposed Budget[63]		
Investment Theme	**Initiative Title**	**2025 Plan Budget**
Gas System Integrity	Innovative and Cost-Effective Integrity Management	$ 3,270,000
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification	$ 2,100,000
Decarbonization	Clean Fuels Integration	$ 150,000
Gas RD&D Database Development		$ 56,987
Program Evaluation		$ 294,400
Administrative		$ 826,700
	ANNUAL TOTAL:	**$ 6,700,087**

Gas System Integrity Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Gas System Integrity Theme to advance technologies to improve gas system integrity and reduce methane emissions.[64]

- Innovative and Cost-Effective Integrity Management

PG&E states that it seeks to develop projects within the Innovative and Cost-Effective Integrity Management Initiative to advance a new generation of integrity management tools and practices by integrating 3D mapping, AI-enabled sensors, on-demand and/or real-time monitoring solutions. PG&E states that it intends to enhance safety, reduce maintenance costs, ensure transferable methods and analyses to address federal and state regulations, and improve operational efficiency. PG&E proposes to allocate $3,270,000 in its 2025 Plan to this initiative.[65]

- Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification

PG&E states that it seeks to develop projects within the Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification Initiative to

[63] AL 5197-G Attachment B at p. 74, 77, & 84.
[64] AL 5197-G Attachment B at p. 75-77.
[65] AL 5197-G Attachment B at p. 77-81.

target structured translation from policy signals to analytical inputs; analytically decompose complex system questions; and frame scenario-based analytics and synthesize structured learning. PG&E states that it intends to avoid inefficient planning cycles that can drive unnecessary analysis costs and downstream ratepayer exposure. PG&E proposes to allocate $2,100,000 in its 2025 Plan to this Initiative.[66]

Decarbonization Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Decarbonization Theme to develop or advance technologies to decarbonize the gas system by conducting foundational research that better informs the industry's understanding of the challenges and impacts of integrating cleaner fuels into existing pipelines and system assets, as well as into customer applications and end uses.[67]

- Clean Fuels Integration

PG&E states that it seeks to develop projects within the Clean Fuels Integration Initiative to reduce the technical, operational, and interconnection costs that currently limit broader renewable natural gas adoption. PG&E states that it intends to support carbon reduction, system reliability, and energy affordability. PG&E proposes to allocate $150,000 in its 2025 Plan to this initiative.[68]

Program Administration

PG&E proposes to allocate $826,700 in its 2025 Plan to administrative costs.[69]

Program Evaluation

PG&E proposes to allocate $294,400 in its 2025 Plan for its proportional share of a comprehensive Gas RD&D Program Evaluation to be conducted by Energy Division.[70]

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66 AL 5197-G Attachment B at p. 81-84.
67 AL 5197-G Attachment B at p. 84-85.
68 AL 5197-G Attachment B at p. 85-87.
69 AL 5197-G Attachment B at p. 74.
70 AL 5197-G Attachment B at p. 74.

Gas RD&D Database Development

PG&E proposes to allocate $56,987 in its 2025 Plan for its proportional share of developing a comprehensive Gas RD&D Database.[71]

Summary of PG&E's Advice Letter 5222-G: 2026 Gas RD&D Plan

PG&E submitted its proposed 2026 Plan via Tier 3 AL 5222-G on June 1, 2026.

<u>PG&E's Request for 2026 Gas RD&D Plan</u>

PG&E seeks approval of its proposed Gas RD&D Investment Plan for Calendar Year 2026 in AL 5222-G, authorized by D.23-11-069 at $8,267,000[72] with the following proposed budget allocations to various Initiatives:

Table 5: 2026 Gas RD&D Plan Proposed Budget[73]

Investment Theme	Initiative Title	2026 Plan Budget
Gas System Integrity	Innovative and Cost-Effective Integrity Management	$3,036,913
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification	$1,050,000
Decarbonization	Clean Fuels Integration	$3,000,000
Gas RD&D Database Development		$56,987
Program Evaluation		$294,400
Administrative		$826,700
	ANNUAL TOTAL:	**$8,267,000**

[71] AL 5197-G Attachment B at p. 74.
[72] D.23-11-069 at p. 217 & 740 approved a Test Year 2023 Gas RD&D budget of $7.414M and escalation factor authorizing an $8.267M annual budget cap for PG&E's 2025 Plan. The Commission may have authorized a budget cap higher than $8.267 million for PG&E's 2026 Plan based on the authorized escalation factor in D.23-11-069, however, PG&E only proposed a 2026 Plan budget of $8.267 million.
[73] AL 5222-G Attachment A at p. 9, 13, 15, 28, & 35.

Gas System Integrity Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Gas System Integrity Theme to research, validate, and analyze technologies and strategies related to gas safety, leak reduction, and long-term gas planning.[74]

- Innovative and Cost-Effective Integrity Management

PG&E states that it seeks to develop projects within the Innovative and Cost-Effective Integrity Management Initiative to "[address] utility-specific integrity management needs where conventional methods can be intrusive, costly, or technically limited… focused on two research areas: fiber-optic monitoring and AI/ML-enabled analytics for underground storage well integrity, and assessment methods for stress corrosion cracking (SCC) in cased pipeline crossings." PG&E proposes to allocate $3,036,913 in its 2026 Plan to this initiative.[75]

- Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification

PG&E states that it seeks to develop projects within the Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification Initiative to support "three core functions: (1) translating policy direction and electric-side planning outputs into consistent, clearly documented inputs that define where and under what conditions gas infrastructure can be considered for decommissioning; (2) structuring complex decommissioning questions into discrete cost, risk, constraint, and feasibility components so tradeoffs can be evaluated transparently across system segments; and (3) applying scenario-based framing and structured learning to capture uncertainty, compare outcomes across different future conditions, and reuse results across planning studies and proceedings." PG&E proposes to allocate $1,050,000 in its 2026 Plan to this Initiative.[76]

[74] AL 5222-G Attachment A at p. 13-14.
[75] AL 5222-G Attachment A at p. 14-26.
[76] AL 5222-G Attachment A at p. 13 & 26-35.

Decarbonization Theme Proposed Initiatives

PG&E states that it seeks to develop Initiatives within the Decarbonization Theme to develop "validation data, analytical methods, and decision-support capabilities that clarify key uncertainties, reduce cost drivers, and support consistent assessment of cleaner fuel pathways across planning and regulatory contexts."[77]

- Clean Fuels Integration

  PG&E states that it seeks to develop projects within the Clean Fuels Integration Initiative to conduct "applied testing and validation that can support more consistent gas quality analysis, clearer treatment of trace constituents, and more repeatable interconnection practices where feasible" and "planning-support research on biomass-to-RNG[78] pathways." PG&E proposes to allocate $3,000,000 in its 2026 Plan to this initiative.[79]

Program Evaluation

PG&E proposes to allocate $294,400 in its 2026 Plan for its proportional share of a comprehensive Gas RD&D Program Evaluation to be conducted by Energy Division.[80]

Gas RD&D Database Development

PG&E proposes to allocate $56,987 in its 2026 Plan for its proportional share of developing a comprehensive Gas RD&D Database.[81]

Program Administration

PG&E proposes to allocate $826,700 in its 2026 Plan to administrative costs.[82]

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[77] AL 5222-G Attachment A at p. 35-36.
[78] Renewable natural gas (RNG).
[79] AL 5222-G Attachment A at p. 35-46.
[80] AL 5222-G Attachment A at p. 9.
[81] AL 5222-G Attachment A at p. 9.
[82] AL 5222-G Attachment A at p. 9-10.

NOTICE

Notice of Advice Letters 5196-G and 5197-G were made by publication on the Commission's Daily Calendar on April 8th, 2026. Notice of Advice Letter 5222-G was made by publication on the Commission's Daily Calendar on June 8, 2026. PG&E states that copies of the Advice Letters were mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letters 5196-G, 5197-G, and 5222-G were not protested.

DISCUSSION

Compliance Assessment of AL 5196-G - 2024 Gas RD&D Plan

The Commission conducted a compliance assessment of PG&E's AL 5196-G[83] proposing its 2024 Gas RD&D Investment Plan. As described above, staff assessed PG&E's 2024 Plan based on consistency with requirements set in D.23-11-069, Public Utilities Code 740.1, and Resolution G-3618,[84] among other Commission guidance.[85] As part of the Commission's compliance assessment of PG&E's revised 2024 Plan, Energy Division requested PG&E to provide information via a data request in April 2026 as summarized below:

Energy Division Data Request

1. Clarify how the $1,945,797 in prospective (unspent) funds requested in AL 5196-G relate to the $1,945,797 in actual expenditures recorded (spent) in 2025 as reported in PG&E's 2025 Annual Report.

[83] See Resolution G-3623 at Appendix E: Compliance Assessment of AL 5196-G.
[84] Resolution G-3618 (2026) provided additional Commission requirements for PG&E's resubmittal of its 2024 Plan.
[85] D.23-11-069 at p. 218. "Consistent with prior Commission decisions and resolutions approving other gas R&D and Development Programs, PG&E shall submit an annual R&D and Development research plan for Commission approval."

- Background

In its 2025 Gas RD&D Report, PG&E states: "Total Gas RD&D spending reported for RY2025 ($4,645,704) reflects actual expenditures incurred during the reporting year, including $3,508,949 in administrative costs recorded in accordance with Commission accounting and audit guidance. This differs from the $1,945,797 reflected in PG&E's 2024 Gas RD&D Plan, which represents prospective funding proposed for Commission approval and applies a 10% administrative cost cap ($809,200) based on the imputed Gas RD&D funding amount adopted in D.23-11-069. If the 2024 Gas RD&D Plan is approved as proposed, ratepayers would be funding $1,945,797 of the $3,508,949 of the 2025 Spending."[86]

- Staff's Assessment of PG&E's Response

PG&E stated: "Resolution G-3618 authorized PG&E to refile its 2024 Gas RD&D Plan via Advice Letter. Consistent with that authorization, the refiled 2024 Plan (See AL 5196-G) was prepared and submitted as a prospective planning document, reflecting the funding status as of the period when the Plan would originally have been filed. As such, the Plan characterizes certain funds as 'proposed' or 'unspent' at the time of filing. By contrast, PG&E's 2025 Annual Report is, by requirement, a retrospective report that reflects actual expenditures incurred during calendar year 2025. The $1,945,797 identified as prospective (unspent) Gas RD&D funds in AL 5196-G corresponds to expenditures incurred during 2025 and therefore appears in the 2025 Annual Report as $1,945,797 in actual Gas RD&D expenditures spent in that year. In short, the same dollar amount is reflected in two different filings based on the purpose and timing of those filings: as a prospective amount in the refiled 2024 Plan, and as an actual expenditure in the 2025 Annual Report. The difference reflects the prospective planning perspective of the 2024 Plan and the retrospective, expense-based reporting requirements applicable to the Annual Report." PG&E details $2,369,300 for the Gas System Integrity theme[87] and $201,152 for the

[86] PG&E's 2025 Gas RD&D Report at p. 21.
[87] AL 5196-G Attachment B at p. 68.

Decarbonization theme[88] in Funds Encumbered of the proposed 2024 Plan-year estimated spending.[89] However, PG&E's response affirms that its requested funding at the time the 2024 Plan was resubmitted (April 2026) was retrospective rather than prospective as presented in the Plan.

2. Provide contractual agreements for reported encumbered Gas RD&D funds for which PG&E states it has terms which define potential consequences for not fulfilling contractual obligations, particularly those for consortia projects that are not located in the State of California and not affiliated with a federal lab.

- Background

In PG&E's previously proposed 2024 Gas RD&D Plan submitted via Tier 3 AL 5077-G-A, PG&E stated that it "[planned] on renewing its membership in six research consortia to wrap-up research efforts outside of California to comply with CPUC Resolution G-3601" and proposed projects not eligible under this requirement.[90] In turn, the Commission found PG&E was not consistent with Commission policy guidance provided via Resolution G-3601, [91] nor compliant with requirements to demonstrate ratepayer benefit,[92] and directed PG&E to submit revised Plans addressing this and other identified compliance issues for further Commission consideration.[93]

In AL 5196-G, PG&E states it "revised the Plan to remove gas RD&D projects located outside of California, except where projects are affiliated with a federal laboratory."[94] However, the revised Project List includes nine projects which are

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[88] AL 5196-G Attachment B at p. 76.

[89] See also: AL 5197-G at p. 77 & 84. PG&E details $5,370,000 for the Gas System Integrity theme and $150,000 for the Decarbonization theme of Funds Encumbered of proposed 2025 plan year estimated spending.

[90] AL 5077-G-A at Appendix B.

[91] AL 5077-G-A at p. 61. References Resolution G-3601 (2023): Approving SoCalGas' 2023 Gas RD&D Plan at OP 5. "All of Southern California Gas Company's new and future Research, Development, and Demonstration projects shall occur in the State of California. The only exception may be made for projects with out of state federal labs. In this case, SoCalGas shall explicitly justify benefits to its gas ratepayers of an out-of-state project in its Tier 3 Advice Letter annual plan."

[92] Public Utilities Code 740.1 at (a).

[93] Resolution G-3618 (2026): Denying PG&E's 2024 & 2025 Gas RD&D Plans at F-21 to F-22.

[94] AL 5196-G at p. 3.

neither located in the State of California nor affiliated with a federal lab, amounting to approximately $579,000,[95] and PG&E states that the "plan includes on-going multi-year work in collaboration with consortia that began prior to the 2023 GRC decision."[96] "Consortia activities outside of California are included only to the extent necessary to fulfill existing contractual obligations and to avoid near-term financial and operational risk to ratepayers. Removal of these remaining consortia activities would result in a loss of value to customers and could adversely affect customer affordability and safety over the long term by eliminating opportunities to leverage shared learnings, mitigate technical and operational risks, and avoid higher future costs."[97] "Where collaboration involves consortia or external partners, PG&E's participation is limited to research activities that provide identifiable California ratepayer benefits."[98]

- Staff's Assessment of PG&E's Response

PG&E provided contractual agreements, many of which include terms rendering memorandums of commitment null and void if parties decline to participate or if the funding commitment of a participant changes. Most of the defined contract end dates have passed, with only three contracts currently in effect, in which there is either an explicit provision allowing PG&E to withdraw or there is no inclusion of liquidated damages provisions for early termination. Therefore, the provided contracts do not demonstrate explicit contractual consequences beyond the more general loss of value for ratepayers argued in PG&E's Plans. In particular, PG&E has not demonstrated that proposed consortia projects outside of California nor affiliated with a federal lab fulfill Commission requirements, including to demonstrate clear California ratepayer benefit. Further, though PG&E provided contracts for which the end dates have not passed, PG&E's response detailed above affirms that its requested funding at the time the 2024 Plan was resubmitted (April 2026) was retrospective rather than prospective as presented in the Plan.

[95] AL 5196-G Attachment B Appendix.
[96] AL 5196-G Attachment B at p. 35.
[97] AL 5196-G Attachment B at p. 6.
[98] *Ibid*.

In summary, the Commission finds that PG&E is not compliant with Commission requirements in AL 5196-G for the following reasons (see Appendix E for details):

1. Based on data provided by PG&E in its 2025 Annual Report and response to Energy Division's April 2026 data request, PG&E inaccurately reports the balances of encumbered, spent, and unspent funds at the time of 2024 Plan resubmittal, citing balances from when the 2024 Gas RD&D Plan was originally due in mid-2024 which have since changed. PG&E requests to recover $1,945,797 in actual Gas RD&D expenditures spent in 2025, however, D.23-11-069 clearly states that PG&E must have Commission approval of its Plan before recording expenses in a one-way balancing account.[99]
2. PG&E's proposal for hydrogen projects[100] does not align with feedback from Commission staff to align investments with Commission policies and proceedings[101] and support ratepayer benefit. The Commission has not provided guidance on the appropriate role of gas ratepayers in funding hydrogen RD&D, particularly as these projects would have further implications for ratepayer funding, including in future Gas RD&D Plans.
3. PG&E's proposed Program Administrative budget does not comply with the 10% cap of its total proposed budget.[102]
4. PG&E does not demonstrate clear ratepayer benefit[103] from consortia projects it proposes which are neither located in the State of California nor affiliated with a

[99] D.23-11-069 at p. 217-218. "PG&E shall not record any Gas R&D and Deployment program expenses in a one-way balancing account until an annual Tier 3 Advice Letter outlining its Gas RD&D budget plan is approved."
[100] AL 5196-G Attachment B at p. 78-81.
[101] D.23-11-069 at p. 218: "Consistent with prior Commission decisions and resolutions approving other gas R&D and Development Programs, PG&E shall submit an annual R&D and Development research plan for Commission approval." For example: 1) The Commission denied PG&E's proposed RD&D hydrogen activities in its 2025 Plan submitted via AL 5077-G-A in Resolution G-3618 at p. 16, stating it has not provided guidance on the appropriate role of gas ratepayers in funding hydrogen RD&D; 2) In D.26-04-034, the Commission denied Southern California Gas (SoCalGas) Company's Request for Cost Recovery from Ratepayers for Phase 2 Activities for the Angeles Link hydrogen project, stating it raised severe affordability concerns while failing to demonstrate clear and comprehensive ratepayer benefit.
[102] AL 5196-G Attachment B at p. 66. Required by D.23-11-069 at p. 219.
[103] D.23-11-069 at p. 218-219 & California Public Utilities Code 740.1 at (a).

federal lab,[104] including M2020-007 Ph2c 4"NDE Sensor Robotic, JCAS-01 Pipeline Integrity Tool Ext., and M2021-011 Ph2 Battery Feasibility Study.[105]

5. PG&E does not demonstrate that Initiatives are complementary and not duplicative of RD&D currently, previously, or imminently underway,[106] particularly by differentiating similar RD&D led by other Gas RD&D administrators, including:
    a. Innovative and Cost-Effective Integrity Management from SoCalGas' Operations Technology and System Inspection & Monitoring Initiatives.
    b. Clean Fuel Integration from SoCalGas' System Design & Materials, RNG Infrastructure Optimization, Low Carbon Fuels Technology, and Low Carbon Fuels Integration Initiatives.

This Resolution does not authorize PG&E to resubmit its 2024 Gas RD&D Plan for further Commission consideration due to PG&E having already spent requested funds, which cannot be remedied via a revised 2024 Plan submitted via Tier 2 AL. Further, AL 5196-G was PG&E's fourth proposed 2024 Plan submitted via Tier 3 AL.[107] However, in recognition of Commission-required compliance activities—specifically Annual Plan development, Annual Report development, and its Annual Workshop—, PG&E is authorized to record $611,440 in its balancing account in exclusively administrative costs incurred in 2025.

[104] Resolution G-3601 (2023): Approving SoCalGas' 2023 Gas RD&D Budget Plan at OP 5. "All of SoCalGas' new and future RD&D projects shall occur in the State of California. The only exception may be made for projects with out of state federal labs. In this case, SoCalGas shall explicitly justify benefits to its gas ratepayers of an out-of-state project in its Tier 3 Advice Letter (AL) annual plan."

[105] AL 5196-G at Attachment B Appendix.

[106] California Public Utilities Code 740.1 at (d).

[107] PG&E submitted its proposed 2024 Plan via Tier 3 AL 4931-G on July 1, 2024. PG&E later withdrew AL 4931-G on May 12, 2025, after consultation with CPUC staff. PG&E resubmitted its 2024 Plan (AL 5077-G) on June 25, 2025, and subsequently submitted its modified 2024 Plan via supplemental AL 5077-G-A on August 18, 2025. The Commission denied AL 5077-G-A on January 15, 2026, via Resolution G-3618. PG&E received an extension to resubmit its 2024 Plan via AL 5196-G on April 3, 2026, in accordance with Resolution G-3618.

Compliance Assessment of AL 5197-G – 2025 Gas RD&D Plan

The Commission conducted a compliance assessment of PG&E's AL 5197-G[108] proposing its revised 2025 Gas RD&D Investment Plan. As described above, staff assessed PG&E's 2025 Plan based on consistency with requirements set in D.23-11-069, Public Utilities Code 740.1,[109] and Resolution G-3618,[110] among other Commission guidance.[111] In summary, the Commission finds that PG&E is not compliant with these requirements in AL 5167-G for the following reasons and must address the deficiencies in a subsequent Tier 2 AL (See Appendix F for details):

1. PG&E's proposed Program Administrative budget does not comply with the 10% cap of its total proposed budget.[112]
2. PG&E does not demonstrate that Initiatives are complementary and not duplicative of RD&D currently, previously, or imminently underway,[113] particularly by:
    a. Demonstrating incremental value added through multi-year (2024 and 2025 Plan) funding for the Innovative and Cost-Effective Integrity Management Initiative.
    b. Differentiating similar RD&D led by other Gas RD&D administrators, including:
        i. Innovative and Cost-Effective Integrity Management from SoCalGas' Operations Technology and System Inspection & Monitoring Initiatives.
        ii. Clean Fuel Integration from SoCalGas' System Design & Materials, RNG Infrastructure Optimization, Low Carbon Fuels Technology, and Low Carbon Fuels Integration Initiatives.

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108 See Resolution G-3623 at Appendix F: Compliance Assessment of AL 5197-G.
109 The Commission's compliance assessment of California Public Utilities Code 740.1 at (c) is captured in the compliance assessment of AL 5196-G and AL 5197-G with D.23-11-069 at (2) and (4).
110 Resolution G-3618 (2026) provided additional Commission requirements for PG&E's resubmittal of its 2025 Plan.
111 D.23-11-069 at p. 218: "Consistent with prior Commission decisions and resolutions approving other gas R&D and Development Programs, PG&E shall submit an annual R&D and Development research plan for Commission approval."
112 AL 5197-G Attachment B at p. 74. Required by D.23-11-069 at p. 219.
113 California Public Utilities Code 740.1 at (d).

Additionally, the Commission denies PG&E's proposed budget allocations of $294,400 for its proportional share of a Gas RD&D Program Evaluation[114] and $56,987 for its proportional share of developing a comprehensive Gas RD&D Database.[115] Instead, the Commission will determine a process to establish holistic oversight across all Gas RD&D administrators for efficiency and effectiveness in the allocation of funds, conducting the evaluation, and developing the database.

Submittal of PG&E's Revised 2025 Plan

The Commission authorizes a budget of $6,133,333 for PG&E's 2025 Plan as detailed in Appendix B, including a Program Administration budget of $613,333. The Commission's authorization of PG&E's 2025 Gas RD&D Plan budget level requires PG&E to submit a revised 2025 Plan via Tier 2 AL within 60 days reflecting denied funds and addressing the identified compliance issues requiring modifications. [116]

Compliance Assessment of AL 5222-G – 2026 Gas RD&D Plan

The Commission conducted a compliance assessment of PG&E's AL 5222-G[117] proposing its 2026 Gas RD&D Investment Plan. As described above, staff assessed PG&E's 2026 Plan based on consistency with requirements set in D.23-11-069, Public Utilities Code 740.1, and Resolution G-3618,[118] among other Commission guidance.[119] In summary, the Commission finds that PG&E is generally compliant with these requirements in AL 5222-G but identifies the following compliance areas require greater clarity to align with requirements, which PG&E must address in a subsequent Tier 2 AL (See Appendix G for details):

[114] AL 5197-G Attachment B at p. 74.
[115] AL 5197-G Attachment B at p. 74.
[116] See Resolution G-3623 at Appendix F: Compliance Assessment of AL 5197-G.
[117] See Resolution G-3623 at Appendix G: Compliance Assessment of AL 5222-G.
[118] Resolution G-3618 (2026)
[119] D.23-11-069 at p. 218: "Consistent with prior Commission decisions and resolutions approving other gas R&D and Development Programs, PG&E shall submit an annual R&D and Development research plan for Commission approval."

1. Planned methodologies for tracking and evaluating quantitative impacts from each Initiative via specific metrics for each targeted benefit,[120] including affordability, safety, reliability, equity, and environmental.[121]
    a. For the Innovative and Cost-Effective Integrity Management Initiative, demonstration that PG&E will account for the full costs associated with AI/ML applications when assessing impacts, including increased energy consumption, cloud services, data storage, and processing requirements, and that human decision-making authority will be retained per CPUC staff feedback.
2. Justification of the total proposed budget amount with specific citations including page numbers referring to Commission approved budgets and/or escalation factors.[122]

Regarding PG&E's proposed Clean Fuels Integration Initiatives, the Commission notes concerns voiced by stakeholders during the February 2026 Joint Administrator Workshop related to biomethane and renewable natural gas (RNG) RD&D activities. The Commission requires PG&E to seek out and consider input from environmental and social justice (ESJ) communities in its strategic planning as well as in assessing and demonstrating benefits to these communities from RD&D investments.[123] Thus, the Commission directs PG&E, and any project contractor, to consult vulnerable communities, such as workers, tenants, & frontline communities near gas facilities, on project siting to prevent exacerbating existing issues and inequities, particularly from projects with unknown impacts. PG&E should educate vulnerable communities on technologies as appropriate to address community concerns. Further, PG&E should summarize the concerns of communities and describe how these concerns are addressed in Annual Plans and correlated Annual Reports. Through this process, the

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[120] Resolution G-3618 (2026) at p. 20-21. Initiative Criteria 4. Anticipated Impacts. See Resolution G-3618 (2026) at Appendix E: EPIC Foundational Principles for the Development of a Uniform Impact Analysis Framework.
[121] PG&E must sort the content in the "Attribution Category" column into the RD&D program areas across the product development cycle detailed in Appendix D of this Resolution for clarity on Proposed Solutions and Anticipated Impacts.
[122] Resolution G-3618 (2026) at p. 23. "PG&E shall justify the total budget amount with specific citations including page numbers referring to Commission policies in which the budget or explicit escalation factor was approved."
[123] D.23-11-069 at p. 218-221.

Commission seeks to strategically leverage RD&D funding to balance policy imperatives of innovation with community concerns and benefits, including in the CPUC's Biomethane Procurement Cost Allocation proceeding.[124]

Additionally, the Commission denies PG&E's proposed budget allocations of $294,400 for its proportional share of a Gas RD&D Program Evaluation[125] and $56,987 for its proportional share of developing a comprehensive Gas RD&D Database.[126] As described above, the Commission will instead determine a process to establish holistic oversight across all Gas RD&D administrators for efficiency and effectiveness in the allocation of funds, conducting the evaluation, and developing the database.

Submittal of PG&E's Revised 2026 Plan

The Commission approves PG&E's 2026 Plan with a budget of $7,874,348 as detailed in Appendix B, including a Program Administration budget of $787,435. The Commission's approval of PG&E's 2026 Gas RD&D Plan is contingent upon the submittal of a revised 2026 Plan via Tier 2 AL within 60 days reflecting denied funds and addressing the identified compliance areas requiring greater clarity to align with requirements.[127]

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding. Comments must be limited to 10 pages or less.

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[124] R.22-12-011: OIR to Address Biomethane Procurement Cost Allocation.
[125] AL 5222-G Attachment A at p. 9.
[126] AL 5222-G Attachment A at p. 9.
[127] See Resolution G-3623 at Appendix G: Compliance Assessment of AL 5222-G.

The 30-day review and 20-day comment period for the draft of this Resolution was neither waived nor reduced. Accordingly, this draft Resolution was mailed to parties for comments and will be placed on the Commission's agenda no earlier than 30 days from today.

The CPUC received one comment letter from PG&E on Draft Resolution G-3623 on September 3rd, 2026, summarized below. Energy Division analyzed the comment letter for potential factual errors made within Draft Resolution G-3623. PG&E provides the following:

1. "At a minimum, PG&E requests that the Commission approve compliance-related administrative expenditures of $611,440 associated with PG&E's 2024 Plan for costs incurred in 2025."[128]

PG&E states that it incurred $611,440 in 2025 on "costs directly related to program compliance activities explicitly required by the Commission," specifically Annual Plan development ($151,012), Annual Report development ($332,584), and its Annual Workshop ($127,844). PG&E states that it "did not record these expenditures into the Gas RD&D balancing account prior to Commission approval of its plan" but rather "included these amounts for transparency of amounts incurred but not yet authorized for recovery."

D.23-11-069 requires that PG&E shall not record any Gas RD&D program expenses in a one-way balancing account until an annual Tier 3 Advice Letter outlining its Gas RD&D Budget Plan is approved by the Commission.[129] In recognition of Commission-required compliance activities—specifically Annual Plan development, Annual Report development, and its Annual Workshop—, this Resolution has been modified to authorize PG&E to record $611,440 in its balancing account in exclusively administrative costs incurred in 2025.

2. "PG&E generally supports the requested 2025 and 2026 Plans modifications and provides clarifications and additional context below."[130]

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[128] Pacific Gas and Electric Company's Opening Comments on Draft Resolution G-3623 at p. 1-2.
[129] D.23-11-069 at p. 217-218.
[130] Pacific Gas and Electric Company's Opening Comments on Draft Resolution G-3623 at p. 2-3.

PG&E summarizes coordination activities with other Gas RD&D administrators. PG&E states that it will coordinate with CPUC staff to understand the required additional information described in this Resolution for its revised Plans to comply with requirements involving clearly differentiated research from that conducted by other entities and impact analyses metrics and methodologies. PG&E asserts that "[a]ny AI/ML-enabled capability developed through [the Innovative and Cost-Effective Integrity Management] initiative would be used only as a decision-support tool, and final operational, compliance, and implementation decisions would remain with qualified PG&E personnel." However, PG&E states that "there is no generally accepted industry methodology for estimating project-specific AI/ML costs for this type of utility RD&D application. As project scopes mature, PG&E will evaluate applicable cost categories, including computing, storage, processing, and related services. PG&E will engage with Staff to better understand what assumptions and additional information should be added to its 2026 Plan."

This Resolution finds that for several proposed Initiatives in its 2024 and 2025 Plans, PG&E does not demonstrate that Initiatives are complementary and not duplicative of RD&D currently, previously, or imminently underway, particularly by differentiating similar RD&D led by other Gas RD&D administrators. PG&E shall refer to the CEC's proposed FY 2024-2025 Gas RD&D Plan as a model for differentiating its revised proposed 2025 Plan Initiatives from similar SoCalGas Initiatives.[131]

PG&E shall include discussion in its revised Plans on how it will account for the full costs associated with AI/ML applications when assessing impacts, including increased energy consumption, cloud services, data storage, and processing requirements, to the extent possible in its Annual Plan and Annual Reports.

3. "Remaining RD&D plan clarifications and modifications should be addressed through a Tier 1 Advice Letter."[132]

PG&E requests that "because the Draft Resolution requires PG&E to incorporate specific Commission-directed revisions that would not materially alter the initiatives in its plans, PG&E submits that a Tier 1 Advice Letter would be an appropriate

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131 CEC's Proposed FY 2024-2025 Gas RD&D Plan at p. 42 on its *Fuel-Flexible Distributed Power Generation* Initiative.

132 Pacific Gas and Electric Company's Opening Comments on Draft Resolution G-3623 at p. 3-4.

mechanism to document compliance, maintain transparency, and enable PG&E to begin implementation of its approved Gas RD&D activities." PG&E states that it "interprets that the Commission intends for PG&E to begin execution of our 2025 and 2026 Plans in parallel to addressing the few modifications and clarifications identified in the Draft Resolution. To the extent this is the Commission's intent, PG&E recommends that Ordering Paragraphs 2 and 3 be modified respectively to replace the Tier 2 ALs with Tier 1 ALs as the mechanism to address the remaining items."

The Commission has historically and successfully utilized the Tier 2 AL mechanism for necessary administrator Plan revisions per Resolutions. This mechanism provides the appropriate balance between efficiency and sufficient Commission oversight in ensuring the required revisions are reflected. The Commission clarifies that it does intend for PG&E to begin execution of its 2026 Plan in parallel to addressing the few minor modifications. However, this Resolution requires PG&E to receive CPUC approval of its Tier 2 AL with its revised 2025 Plan prior to beginning execution due to more substantive required modifications.

FINDINGS AND CONCLUSIONS

1. The Pacific Gas & Electric Company (PG&E) filed its Calendar Years 2024 (AL 5196-G), 2025 (AL 5197-G), and 2026 (AL 5222-G) Gas Research, Development, and Demonstration (RD&D) Investment Plans, pursuant to Decision (D.)23-11-069.
2. D.23-11-069 does not provide a mechanism for cost recovery via Resolution without an approved Gas R&D Plan in advance.
3. PG&E does not demonstrate compliance with the requirements set forth by D.23-11-069 and Public Utilities Code 740.1 in its proposed 2024 Gas RD&D Investment Plan submitted via Tier 3 AL 5196-G where noted in Appendix E, particularly due to PG&E:
    a. Requesting to recover $1,945,797 in actual Gas RD&D expenditures spent in 2025.
    b. Proposing hydrogen-specific activities though the Commission has not provided guidance on the appropriate role of gas ratepayers in funding

hydrogen RD&D, particularly as these projects would have further implications for ratepayer funding, including in future Gas RD&D Plans.

   c. Proposing a Program Administrative budget greater than the 10% cap of the total proposed budget.
   d. Not demonstrating clear ratepayer benefit from projects it proposes which are neither located in the State of California nor affiliated with a federal lab.
   e. Not demonstrating that the Innovative and Cost-Effective Integrity Management and Clean Fuel Integration Initiatives are complementary and not duplicative of RD&D currently, previously, or imminently underway.

4. PG&E has filed four versions of its proposed 2024 Gas RD&D Plan via Tier 3 AL.[133]
5. PG&E does not demonstrate compliance with the requirements set forth by D.23-11-069 and Public Utilities Code 740.1 in its proposed 2025 Gas RD&D Investment Plan submitted via Tier 3 AL 5197-G where noted in Appendix F, particularly due to PG&E:
   a. Proposing a Program Administrative budget greater than the 10% cap of the total proposed budget.
   b. Not demonstrating that Initiatives are complementary and not duplicative of RD&D currently, previously, or imminently underway, including by:
      i. Demonstrating incremental value added through multi-year (2024 and 2025 Plan) funding for the Innovative and Cost-Effective Integrity Management Initiative.
      ii. Differentiating the Innovative and Cost-Effective Integrity Management and Clean Fuel Integration Initiatives from similar RD&D led by other Gas RD&D administrators.
6. PG&E demonstrates compliance with the requirements set forth by D.23-11-069, Public Utilities Code 740.1, and Resolution G-3618 in its proposed 2026 Gas

[133] PG&E submitted its proposed 2024 Plan via Tier 3 AL 4931-G on July 1, 2024. PG&E later withdrew AL 4931-G on May 12, 2025, after consultation with CPUC staff. PG&E resubmitted its 2024 Plan (AL 5077-G) on June 25, 2025, and subsequently submitted its modified 2024 Plan via supplemental AL 5077-G-A on August 18, 2025. The Commission denied AL 5077-G-A on January 15, 2026, via Resolution G-3618. PG&E received an extension to resubmit its 2024 Plan via AL 5196-G on April 3, 2026, in accordance with Resolution G-3618.

RD&D Investment Plan submitted via Tier 3 AL 5222-G, however, the following compliance areas require improvement as noted in Appendix G:

   a. Planned methodologies for tracking and evaluating quantitative impacts from each Initiative via specific metrics for each targeted benefit, including affordability, safety, reliability, equity, and environmental.
      i. For the Innovative and Cost-Effective Integrity Management Initiative, demonstration that PG&E will account for the full costs associated with AI/ML applications when assessing impacts, including increased energy consumption, cloud services, data storage, and processing requirements, and that human decision-making authority will be retained per CPUC staff feedback.
   b. Justification of the total proposed budget amount via specific citations including page numbers referring to Commission approved budgets and/or escalation factors.

7. PG&E responded to Energy Division's April 28, 2026, Data Request about:
   a. How the $1,945,797 in prospective (unspent) funds requested in AL 5196-G relate to the $1,945,797 in actual expenditures recorded (spent) in 2025 as reported in PG&E's 2025 Annual Report.
   b. Funds encumbered through contractual agreements for consortia activities outside of California, which PG&E states it requests to "to fulfill existing contractual obligations and to avoid near-term financial and operational risk to ratepayers."[134]

<u>THEREFORE, IT IS ORDERED THAT:</u>

1. PG&E's Advice Letter (AL) 5196-G proposing for PG&E to record up to $1,945,797 in Gas RD&D expenses to implement its 2024 Plan is denied. This Resolution does not authorize PG&E to resubmit its 2024 Gas RD&D Plan for further Commission consideration due to PG&E having already spent requested funds, which cannot be remedied via a revised 2024 Plan submitted via Tier 2 AL.

[134] AL 5196-G Attachment B at p. 6.

2. PG&E may record $611,440 in its balancing account in exclusively administrative costs incurred in 2025 pertaining to Annual Plan development, Annual Report development, and its Annual Workshop related to its denied 2024 Plan.
3. PG&E's Advice Letter 5197-G proposing for PG&E to record up to $6,700,000 in Gas RD&D expenses to implement its 2025 Plan is approved in part. The Commission authorizes a budget of $6,133,333 for PG&E's 2025 Plan as detailed in Appendix B, including a Program Administration budget of $613,333. The Commission's authorization of PG&E's 2025 Gas RD&D Plan budget requires PG&E to submit a revised 2025 Plan via Tier 2 AL within 60 days addressing the identified compliance issues requiring modifications.[135] PG&E shall include in this Tier 2 AL: 1) a track-change version of its original 2025 Plan; 2) a clean version of its updated 2025 Plan; and 3) a table describing these modifications.
4. PG&E's Advice Letter 5222-G proposing for PG&E to record up to $8,267,000 in Gas RD&D expenses to implement its 2026 Plan is approved with modifications. The Commission approves PG&E's 2026 Plan with a budget of $7,874,348 as detailed in Appendix B, including a Program Administration budget of $787,435. The Commission's approval of PG&E's 2026 Gas RD&D Plan is contingent upon the submittal of a revised 2026 Plan via Tier 2 AL within 60 days addressing the identified compliance areas requiring greater clarity to align with requirements.[136] PG&E shall include in this Tier 2 AL: 1) a track-change version of its original 2026 Plan; 2) a clean version of its updated 2026 Plan; and 3) a table describing these modifications.
5. The Commission denies PG&E's proposed budget allocations in its 2025 and 2026 Plan of $294,400 for its proportional share of a Gas RD&D Program Evaluation and $56,987 for its proportional share of developing a comprehensive Gas RD&D Database. Instead, the Commission will determine a process to establish holistic oversight across all Gas RD&D administrators for efficiency and effectiveness in the allocation of funds, conducting the evaluation, and developing the database.
6. Unspent Gas RD&D funds shall be returned to ratepayers at the end of the GRC D.23-11-069 funding cycle, consistent with the PG&E Gas Preliminary

[135] See Resolution G-3623 at Appendix F: Compliance Assessment of AL 5197-G.
[136] See Resolution G-3623 at Appendix G: Compliance Assessment of AL 5222-G.

Statement.[137] Funds explicitly approved via Resolution which PG&E has committed, contracted out, or otherwise encumbered shall not be returned at the close of the GRC cycle to allow for the completion of work in progress. If contracts are terminated after the close of the GRC cycle, uncommitted or disencumbered funds shall be returned to ratepayers. PG&E may spend its approved 2025 and 2026 Gas RD&D Plan funding in the following calendar years according to these terms.[138]

This Resolution is effective today.

Commissioner Signature blocks to be added upon adoption of the Resolution.

The foregoing Resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 17, 2026; the following Commissioners voting favorably thereon:

Dated September 17, 2026, at San Marcos City Council Chambers, California

[137] PG&E Gas Preliminary Statement Part GA (AL 4835-G) at Section 3. Adopted via Resolution G-3618 at OP 8.

[138] Consistent with Resolution G-3601 at OP 7. “Southern California Gas Company may spend its approved 2023 Research, Development, and Demonstration funding in calendar year 2024.

APPENDIX A: PG&E's 2024-2026 Plans Proposed Budgets

Investment Theme	Initiative Title	2024 Plan Budget[139]	2025 Plan Budget[140]	2026 Plan Budget[141]
Gas System Integrity	Innovative and Cost-Effective Integrity Management	$ 893,830	$ 3,270,000	$ 3,036,913
	Advanced Leak Detection and Repair	$ 61,615	$ 0	$ 0
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification	$ 0	$ 2,100,000	$ 1,050,000
Decarbonization	Clean Fuels Integration	$ 181,152	$ 150,000	$ 3,000,000
Gas RD&D Database Development		$ 0	$ 56,987	$ 56,987
Program Evaluation		$ 0	$ 294,400	$ 294,400
Administrative		$ 809,200	$ 826,700	$ 826,700
ANNUAL TOTAL:		**$ 1,945,797**	**$ 6,700,087**	**$ 8,267,000**

139 AL 5196-G Attachment B at p. 66, 68, & 76.
140 AL 5197-G Attachment B at p. 74, 77, & 84.
141 AL 5222-G Attachment A at p. 9, 13, 15, 28, & 35.

APPENDIX B: PG&E's 2024-2026 Plans Commission-Modified Budgets

Investment Theme	Initiative Title	2024 Plan Budget	2025 Plan Budget*	2026 Plan Budget**
Gas System Integrity	Innovative and Cost-Effective Integrity Management	$ 0	$ 3,270,000	$ 3,036,913
	Advanced Leak Detection and Repair	$ 0	$ 0	$ 0
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification	$ 0	$ 2,100,000	$ 1,050,000
Decarbonization	Clean Fuels Integration	$ 0	$ 150,000	$ 3,000,000
Gas RD&D Database Development		$ 0	$ 0	$ 0
Program Evaluation		$ 0	$ 0	$ 0
Administrative		$ 611,440	$ 613,333	$ 787,435
ANNUAL TOTAL:		**$ 611,440**	**$ 6,133,333**	**$ 7,874,348**

**Pending Commission approval of PG&E's revised 2025 Plan required via Tier 2 AL to verify compliance with Public Utilities Code 740.1 at (d).*

***Approved with modifications upon adoption of this Resolution, requiring the submittal of a revised 2026 Plan via Tier 2 AL addressing the identified compliance areas requiring greater clarity to align with requirements.*

APPENDIX C: Administrative Budget Cost Categories

Program Administrative Cost Budget Item	**Calendar Year ($)**
Investment Plan Development	
Project Planning and Initiation	
Project Oversight and Governance	
Stakeholder Communication, Engagement, and Outreach	
Regulatory Support Compliance	
Internal Management Coordination	
Program and Process Coordination and Improvement	
Administrative Activities	
Supervision and Personnel	
Training and Development	
Total	

APPENDIX D: RD&D Program Areas from EPIC

The Commission identified the following program areas across the product development cycle for EPIC:

Program Area	**Description**
Applied Research and Development (R&D)	Applied science and technology designed to solve specific problems in the gas sector that provide public benefits but for which there is no current clear business case for deployment of private capital and gas benefits for pre-commercial activities and technologies.
Technology Demonstration and Deployment (TD&D)	The installation and operation of pre-commercial technologies at a scale sufficiently large and in conditions sufficiently reflective of anticipated actual operating environments, to enable the financial community to effectively appraise the operational and performance characteristics of a given technology and the financial risks it presents; supports assisting technology development through the "valley of death" and toward commercialization.
Market Facilitation	Activities to address non-price barriers to adoption of clean technologies, such as regulatory barriers and lack of information, as well as supporting market research and tracking of results; activities including program tracking, market research, education and outreach, regulatory assistance and streamlining, and workforce development to support clean energy technology and strategy deployment.

APPENDIX E: Compliance Assessment of PG&E's 2024 Plan Submitted via Advice Letter 5196-G

Pursuant to Resolution G-3618 at OP 3, PG&E resubmitted its proposed 2024 Gas RD&D Plan on April 3, 2026, for further Commission consideration, including Attachment C: Describing Modifications Detailed in Appendix F, Resolution G-3618.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
D.23-11-069 at p. 217-218. *PG&E shall not record any Gas [RD&D] program expenses in a one-way balancing account until an annual Tier 3 Advice Letter [AL] outlining its Gas RD&D budget plan is approved.*[142] D.23-11-069 approved a Test Year 2023 Gas RD&D budget of $7.414M and escalation factor authorizing an $8.09M annual budget cap for PG&E's 2024 Plan, pending Commission approval.[143]	PG&E first submitted a Tier 3 Advice Letter (AL) with its originally proposed 2024 Gas RD&D Plan on July 1st, 2024. PG&E later withdrew this AL on May 12th, 2025, after consultation with CPUC staff. PG&E resubmitted its 2024 Plan (AL 5077-G) on June 25th, 2025, and a supplement to this Plan (AL 5077-G-A) on August 18th, 2025. CPUC denied AL 5077-G-A via Resolution G-3618, issued January 15, 2026. PG&E resubmitted its 2024 Plan (AL 5196-G) on April 3, 2026, requesting a $1,945,797 budget.[144] PG&E states that this Plan does "do not imply implementation, deployment, or capital investment absent separate Commission authorization."[145] However, in its 2025 Annual Report, PG&E states: "Total Gas RD&D spending reported for RY2025 ($4,645,704) reflects actual expenditures incurred during the reporting year, including $3,508,949 in administrative costs	PG&E is compliant with Resolution G-3618[147] in having removed its request to recover $7,207,712 in 2023 and 2024 expenses[148] from its 2024 Plan.[149] PG&E's request for approval of its 2024 Plan submitted via Tier 3 AL with an annual budget of $1.946M is within the $8.09M authorized budget. However, though PG&E states its $1.946M proposed budget was prospective when the Plan would have originally been filed (May 2024), its Annual Report reflects that this amount was spent in 2025, and D.23-11-069 does not provide a mechanism for cost recovery via Resolution without an approved Gas R&D Plan in advance. **PG&E is *not* compliant with this requirement and therefore no Initiative funding is approved for PG&E's 2024 Plan.** However, in recognition of the

142 Consistent with D.19-09-051 at p. 379.
143 D.23-11-069 at p. 217 & 740.
144 AL 5196-G Attachment B at p. 66.
145 AL 5196-G Attachment B at p. 5.
147 Resolution G-3618 (2026) at OP 2.
148 AL 5077-G-A at p. 61.
149 AL 5196-G at Appendix F-1. "The plan does not imply implementation, deployment, or capital investment without separate authorization from the Commission."

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	recorded in accordance with Commission accounting and audit guidance. This differs from the $1,945,797 reflected in PG&E's 2024 Gas RD&D Plan, which represents prospective funding proposed for Commission approval and applies a 10% administrative cost cap ($809,200) based on the imputed Gas RD&D funding amount adopted in D.23-11-069. If the 2024 Gas RD&D Plan is approved as proposed, rate payer would be funding $1,945,797 of the $3,508,949 of the 2025 Spending."[146] In PG&E's response to CPUC's April 28, 2026, Data Request, PG&E stated that "the refiled 2024 Plan (See AL 5196-G) was prepared and submitted as a prospective planning document, reflecting the funding status as of the period when the Plan would originally have been filed. As such, the Plan characterizes certain funds as 'proposed' or 'unspent' at the time of filing. By contrast, PG&E's 2025 Annual Report is, by requirement, a retrospective report that reflects actual expenditures incurred during calendar year 2025. The $1,945,797 identified as prospective (unspent) Gas RD&D funds in AL 5196-G corresponds to expenditures incurred during 2025 and therefore appears in the 2025 Annual Report as $1,945,797 in actual Gas RD&D expenditures spent in that year. In short, the same dollar amount is reflected in two different filings based on the purpose and timing of those filings: as a prospective amount in the refiled 2024 Plan, and as	Commission-required compliance activities, PG&E is authorized to record $611,440 in its balancing account in exclusively administrative costs incurred in 2025.

146 PG&E 2025 Gas RD&D Annual Report at p. 21, fn. 5.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	an actual expenditure in the 2025 Annual Report. The difference reflects the prospective planning perspective of the 2024 Plan and the retrospective, expense-based reporting requirements applicable to the Annual Report."	
D.23-11-069 at (1) *The annual research plan should detail budgets broken down by research sub-program area and explain how the projects improve reliability, safety, equity, affordability, and environmental benefits, and incorporates input from key stakeholders, such as the Disadvantaged Communities Advisory Group.*[150]	PG&E proposes budget allocations broken down by Initiatives within each Investment Theme:[151] Gas System Integrity and Decarbonization. PG&E describes how it seeks to provide reliability, safety, equity, affordability, and environmental benefits through projects at the portfolio level[152] and for each Initiative.[153] PG&E states that, though not able to secure a meeting with the DACAG in calendar year 2024, representatives presented and solicited input on the proposed 2024 Plan on April 18, 2025,[154] and describes two questions posed by the DACAG which the representatives answered verbally.[155] PG&E includes high-level summaries from stakeholder interviews and incorporation strategies.[156] PG&E discusses guidance from CPUC staff, including an Attachment C: Table Describing the Modifications Detailed in Appendix F, Resolution G-3618, and correlated alignment with	PG&E delineates its proposed budget by Initiative. PG&E made several modifications in its resubmittal of its 2024 Plan in alignment with Commission guidance provided via Resolution G-3618, and as a result, **PG&E is *partially* compliant with this requirement.** Note: PG&E should not include information on Initiatives it is not proposing funding for in its Plans.[159] However, PG&E did not sufficiently incorporate input on the Clean Fuels Integration Initiative. PG&E does not justify investment in hydrogen-related RD&D by demonstrating alignment with CPUC proceedings. In D.26-04-034, the Commission denied SoCalGas' application

150 D.23-11-069 at p. 218-219. Consistent with D.19-09-051 at p. 379.
151 AL 5196-G Attachment B at p. 66, 68, & 76.
152 AL 5196-G Attachment B at p. 37-40.
153 AL 5196-G Attachment B at p. 71-72; 74-75; & 80-81.
154 AL 5196-G Attachment B at p. 17.
155 AL 5197-G Attachment B at p. 17.
156 AL 5196-G Attachment B at p. 17-24.
159 AL 5196-G Attachment B at p. 70 & 77.

CPUC Requirement	**PG&E Response in AL 5196-G**	**Compliance Assessment**
	CPUC proceedings and policies.[157] PG&E still includes renewable hydrogen as a clean fuel targeted within the Decarbonization theme.[158]	for ratepayer funding for Phase II of the Angeles Link hydrogen project and established it raised severe affordability concerns while failing to demonstrate clear and comprehensive ratepayer benefit.[160] Further, as discussed in Resolution G-3618, the Commission has not provided guidance on the appropriate role of gas ratepayers in funding hydrogen RD&D. For the Clean Fuels Integration Initiative, **PG&E is *not* compliant with this requirement.**
D.23-11-069 at (2) *The annual research plan should include a proposed benefits analysis framework, created in consultation with Energy Division staff. This framework should provide sufficient quantitative estimates of potential safety, reliability, operational efficiency, improved affordability, environmental-related benefits, benefits to underserved communities, and numeric targets or a specified numeric range of potential benefits for projects.*[161]	PG&E describes intended benefits from the Gas System Integrity and Decarbonization Themes and proposes a framework with suggested metrics related to reliability; safety; equity; operational efficiency and improved affordability; reduced greenhouse gas (GHG) emissions; improved air quality; effectiveness of information sharing; adoption of Gas RD&D technology; technology development progress; and informed industry and/or company standards.[162] PG&E describes specific metrics for assessing ratepayer benefits at	The Commission's Uniform Impact Analysis Foundational Principles outline criteria for demonstrating impacts attributable to each distinct RD&D investment,[169] which must otherwise not be expected to occur.[170] PG&E demonstrates anticipated impacts are attributable to each Initiative through discussion on baseline scenarios. **PG&E is compliant with this requirement.**

[157] AL 5196-G Attachment B at p. 25-31.
[158] AL 5196-G Attachment B at p. 78-81.
[160] D.26-04-034 at p. 13-14; FOFs 3, 4, & 6.
[161] D.23-11-069 at p. 218-219. Consistent with Resolution G-3586 (2022) at OP 5.
[162] AL 5196-G Attachment B at p. 37-40 & 43-45.
[169] Required by California Public Utilities Code Section 740.1 at (a).
[170] D.23-04-042 at Appendix A. Consistent with Resolution G-3603 (2024) at OP 6: "Once the [EPIC] program's Uniform Impact Analysis framework is approved by the Commission, the California Energy Commission shall use this framework to demonstrate outcomes of achieving its proposed benefits for all current and future research projects including through quantitative methodologies."

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	the Initiative level.[163] PG&E includes a benefits assessment of PG&E's Gas RD&D Projects, stating "[e]stimated Annual Benefits reflect projected gross system-level benefits under modeled deployment scenarios. Final reported impacts will be evaluated using the Uniform Impact Framework and will reflect incremental, attributable benefits relative to defined baseline conditions. Gas RD&D staff estimate annual savings of $48,122,516."[164] PG&E states that "each project proposal will include a structured impact assessment section that identifies: (1) the expected causal pathway from RD&D activity to ratepayer benefit; (2) measurable indicators aligned with Uniform Impact metrics; (3) the anticipated timeframe for realization of outcomes and impacts; and (4) a justification for why the proposed benefits would not otherwise occur absent Gas RD&D investment."[165] PG&E updated its Assumptions section in its resubmitted 2024 Plan, stating: "Reported impacts will reflect incremental, attributable benefits associated with Gas RD&D funding and will exclude benefits reasonably expected to occur absent the RD&D investment due to regulatory mandates, compliance activities, or independent market trends."[166] PG&E updated its Net Impacts section in its resubmitted 2024 Plan	

163 AL 5196-G Attachment B at p. 71-72; 74-75; & 80-81.
164 AL 5196-G Attachment B at p. 45-58.
165 AL 5196-G Attachment B at p. 43.
166 AL 5196-G Attachment B at p. 44.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	to clarify that "Gas RD&D activities do not fund or replace operational compliance activities."[167] In particular, for the Innovative and Cost-Effective Integrity Management Initiative, PG&E clarifies that, "while compliance obligations under the PHMSA Mega Rule and CalGEM mandates drive baseline safety and environmental outcomes, this initiative focuses on developing more cost-effective, less intrusive, and more operationally efficient methods of achieving those required outcomes during the energy transition."[168]	
D.23-11-069 at (3) *PG&E should cap its administrative costs for Gas RD&D at 10%... PG&E's annual research plan should provide detail about administrative costs and require PG&E to allocate these cost categories to its administrative budget as outlined below.*[171] See also: D.23-11-069 approved a Test Year 2023 Gas RD&D budget of $7.414M and escalation factor authorizing an $8.09M annual budget cap for PG&E's	PG&E proposes a total budget of $1,945,797 for its 2024 Plan, including $1,136,597 for Initiatives and $809,200 for Program Administrative costs.[173] PG&E further delineates administrative costs into activity categories by percentage.[174]	PG&E allocates proposed Program Administrative costs to specific categories using the required Administrative Budget template. **PG&E is compliant with this requirement.** However, PG&E's request for a Program Administrative budget of $809,200 is greater than 10 percent of its proposed total budget. **PG&E is *not* compliant with this requirement.**

[167] AL 5196-G Attachment B at p. 41.
[168] AL 5196-G Attachment B at p. 70.
[171] D.23-11-069 at p. 219. See Resolution G-3623 at Appendix C: Administrative Budget Cost Categories. Consistent with Resolution G-3586 (2022) at OP 4.
[173] AL 5196-G Attachment B at p. 66.
[174] AL 5196-G Attachment B at p. 67.

CPUC Requirement	**PG&E Response in AL 5196-G**	**Compliance Assessment**
2024 Plan, pending Commission approval.[172]		
D.23-11-069 at (4) *In its annual research plan, PG&E should explain how its proposals for low carbon research projects (rather than zero/no carbon projects) support the State's aggressive zero-carbon goals.*[175]	PG&E states that "low-carbon RD&D projects can play a crucial role in supporting California's aggressive zero carbon goals by acting as a transitional bridge between the current energy landscape and a zero- or -low carbon future. Consistent with CPUC guidance, these investments are structured to align with active Commission proceedings and to prioritize affordability for ratepayers, particularly with respect to RNG, while carefully evaluating the appropriate role of gas ratepayers in funding hydrogen-related RD&D. These projects can address immediate emission reductions while laying the groundwork for more comprehensive, long-term decarbonization strategies." PG&E argues that: • Low-carbon projects which provide incremental methane emissions reductions from existing gas infrastructure and operations "still represent a substantial improvement over current emission levels." • "[L]ow-carbon fuels can be integrated into the existing gas infrastructure, providing an immediate reduction in emissions while maintaining energy reliability and affordability."	PG&E sufficiently articulates how it seeks to develop low-carbon projects to support California's zero-carbon goals while providing ratepayer benefits such as reliability and affordability. **PG&E is compliant with this requirement.**

172 D.23-11-069 at p. 217 & 740.
175 D.23-11-069 at p. 219-220. Reference to Resolution G-3586 (2022) at p. 20-21. "In future Plans, SoCalGas should align its RD&D investments with evolving state energy policies."

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	• "By developing low-carbon solutions that can be implemented within the existing energy framework, utilities can attempt to avoid economic disruption that might accompany a rapid shift to zero-carbon technologies." • Low-carbon projects can "allow for the gradual adaptation of infrastructure, market mechanisms, and consumer behavior." • "Low-carbon R&D projects align with state policies that mandate gradual emission reductions and support for renewable energy sources."[176] Per Resolution G-3618,[177] PG&E states that it "[c]larified and strengthened narrative alignment with California's zero-carbon end state by explicitly addressing low-carbon RD&D as a near- and medium-term transitional strategy that delivers immediate emissions reductions while enabling infrastructure, market, and system readiness for a zero-carbon future."[178]	
D.23-11-069 at (5) *The annual research plan should include information on funds encumbered, spent, and unspent. The plan should also outline co-funding and collaborative partners and explain how P&GE engages with diverse academic*	PG&E conducted targeted interviews with 18 different organizations in 2024, including University of California Riverside, Irvine, Berkeley, and Los Angeles; Stanford; and Colorado State University.[180] PG&E describes its collaborative partners, including public agencies, research	PG&E details co-funding and collaboration with other Gas RD&D administrators and entities. PG&E includes detail at the Initiative level on its intended role for each project. PG&E discusses anticipated benefits to underserved communities for each

[176] AL 5196-G Attachment B at p. 59-60.
[177] Resolution G-3618 (2026) at F-17. "PG&E should strive to propose zero-carbon projects or otherwise justify why zero-carbon RD&D projects are not possible and how these projects will promote the transition to zero-carbon research and outcomes."
[178] AL 5196-G Attachment C at p. 6.
[180] AL 5196-G Attachment B at p. 12.

CPUC Requirement	**PG&E Response in AL 5196-G**	**Compliance Assessment**
populations. Further, PG&E should describe how its research plan will benefit underserved communities.[179]	consortia, national laboratories, and universities.[181] PG&E describes its coordination with Gas RD&D administrators, including bi-weekly coordination meetings,[182] and states that "[c]oordination outcomes directly informed scope refinement, initiative removals, and prioritization decisions reflected in this Plan, including the removal of duplicative initiatives and narrowing of proposed research scopes."[183] In its Project List Appendix, PG&E specifies its intended role for each project within each Initiative, including funding, lead, and technical advisory committee. The proposed project budgets account for and correlate with the total proposed Initiative budgets and PG&E identifies one of the following funding mechanisms for each: • "1 Admin: Projects identified as single-administrator are led and fully funded by PG&E. • 2+ Admin: Projects identified as multi-administrator are led and fully funded by administrators through funding mechanisms that reflect the level of collaboration and cost-sharing associated with each project. • Consortium: Projects listed under consortia are typically co-funded through PG&E's participation in industry research	Initiative: See Compliance Assessment of D.23-11-069 at (2). **PG&E is compliant with these requirements.** PG&E has not had any Gas RD&D funding approved via Resolution since D.23-11-069 was issued and therefore appears to appropriately report $0 in spent funds. However, PG&E's 2025 Annual Report reflects that the amounts reported as unspent and encumbered at the time the 2024 Plan was originally due (May 2024) were actually spent in 2025, and D.23-11-069 does not provide a mechanism for cost recovery via Resolution without an approved Gas R&D Plan in advance. PG&E does not accurately report balances of encumbered, spent, and unspent funds at the time of its most recent Plan submittal. **PG&E is *not* compliant with this requirement.**

[179] D.23-11-069 at p. 220.
[181] AL 5196-G Attachment B at p. 62-65.
[182] AL 5196-G Attachment B at p. 16.
[183] AL 5196-G Attachment B at p. 17.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	organizations or agency-sponsored collaborations, where project costs are shared among participating member companies or institutions and PG&E contributes as one of several funding participants."[184] See PG&E Response in AL 5196-G to D.23-11-069 at (2) for information on intended benefits from each Initiative, including to underserved communities.	
D.23-11-069 at (6) *PG&E shall hold an annual workshop prior to submitting its Tier 3 Advice Letter Annual Gas RD&D Investment Plan and shall consult with Energy Division to develop the workshop agenda. The annual workshop shall be held at least 90 days before submitting its annual Gas RD&D research plan to the CPUC to allow sufficient time to incorporate stakeholder feedback. At these workshops, PG&E shall present the results of the previous year's RD&D program and obtain input regarding its proposed spending for the following calendar year. The workshop shall follow the guidance of D.19-09-051 Ordering Paragraph 30.*[185]	PG&E held an annual workshop prior to submitting its 2024 Plan on April 29, 2024, presenting the results of the previous year's program and obtaining input regarding its proposed funding allocations for the following year. PG&E includes high-level summaries from stakeholder interviews and incorporation strategies.[186]	CPUC granted PG&E an extension to hold the workshop less than 90 days in advance of Plan submittal. **PG&E is compliant with this requirement.**
D.23-11-069 at (7) *Prior to the workshop, PG&E should submit its RD&D annual report to Energy Division staff describing prior years' RD&D program including a*	PG&E submitted its 2023 Gas RD&D Annual Report on March 28, 2024, prior to holding its Annual Workshop on April 29, 2024. PG&E provided a summary of ongoing and completed	PG&E submitted its 2023 Gas RD&D Annual Report on March 28, 2024, prior to holding its Annual Workshop on April 29, 2024. In its Annual Report, PG&E

[184] AL 5196-G Attachment B at p. 68 & 76.
[185] D.23-11-069 at p. 220. Consistent with D.19-09-051.
[186] AL 5196-G Attachment B at p. 17-24.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
summary of ongoing and completed projects; funds expended, funding recipients, and leveraged funding; and an explanation of the process used for selecting RD&D project areas as well as the structure of PG&E's RD&D portfolio.[187] See also: Resolution G-3618 at p. 19: *For clarity in reporting, PG&E shall indicate which projects have been funded via previous GRC cycles or other funding mechanisms as these are not affiliated with Investment Plans approved within this Gas RD&D Program.*	projects,[188] detailed $1,159,675 in funds expended,[189] listed 2023 funding recipients,[190] and described the process used for selecting projects[191] and structure of PG&E's Gas RD&D portfolio.[192] PG&E stated that "on average, every dollar of Gas R&D funding expended on projects was matched by $20.50 of funding from other sources in 2023."[193] However, in its 2024 Plan, PG&E states that "this resubmission seeks approval of $1.952 million for incurred costs, structured around two principal investment themes—Gas System Integrity and Decarbonization—that are in alignment with CPUC guidance and the positions of other California Gas RD&D administrators, funding for projects was not covered by previous GRCs or programs outside of Gas RD&D."[194] PG&E states that it "separately allocates, tracks, and reports Gas RD&D expenditures using a centralized project-level database that records ratepayer-funded research, development, and demonstration activities. The system provides project- and portfolio-level visibility into approved budgets, forecasts, actual expenditures, and unspent	summarizes ongoing and completed projects, leveraged funding, and its project selection process as required. **PG&E is compliant with this requirement.** However, PG&E has not had any Gas RD&D funding approved via Resolution since D.23-11-069 was issued and therefore should clarify the authorized Gas RD&D funding sources relevant to its Annual Reports. PG&E should also reflect key information from its centralized project-level database.

187 D.23-11-069 at p. 220.
188 2023 Gas RD&D Annual Report at p. 43-124.
189 2023 Gas RD&D Annual Report at p. 9.
190 2023 Gas RD&D Annual Report at p. 13.
191 2023 Gas RD&D Annual Report at p. 22-26.
192 2023 Gas RD&D Annual Report at p. 27-38.
193 2023 Gas RD&D Annual Report at p. 10.
194 AL 5196-G Attachment B at p. 5.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	balances, and supports transparent reporting and oversight processes used to demonstrate compliance with Commission-adopted spending limits."[195]	
D.23-11-069 at (8) *PG&E shall provide Energy Division staff with the workshop presentation materials as well as documentation on stakeholders consulted in the development of RD&D projects, both at least one week before the workshop.* D.23-11-069 at (9) *PG&E shall engage relevant stakeholders to encourage their attendance at the workshop, such as the California Energy Commission, the Disadvantaged Communities Advisory Group, the U.S. Department of Energy, and other organizations engaged in gas research and development.*[196]	PG&E states that it leveraged its Gas RD&D website, CPUC proceeding service lists, and its Diversity Equity Inclusion & Belonging (DEIB) team to notice the workshop, ultimately engaging attendees from 100 different organizations in 2024.[197] PG&E includes high-level summaries from stakeholder interviews and incorporation strategies[198] and details an Annual Stakeholder Workshop Attendee Organization List, which includes national laboratories, public agencies, industry organizations, universities, minority-serving organizations (MSIs), community-based organizations (CBOs), Tribal Nations, and private companies.[199]	PG&E engaged relevant, diverse stakeholders in its Annual Workshop held on April 29, 2024. **PG&E is compliant with this requirement.**
Public Utilities Code 740.1[200] at: (a) *Projects should offer a reasonable probability of providing benefits to ratepayers.*[201]	See PG&E Response in AL 5196-G to D.23-11-069 at (2) for information on intended benefits from each Initiative. PG&E states that "[p]roject proposals are evaluated using defined technical milestones,	PG&E largely demonstrates ratepayer benefit for each Initiative: See Compliance Assessment of D.23-11-069 at (2). Funding for membership dues is appropriately

[195] AL 5196-G Attachment B at p. 67.
[196] D.23-11-069 at p. 220-221.
[197] AL 5196-G Attachment B at p. 14.
[198] AL 5196-G Attachment B at p. 17-24.
[199] AL 5196-G Attachment B at p. 12-17.
[200] The Commission's compliance assessment of California Public Utilities Code 740.1 at (c) is captured in the compliance assessment of AL 5196-G with D.23-11-069 at (2) and (4) above.
[201] California Public Utilities Code Section 740.1 at (a).

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
(b) *Expenditures on projects which have a low probability for success should be minimized.*[202]	probability-of-success screening criteria, and stage-gated funding controls to minimize expenditures on projects with low likelihood of success."[203] PG&E states that it "plans on renewing its membership in six research consortia to wrap-up research efforts outside of California to comply with CPUC Resolution G-3601", amounting to $1,449,680 in calendar year 2025.[204] "Membership costs are being provided for reference that will allow on-going projects to be wrapped up and will not be part of cost recovery for MAT GZA."[205] PG&E states that "[c]onsortia membership dues are categorized as Administrative Activities under Program Administrative costs"[206] and "provide access to technical studies, field demonstrations,	captured in PG&E's Administrative Activities under Program Administrative costs. **PG&E is compliant with this requirement.** However, PG&E's request to recover consortia project costs for which PG&E assumed contractual obligations and spent funds prior to Commission approval of a Gas RD&D Plan, particularly for projects neither located in the State of California nor affiliated with a federal lab, is ***not* compliant with Commission guidance**.[214]

202 California Public Utilities Code Section 740.1 at (b).

203 AL 5196-G Attachment B at p. 37.

204 AL 5196-G Attachment B at p. 82. Consistent with Resolution G-3586 (2022) at OP 5. "Provide detail quantifying research funding allocations by research consortium, as well as project costs related to each consortium."

205 AL 5196-G Attachment B at p. 82. Resolution G-3601 (2023) at:

> OP 5. "All of SoCalGas' new and future RD&D projects shall occur in the State of California. The only exception may be made for projects with out of state federal labs. In this case, SoCalGas shall explicitly justify benefits to its gas ratepayers of an out-of-state project in its Tier 3 Advice Letter (AL) annual plan."
>
> OP 6. "In its 2024 Gas [RD&D] Research Plan and beyond, Southern California Gas Company (SoCalGas) shall: b. Explicitly justify how all consortia dues benefit gas ratepayers."

206 AL 5196-G Attachment B at p. 67. Consistent with D.15-04-020 at OP 16. "Project management and oversight, research consortia membership fees, reporting, and internal coordination are all administrative activities and shall count towards the administrative caps."

214 Resolution G-3601 (2023) at: OP 5. "All of SoCalGas' new and future RD&D projects shall occur in the State of California. The only exception may be made for projects with out of state federal labs. In this case, SoCalGas shall explicitly justify benefits to its gas ratepayers of an out-of-state project in its Tier 3 Advice Letter (AL) annual plan."

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	data sets, and subject matter expertise that directly support California-specific safety, reliability, methane reduction, and affordability objectives. PG&E evaluates consortia participation annually to ensure that membership dues result in identifiable ratepayer value, including avoided standalone research costs, accelerated technology validation, and improved operational efficiency."[207] In one place, PG&E states that in its resubmittal it "revised the Plan to remove gas RD&D projects located outside of California, except where projects are affiliated with a federal laboratory."[208] PG&E also states that the "proactive geohazard risk management and emissions reduction activities and refined reporting initiatives have been removed from the plan due to collaborative efforts being outside of California with no current research opportunities in California."[209] However, PG&E also states that the "plan includes on-going multi-year work in collaboration with consortia that began prior to the 2023 GRC decision."[210] "Consortia activities outside of California are included only to the extent necessary to fulfill existing contractual obligations and to avoid near-term financial and operational risk to ratepayers. Removal of these remaining consortia activities	

207 AL 5196-G Attachment B at p. 62-64.
208 AL 5196-G at p. 3.
209 AL 5196-G Attachment B at p. 5.
210 AL 5196-G Attachment B at p. 35.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	would result in a loss of value to customers and could adversely affect customer affordability and safety over the long term by eliminating opportunities to leverage shared learnings, mitigate technical and operational risks, and avoid higher future costs. In addition, if PG&E does not participate in these consortia research efforts, it would lose visibility into emerging technologies and industry developments, increasing the risk that new and potentially beneficial technologies are identified later or at higher cost. Consortia work enables RD&D to be done at a lower unit cost by pooling multiple utilities' funds into a single project, some of which can have high unit costs. Withdrawing would lower the number of important projects that could be covered by the authorized amounts from the Commission. Where collaboration involves consortia or external partners, PG&E's participation is limited to research activities that provide identifiable California ratepayer benefits; associated administrative costs are managed consistent with Commission guidance."[211] PG&E's Gas RD&D Project List includes nine projects which are neither located in the State of California nor affiliated with a federal lab, amounting to approximately $579,000.[212]	

211 AL 5196-G Attachment B at p. 6.
212 AL 5196-G Attachment B Appendix.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	In its 2025 Gas RD&D Report, PG&E states: "Total Gas RD&D spending reported for RY2025 ($4,645,704) reflects actual expenditures incurred during the reporting year, including $3,508,949 in administrative costs recorded in accordance with Commission accounting and audit guidance. This differs from the $1,945,797 reflected in PG&E's 2024 Gas RD&D Plan, which represents prospective funding proposed for Commission approval and applies a 10% administrative cost cap ($809,200) based on the imputed Gas RD&D funding amount adopted in D.23-11-069. If the 2024 Gas RD&D Plan is approved as proposed, rate payer would be funding $1,945,797 of the $3,508,949 of the 2025 Spending."[213]	
Public Utilities Code 740.1 at (d) *Projects should not unnecessarily duplicate research currently, previously, or imminently undertaken by other electrical or gas corporations or research organizations*.[215]	PG&E discusses high-level coordination with other Gas RD&D administrators[216] and states broadly for each initiative that it plans to "convene regularly with the other Gas R&D Administrators to proactively identify potential areas of overlap and explore opportunities for collaboration and synergy across their respective portfolios."[217] As compared to existing Gas RD&D activities conducted by other administrators, PG&E states that there is no duplication as it is prioritizing the	PG&E does not sufficiently demonstrate that proposed investments do not unnecessarily duplicate research currently, previously, or imminently undertaken by differentiating similar RD&D led by other Gas RD&D administrators, including: • Innovative and Cost-Effective Integrity Management from SoCalGas' (i) Operations Technology & (ii) System Inspection & Monitoring Initiatives.

213 PG&E's 2025 Gas RD&D Report at p. 21.
215 California Public Utilities Code Section 740.1 at (d). Consistent with: Resolution G-3603 (2024) at OP 4 & D.24-12-074 at p. 327.
216 AL 5196-G Attachment B at p. 15-17.
217 AL 5196-G Attachment B at p. 73, 75, & 81.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	specific needs of PG&E.[218] In its Project List Appendix, PG&E specifies its intended role for each project within each Initiative, including funding, lead, and technical advisory committee. PG&E also provides Initiative-level detail: • Innovative and Cost-Effective Integrity Management: PG&E states that this Initiative "leverages prior industry research and existing PG&E integrity programs, advancing them through California-specific validation, refined modeling, and operational integration to ensure distinct and measurable system-level benefits."[219] • Advanced Leak Detection & Repair: PG&E states this Initiative "is not intended to fund compliance-driven leak repair or implementation activities under the NGLA Program. Rather, Gas RD&D investments are limited to research, controlled pilot validation, and performance evaluation of emerging detection technologies to determine their accuracy, cost efficiency, and operational scalability within PG&E's California service territory."[220] "Where similar technologies are being explored by other administrators, PG&E's role is limited to California-specific validation, integration analysis, and cost-performance evaluation to ensure distinct	• Clean Fuel Integration from SoCalGas' (i) System Design & Materials, (ii) RNG Infrastructure Optimization, (iii) Low Carbon Fuels Technology, and (iv) Low Carbon Fuels Integration Initiatives. **PG&E is *not* compliant with this requirement.**

[218] AL 5196-G Attachment B at p. 73, 75, & 81.
[219] AL 5196-G Attachment B at p. 73.
[220] AL 5196-G Attachment B at p. 75.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
	system-level value and avoid duplicative deployment efforts."[221] Clean Fuels Integration: PG&E states that the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) "is designed to accelerate commercial-scale hydrogen infrastructure and market adoption—not to fund fundamental research or innovation projects."[222] This proposed "Gas RD&D work provides the analytical and experimental basis that de-risks and informs the proposed [hydrogen blending] pilot deployments, while the pilots in A.22-09-006 provide the field-level validation necessary to confirm and refine those findings at scale."[223] "PG&E's Gas RD&D activities concentrate on system-specific validation within PG&E's service territory, including infrastructure compatibility testing, operational modeling, safety assessments, and cost analysis [while] CEC-funded efforts focus on broader statewide deployment strategy, demonstration funding, or market transformation activities.[224]	
Public Utilities Code 740.1 at (e) *Each project should also support one or more of the following objectives:* *(1) Environmental improvement.*	PG&E lists Public Utilities Code 740.1 at (e) under Regulatory and Policy Drivers.[226] PG&E proposes budget allocations broken down by Initiatives within each Investment Theme:[227] Gas System	Each of PG&E's proposed Initiatives supports one or more of the required objectives. **PG&E is compliant with this requirement.**

[221] AL 5196-G Attachment B at p. 75.
[222] AL 5196-G Attachment B at p. 78.
[223] AL 5196-G Attachment B at p. 79.
[224] AL 5196-G Attachment B at p. 79.
[226] AL 5196-G Attachment B at p. 29.
[227] AL 5196-G Attachment B at p. 66, 68, & 76.

CPUC Requirement	PG&E Response in AL 5196-G	Compliance Assessment
(2) Public and employee safety. *(3) Conservation by efficient resource use or by reducing or shifting system load.* *(4) Development of new resources and processes, particularly renewable resources and processes which further supply technologies.* *(5) Improve operating efficiency and reliability or otherwise reduce operating costs.*[225]	Integrity and Decarbonization. Initiatives within the Gas System Integrity Theme include Innovative and Cost-Effective Integrity Management and Advanced Leak Detection and Repair. PG&E also proposes a Clean Fuels Integration Initiative within the Decarbonization Theme.	

[225] California Public Utilities Code Section 740.1 at (e).

APPENDIX G: Compliance Assessment of PG&E's 2025 Plan Submitted via Advice Letter 5197-G

Pursuant to Resolution G-3618 at OP 4, PG&E resubmitted its proposed 2025 Gas RD&D Plan on April 3, 2026, for further Commission consideration, including Attachment C: Describing Modifications Detailed in Appendix F, Resolution G-3618.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
D.23-11-069 at p. 217-218. *PG&E shall not record any Gas [RD&D] program expenses in a one-way balancing account until an annual Tier 3 Advice Letter [AL] outlining its Gas RD&D budget plan is approved.*[228] D.23-11-069 approved a Test Year 2023 Gas RD&D budget of $7.414 million and escalation factor authorizing a $8.267 million annual budget cap for PG&E's 2025 Plan, pending Commission approval.[229]	PG&E first submitted Tier 3 Advice Letter (AL) 5069-G with its originally proposed 2025 Plan on May 30th, 2025. CPUC denied AL 5069-G via Resolution G-3618, issued January 15, 2026. PG&E resubmitted its 2025 Plan (AL 5197-G) on April 3, 2026, requesting a $6,700,087 budget.[230]	PG&E's request for approval of its 2025 Plan submitted via Tier 3 AL with an annual budget of $6.7M is within the $8.267M authorized budget. **PG&E is compliant with this requirement**. However, the Commission authorizes a budget of $6,133,333 for PG&E's 2025 Plan as outlined in Appendix B.
D.23-11-069 at (1) *The annual research plan should detail budgets broken down by research sub-program area and explain how the projects improve reliability, safety, equity, affordability, and environmental benefits, and incorporates input from key*	PG&E proposes budget allocations broken down by Initiatives within each Investment Theme:[232] Gas System Integrity and Decarbonization. PG&E describes how it seeks to provide reliability, safety, equity, affordability, and environmental benefits through projects at the portfolio level[233] and for each Initiative.[234] PG&E	PG&E delineates its proposed budget by Initiative. PG&E made several modifications in its resubmittal of its 2025 Plan in alignment with Commission guidance provided via Resolution G-3618, and as a result, **PG&E is compliant with this requirement.**

[228] Consistent with D.19-09-051 at p. 379.
[229] D.23-11-069 at p. 217 & 740.
[230] AL 5197-G Attachment B at p. 74.
[232] AL 5197-G Attachment B at p. 74, 77, & 84.
[233] AL 5197-G Attachment B at p. 43-47.
[234] AL 5197-G Attachment B at p. 79-80; 82-83; & 86-87.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
stakeholders, such as the Disadvantaged Communities Advisory Group.[231]	states that representatives presented and solicited input on the proposed 2025 Plan on April 18, 2025, and describes two questions posed by the DACAG which the representatives answered verbally.[235] PG&E includes high-level summaries from stakeholder interviews and incorporation strategies.[236] PG&E discusses feedback integrated from CPUC staff and lists related meetings held between February and May 2025, spanning briefings, feedback, and the subsequent alignment with CPUC proceedings and policies.[237] PG&E also includes Attachment C: Table Describing the Modifications Detailed in Appendix G, Resolution G-3618; PG&E details how it revised the Clean Fuels Integration Initiative to prioritize RD&D related to renewable natural gas (RNG) rather than hydrogen per Commission guidance.	
D.23-11-069 at (2) *The annual research plan should include a proposed benefits analysis framework, created in consultation with Energy Division staff. This framework should provide sufficient*	PG&E describes intended benefits from the Gas System Integrity and Decarbonization Themes and proposes a framework with suggested metrics related to reliability; safety; equity; operational efficiency and improved	The Commission's Uniform Impact Analysis Foundational Principles outline criteria for demonstrating impacts attributable to each distinct RD&D investment,[247] which must otherwise not be expected to occur.[248] PG&E

[231] D.23-11-069 at p. 218. Consistent with D.19-09-051 at p. 379.
[235] AL 5197-G Attachment B at p. 17.
[236] AL 5197-G Attachment B at p. 18-32.
[237] AL 5197-G Attachment B at p. 7; 11; 18; & 33-39.
[247] Required by California Public Utilities Code Section 740.1 at (a).
[248] D.23-04-042 at Appendix A. Consistent with Resolution G-3603 (2024) at OP 6: "Once the [EPIC] program's Uniform Impact Analysis framework is approved by the Commission, the California Energy Commission shall use this framework to demonstrate outcomes of achieving its proposed benefits for all current and future research projects including through quantitative methodologies."

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
quantitative estimates of potential safety, reliability, operational efficiency, improved affordability, environmental-related benefits, benefits to underserved communities, and numeric targets or a specified numeric range of potential benefits for projects. [238]	affordability; reduced GHG emissions; improved air quality; effectiveness of information sharing; adoption of Gas RD&D technology; technology development progress; and informed industry and/or company standards.[239] PG&E describes specific metrics for assessing ratepayer benefits at the Initiative level.[240] PG&E describes "[t]hree economic metrics which help provide valuable insights into the savings opportunities and realistic market share that a company can achieve"—Total Addressable Market (TAM); Serviceable Addressable Market (SAM); and Serviceable Obtainable Market (SOM) metrics[241]—and estimate annual savings of $32,490,000, delineated by project.[242] PG&E states that "each project proposal will include a structured impact assessment section that identifies: (1) the expected causal pathway from RD&D activity to ratepayer benefit; (2) measurable indicators aligned with Uniform Impact metrics; (3) the anticipated timeframe for realization of outcomes and impacts; and (4) a justification for why the proposed benefits would not otherwise occur absent Gas RD&D	demonstrates anticipated impacts are attributable to each Initiative through discussion on baseline scenarios. **PG&E is compliant with this requirement.**

[238] D.23-11-069 at p. 218-219. Consistent with Resolution G-3586 (2022) at OP 5.
[239] AL 5197-G Attachment B at p. 43-47 & 66-68.
[240] AL 5197-G Attachment B at p. 79; 82-83; & 86-87.
[241] AL 5197-G Attachment B at p. 48.
[242] AL 5197-G Attachment B at p. 48-62.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
	investment."[243] PG&E updated its Assumptions section in its resubmitted 2025 Plan, stating: "Reported impacts will reflect incremental, attributable benefits associated with Gas RD&D funding and will exclude benefits reasonably expected to occur absent the RD&D investment due to regulatory mandates, compliance activities, or independent market trends."[244] In particular, PG&E states that the Integrated Planning Tools to Enable Scaled-Up Gas Decommissioning and Electrification Initiative would "[create] a defensible analytical foundation for downstream benefit evaluation" and "[produce] reusable analytical methods that do not reliably exist absent RD&D"[245] and details Initiative outputs, associated near-term analytical benefits, benefit theories, metrics, and what this opportunity would enable in the future.[246]	
D.23-11-069 at (3) *PG&E should cap its administrative costs for Gas RD&D at 10%... PG&E's annual research plan should provide detail about administrative costs and require PG&E to allocate these*	PG&E proposes a total budget of $6,700,087 for its 2025 Plan, including $5,873,387 for Initiatives, Database Development, and a Program Evaluation in addition to $826,700 in Administrative costs.[250] PG&E further delineates	PG&E allocates proposed Program Administrative costs to specific categories using the required Administrative Budget template.[253] **PG&E is compliant with this requirement.**

[243] AL 5197-G Attachment B at p. 65.
[244] AL 5197-G Attachment B at p. 67.
[245] AL 5197-G Attachment B Appendix D: PG&E Gas RD&D Research Roadmap for Gas Decommissioning in Support of Zonal Electrification Braided Decision-Support Opportunities Aligned to Roles, Handoffs, And Analytical Boundaries at p. 117.
[246] AL 5197-G Attachment B Appendix D at p. 117-118; 122-123; & 126-127.
[250] AL 5197-G Attachment B at p. 74.
[253] See Resolution G-3623 at Appendix B: Administrative Budget Cost Categories.

CPUC Requirement	**PG&E Response in AL 5197-G**	**Compliance Assessment**
cost categories to its administrative budget as outlined below. [249]	administrative costs into activity categories by percentage.[251] Conflictingly, PG&E states that this "plan clarifies a total budget of $6.7 million, implying approximately $670,000 in administrative costs at the same 10 percent limit."[252]	However, PG&E's request for a Program Administrative budget of $809,200 is greater than 10 percent of its proposed total budget. Given PG&E's proposed Initiative, Database Development, and Program Evaluation costs amount to $5,873,387, PG&E would be required to cap its administrative costs at approximately $652,599 for an annual total of approximately $6,525,986. **PG&E is *not* compliant with this requirement.** However, in this Resolution, the Commission authorizes an Administrative budget of $613,333 for PG&E's 2025 Plan as outlined in Appendix B.
D.23-11-069 at (4) *In its annual research plan, PG&E should explain how its proposals for low carbon research projects (rather than zero/no carbon projects) support the State's aggressive zero-carbon goals.*[254]	PG&E states that "low-carbon RD&D projects can play a crucial role in supporting California's aggressive zero carbon goals by acting as a transitional bridge between the current energy landscape and a zero- or -low carbon future. Consistent with CPUC guidance, these investments are structured to align with active Commission proceedings and to prioritize affordability for ratepayers, particularly with respect to RNG, while carefully evaluating the appropriate role of gas ratepayers in funding	PG&E sufficiently articulates how it seeks to develop low-carbon projects to support California's zero-carbon goals while providing ratepayer benefits such as reliability and affordability. **PG&E is compliant with this requirement.**

[249] D.23-11-069 at p. 219. See Resolution G-3623 at Appendix B: Administrative Budget Cost Categories.
[251] AL 5197-G Attachment B at p. 75.
[252] AL 5196-G Attachment B Appendix C at p. 5.
[254] D.23-11-069 at p. 219-220. Reference to Resolution G-3586 (2022) at p. 20-21. "In future Plans, SoCalGas should align its RD&D investments with evolving state energy policies."

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
	hydrogen-related RD&D. These projects can address immediate emission reductions while laying the groundwork for more comprehensive, long-term decarbonization strategies." PG&E argues that: 1. Low-carbon projects which provide incremental methane emissions reductions from existing gas infrastructure and operations "still represent a substantial improvement over current emission levels." 2. "Low-carbon fuels can be integrated into the existing gas infrastructure, providing an immediate reduction in emissions while maintaining energy reliability and affordability." 3. "By developing low-carbon solutions that can be implemented within the existing energy framework, utilities can attempt to avoid economic disruption that might accompany a rapid shift to zero-carbon technologies." 4. Low-carbon projects can "allow for the gradual adaptation of infrastructure, market mechanisms, and consumer behavior." 5. "Low-carbon R&D projects align with state policies that mandate gradual emission reductions and support for renewable energy sources."[255]	

[255] AL 5197-G Attachment B at p. 69-70.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
D.23-11-069 at (5) *The annual research plan should include information on funds encumbered, spent, and unspent. The plan should also outline co-funding and collaborative partners and explain how P&GE engages with diverse academic populations. Further, PG&E should describe how its research plan will benefit underserved communities.*[256]	PG&E conducted targeted interviews with six different organizations in 2025, including University of California Riverside and Irvine.[257] PG&E describes its collaborative partners, including public agencies, research consortia, national laboratories, and universities.[258] PG&E describes its coordination with Gas RD&D administrators, including bi-weekly coordination meetings,[259] and describes "engagements [which] informed how the proposed Gas RD&D research can appropriately leverage, translate, and build upon existing electrification and gas decommissioning analyses supported by the Commission and the CEC, while maintaining PG&E's role as a downstream analytical contributor and avoiding duplication of Commission- or CEC-administered research activities."[260] PG&E states that it intends to lead and fully fund each project in its Project List.[261] See PG&E Response in AL 5197-G to D.23-11-069 at (2) for information on intended benefits from each Initiative, including to underserved communities.	PG&E details collaboration with other Gas RD&D administrators and entities. PG&E includes detail at the Initiative level on its intended role for each project. PG&E has not had any Gas RD&D funding approved via Resolution since D.23-11-069 was issued and therefore appropriately reports $0 in spent funds. PG&E discusses anticipated benefits to underserved communities for each Initiative: See Compliance Assessment of D.23-11-069 at (2). **PG&E is compliant with this requirement.**
D.23-11-069 at (6) *PG&E shall hold an annual workshop prior to submitting its*	PG&E held an annual workshop prior to submitting its 2025 Plan on April 15, 2025,	CPUC granted PG&E an extension to hold the workshop less than 90 days in advance of Plan

[256] D.23-11-069 at p. 220.
[257] AL 5197-G Attachment B at p. 13.
[258] AL 5197-G Attachment B at p. 71-73.
[259] AL 5197-G Attachment B at p. 16.
[260] AL 5197-G Attachment B at p. 17.
[261] AL 5197-G Attachment B at Appendix E.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
Tier 3 Advice Letter Annual Gas RD&D Investment Plan and shall consult with Energy Division to develop the workshop agenda. The annual workshop shall be held at least 90 days before submitting its annual Gas RD&D research plan to the CPUC to allow sufficient time to incorporate stakeholder feedback. At these workshops, PG&E shall present the results of the previous year's RD&D program and obtain input regarding its proposed spending for the following calendar year. The workshop shall follow the guidance of D.19-09-051 Ordering Paragraph 30. [262]	presenting the results of the previous year's program and obtaining input regarding its proposed funding allocations for the following year. PG&E includes high-level summaries from interviews and incorporation strategies.[263]	submittal. PG&E engaged relevant, diverse stakeholders in its Annual Workshop held on March 31, 2025. **PG&E is compliant with this requirement.**
D.23-11-069 at (7) *Prior to the workshop, PG&E should submit its RD&D annual report to Energy Division staff describing prior years' RD&D program including a summary of ongoing and completed projects; funds expended, funding recipients, and leveraged funding; and an explanation of the process used for selecting RD&D project areas as well as*	PG&E submitted its 2024 Gas RD&D Annual Report on March 31, 2025, prior to holding its Annual Workshop on April 15, 2025. PG&E provided a summary of ongoing and completed projects,[265] detailed $1,863,639 in funds expended,[266] listed 2024 funding recipients,[267] and described the process used for selecting projects[268] and structure of PG&E's Gas RD&D portfolio.[269] PG&E stated that "on average, every dollar of Gas RD&D funding expended on	PG&E submitted its 2024 Gas RD&D Annual Report on March 31, 2025, prior to holding its Annual Workshop on April 15, 2025. In its Annual Report, PG&E summarizes ongoing and completed projects, leveraged funding, and its project selection process as required. **PG&E is compliant with this requirement.** However, PG&E has not had any Gas RD&D funding approved via Resolution since D.23-11-

[262] D.23-11-069 at p. 220. Consistent with D.19-09-051.
[263] AL 5197-G Attachment B at p. 18-32.
[265] 2024 Gas RD&D Annual Report at p. 62-147.
[266] 2024 Gas RD&D Annual Report at p. 16.
[267] 2024 Gas RD&D Annual Report at p. 20.
[268] 2024 Gas RD&D Annual Report at p. 34-37.
[269] 2024 Gas RD&D Annual Report at p. 39-52.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
the structure of PG&E's RD&D portfolio.[264] See also: Resolution G-3618 at p. 19: *For clarity in reporting, PG&E shall indicate which projects have been funded via previous GRC cycles or other funding mechanisms as these are not affiliated with Investment Plans approved within this Gas RD&D Program.*	projects is matched by $22 of funding from other sources in 2024."[270] In its 2025 Plan, PG&E states that it "separately allocates, tracks, and reports Gas RD&D expenditures using a centralized project-level database that records ratepayer-funded research, development, and demonstration activities. The system provides project- and portfolio-level visibility into approved budgets, forecasts, actual expenditures, and unspent balances, and supports transparent reporting and oversight processes used to demonstrate compliance with Commission-adopted spending limits."[271]	069 was issued and therefore should clarify the authorized Gas RD&D funding sources relevant to its Annual Reports. PG&E should also reflect key information from its centralized project-level database.
D.23-11-069 at: (8) *PG&E shall provide Energy Division staff with the workshop presentation materials as well as documentation on stakeholders consulted in the development of RD&D projects, both at least one week before the workshop.* (9) *PG&E shall engage relevant stakeholders to encourage their attendance at the workshop, such as the California Energy Commission, the Disadvantaged Communities Advisory Group, the U.S. Department of Energy, and other*	PG&E states that it leveraged its Gas RD&D website, CPUC proceeding service lists, and its Diversity Equity Inclusion & Belonging (DEIB) team to notice the workshop, ultimately engaging attendees from 39 different organizations in 2025.[273] PG&E includes high-level summaries from interviews and incorporation strategies[274] and details an Annual Stakeholder Workshop Attendee Organization List, which includes national laboratories, public agencies, industry organizations, universities, minority-serving organizations (MSIs),	PG&E engaged relevant, diverse stakeholders in its Annual Workshop held on April 15, 2025. **PG&E is compliant with this requirement.**

264 D.23-11-069 at p. 220.
270 2024 Gas RD&D Annual Report at p. 17.
271 AL 5197-G Attachment B at p. 75.
273 AL 5197-G Attachment B at p. 14-15.
274 AL 5197-G Attachment B at p. 18-32.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
organizations engaged in gas research and development.[272]	community-based organizations (CBOs), Tribal Nations, and private companies.[275]	
D.23-11-069 at (10) *PG&E's research plan should allocate approximately $296,400 to an evaluation or audit.*[276]	PG&E proposes to allocate $294,400 towards its proportional share of a comprehensive Gas RD&D Program Evaluation.[277]	PG&E allocated $296,400 to a comprehensive Gas RD&D Program Evaluation. **PG&E is compliant with this requirement.** However, the Commission denies PG&E's proposed budget allocation in its 2025 Plan of $294,400 for its proportional share of a Gas RD&D Program Evaluation. Instead, the Commission seeks to establish a holistic process for allocating the funds and conducting the evaluation.
D.23-11-069 at (11) *PG&E's research plan may separately allocate and track funds for gas research development and deployment in one database that tracks all ratepayer-funded R&D and Development projects across these industries.*[278]	PG&E proposes to allocate $56,987 towards its proportional share of developing a comprehensive Gas RD&D Database.[279]	PG&E allocated funds for a Gas RD&D Database. **PG&E is compliant with this requirement.** However, the Commission denies PG&E's proposed budget allocation in its 2025 Plan of $56,987 for its proportional share of developing a comprehensive Gas RD&D Database. Instead, the Commission seeks to establish a holistic process for allocating the funds and developing the database.

272 D.23-11-069 at p. 220-221.
275 AL 5197-G Attachment B at p. 15.
276 D.23-11-069 at p. 221.
277 AL 5197-G Attachment B at p. 74.
278 D.23-11-069 at p. 221.
279 AL 5197-G Attachment B at p. 74.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
Public Utilities Code 740.1[280] at: (a) *Projects should offer a reasonable probability of providing benefits to ratepayers.* [281] (b) *Expenditures on projects which have a low probability for success should be minimized.*[282]	See PG&E Response in AL 5197-G to D.23-11-069 at (2) for information on intended benefits from each Initiative. PG&E states that "[p]roject proposals are evaluated using defined technical milestones, probability-of-success screening criteria, and stage-gated funding controls to minimize expenditures on projects with low likelihood of success."[283] PG&E states that it plans to renew its membership in three research consortia", amounting to $364,868 in calendar year 2026.[284] PG&E states that "[c]onsortia membership dues are categorized as Administrative Activities under Program Administrative costs."[285]	PG&E largely demonstrates ratepayer benefit for each Initiative: See Compliance Assessment of D.23-11-069 at (2). Prospective funding for membership dues is appropriately captured in PG&E's Administrative Activities under Program Administrative costs. **PG&E is compliant with these requirements.**
Public Utilities Code 740.1 at (d) *Projects should not unnecessarily duplicate research currently, previously, or imminently undertaken by other electrical or gas corporations or research organizations.*[286]	PG&E discusses high-level coordination with other Gas RD&D administrators.[287] In its resubmittal of its 2025 Plan, PG&E states it removed the Sustainable Energy Solutions Initiative because "proposed projects were deemed duplicative to efforts led by the	For Integrated Planning Tools to Enable Scaled-Up Gas Decommissioning and Electrification, PG&E thoroughly demonstrates that proposed investments do not unnecessarily duplicate research currently, previously, or imminently

280 The Commission's compliance assessment of California Public Utilities Code 740.1 at (c) is captured in the compliance assessment of AL 5069-G with D.23-11-069 at (2) and (4) above.
281 California Public Utilities Code Section 740.1 at (a).
282 California Public Utilities Code Section 740.1 at (b).
283 AL 5197-G Attachment B at p. 43.
284 AL 5197-G Attachment B at p. 89. Consistent with Resolution G-3586 (2022) at OP 5. "Provide detail quantifying research funding allocations by research consortium, as well as project costs related to each consortium."
285 AL 5197-G Attachment B at p. 75.
286 California Public Utilities Code Section 740.1 at (d). Consistent with: Resolution G-3603 (2024) at OP 4 & D.24-12-074 at p. 327.
287 AL 5197-G Attachment B at p. 15-17.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
	California Energy Commission."[288] PG&E states its intended role for each project is the lead[289] and provides Initiative-level detail: • Innovative and Cost-Effective Integrity Management: Identical in its 2025 Plan[290] to its proposal in its 2024 Plan,[291] however, the projects proposed in each Plan differ.[292] As compared to existing Gas RD&D activities conducted by other administrators, PG&E states that there is no duplication as it is prioritizing the specific needs of PG&E.[293] PG&E states that it plans to "convene regularly with the other Gas R&D Administrators to proactively identify potential areas of overlap and explore opportunities for collaboration and synergy across their respective portfolios."[294] • Integrated Planning Tools to Enable Scaled-Up Gas Decommissioning and Electrification: PG&E states it avoids duplication by "[consuming] authoritative external outputs as inputs" and details prior ecosystem activity,	undertaken. For this Initiative, **PG&E is compliant with this requirement.** However, for the following two Initiatives, PG&E does not sufficiently demonstrate that proposed investments do not unnecessarily duplicate research currently, previously, or imminently undertaken by differentiating similar RD&D led by other Gas RD&D administrators, including: • Innovative and Cost-Effective Integrity Management from SoCalGas' (i) Operations Technology & (ii) System Inspection & Monitoring Initiatives. • Clean Fuel Integration from SoCalGas' (i) System Design & Materials, (ii) RNG Infrastructure Optimization, (iii) Low Carbon Fuels Technology, and (iv) Low Carbon Fuels Integration Initiatives. For these two Initiatives, **PG&E is *not* compliant with this requirement.**

288 AL 5196-G Attachment B at p. 5.
289 AL 5197-G Attachment B at Appendix E.
290 AL 5197-G Attachment B at p. 77-81.
291 AL 5196-G Attachment B at p. 70-73.
292 AL 5196-G Attachment B Appendix & AL 5176-G Attachment B Appendix E: 2025 Gas RD&D Project List.
293 AL 5197-G Attachment B at p. 87.
294 AL 5197-G Attachment B at p. 81.

CPUC Requirement	PG&E Response in AL 5197-G	Compliance Assessment
	what that work established, how it feeds this opportunity, and the targeted Gas RD&D opportunity.[295] Clean Fuels Integration: As compared to existing Gas RD&D activities conducted by other administrators, PG&E states that "RNG analyzer testing will take place in PG&E's territory. PG&E Gas RD&D's expected role is to lead the research for new technology development, evaluation, fi industry."[296] PG&E states that it plans to "convene regularly with the other Gas R&D Administrators to proactively identify potential areas of overlap and explore opportunities for collaboration and synergy across their respective portfolios."[297]	
Public Utilities Code 740.1 at (e) *Each project should also support one or more of the following objectives:* (1) *Environmental improvement.* (2) *Public and employee safety.* (3) *Conservation by efficient resource use or by reducing or shifting system load.* (4) *Development of new resources and processes, particularly renewable resources and processes which further supply technologies.*	PG&E proposes budget allocations broken down by Initiatives within each Investment Theme:[299] Gas System Integrity and Decarbonization. Initiatives within the Gas System Integrity Theme include Innovative and Cost-Effective Integrity Management and Integrated Planning Tools to Enable Scaled-Up Gas Decommissioning and Electrification. PG&E also proposes a Clean Fuels Integration Initiative within the Decarbonization Theme.	Each of PG&E's proposed Initiatives supports one or more of the required objectives. **PG&E is compliant with this requirement.**

295 AL 5197-G Attachment B Appendix D at p. 116-118, 121, & 126.
296 AL 5197-G Attachment B at p. 87.
297 AL 5197-G Attachment B at p. 87.
299 AL 5197-G Attachment B at p. 74, 77, & 84.

CPUC Requirement	**PG&E Response in AL 5197-G**	**Compliance Assessment**
(5) *Improve operating efficiency and reliability or otherwise reduce operating costs.*[298]		

[298] California Public Utilities Code Section 740.1 at (e).

APPENDIX H: Compliance Assessment of PG&E's 2026 Plan Submitted via Advice Letter 5222-G

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
[1] D.23-11-069 at p. 217-218. *PG&E shall not record any Gas [RD&D] program expenses in a one-way balancing account until an annual Tier 3 Advice Letter [AL] outlining its Gas RD&D budget plan is approved.*[300] D.23-11-069 approved a Test Year 2023 Gas RD&D budget of $7.414 million and escalation factor authorizing an $8,267,000 million annual budget cap for PG&E's 2026 Plan,[301] pending Commission approval.[302]	PG&E submitted its proposed 2026 Gas RD&D Plan via Tier 3 AL 5222-G on June 1, 2026, requesting an $8,267,000 budget.[303]	PG&E's request for approval of its 2026 Plan submitted via Tier 3 AL with an annual budget of $8,267,000 is consistent with the authorized budget. **PG&E is compliant with this requirement.** However, the Commission authorizes a budget of $7,874,348 for PG&E's 2026 Plan as outlined in Appendix B.
[2] D.23-11-069 at (3) *PG&E should cap its administrative costs for Gas RD&D at 10%... PG&E's annual research plan should provide detail about administrative costs and require PG&E to allocate these cost categories to its administrative budget as outlined below.* [304]	PG&E proposes a total budget of $8,267,000 for its 2026 Plan, including $826,700 for Program Administrative costs. PG&E further delineates administrative costs into activity categories by percentage.[305]	PG&E's request for $826,700 for Program Administrative costs, delineated by authorized activities using the provided template, is within the 10% budget cap. **PG&E is compliant with this requirement.**

300 Consistent with D.19-09-051 at p. 379.
301 The Commission authorized an $8.267 million budget cap for PG&E's 2025 Gas RD&D Plan. The Commission may have authorized a budget cap higher than $8.267 million for PG&E's 2026 Plan based on the authorized escalation factor in D.23-11-069, however, PG&E only proposed a 2026 Plan budget of $8.267 million.
302 D.23-11-069 at p. 217 & 740.
303 AL 5222-G Attachment A at p. 9.
304 D.23-11-069 at p. 219. See Resolution G-3623 at Appendix C: Administrative Budget Cost Categories.
305 AL 5222-G Attachment A at p. 9-10.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
		However, the Commission authorizes an Administrative budget of $787,435 for PG&E's 2026 Plan as outlined in Appendix B.
[3] D.23-11-069 at (10) *PG&E's research plan should allocate approximately $296,400 to an evaluation or audit.*[306]	PG&E proposes to allocate $294,400 towards its proportional share of a comprehensive Gas RD&D Program Evaluation.[307]	PG&E allocated $296,400 to a comprehensive Gas RD&D Program Evaluation. **PG&E is compliant with this requirement.** However, the Commission denies PG&E's proposed budget allocation in its 2026 Plan of $294,400 for its proportional share of a Gas RD&D Program Evaluation. Instead, the Commission seeks to establish a holistic process for allocating the funds and conducting the evaluation.
[4] D.23-11-069 at (11) *PG&E's research plan may separately allocate and track funds for gas research development and deployment in one database that tracks all ratepayer-funded R&D and Development projects across these industries.*[308]	PG&E proposes to allocate $56,987 towards its proportional share of developing a comprehensive Gas RD&D Database.[309]	PG&E allocated funds for a Gas RD&D Database. **PG&E is compliant with this requirement.** However, the Commission denies PG&E's proposed budget allocation in its 2026 Plan of $56,987 for its proportional share of developing a comprehensive Gas RD&D Database. Instead, the Commission seeks to establish a holistic

306 D.23-11-069 at p. 221.
307 AL 5222-G Attachment A at p. 9.
308 D.23-11-069 at p. 221.
309 AL 5222-G Attachment A at p. 9.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
		process for allocating the funds and developing the database.
[5] Resolution G-3618[310] at p. 19. *PG&E shall submit its Annual Gas RD&D Reports prior to holding Public Workshops in accordance with D.23-11-069,[311] each by March 1 annually. PG&E shall include information on all active and recently completed projects. For clarity in reporting, PG&E shall indicate which projects have been funded via previous GRC cycles or other funding mechanisms as these are not affiliated with Investment Plans approved within this Gas RD&D Program. In future reporting, PG&E shall clearly delineate projects that may be funded within this Gas RD&D Program, including the specific Initiative and approved Investment Plan associated with each project.[312]*	PG&E submitted its 2025 Gas RD&D Annual Report on March 31, 2026, after receiving an extension requested February 13, 2026, including Appendix 2: Project Reporting. PG&E reports investing $1,136,755 in 18 projects in 2025.[313] PG&E states that "PG&E's Gas RD&D program operates under the authority of the [CPUC] and California Public Utilities Code § 740.1, which authorizes the use of ratepayer funds for research, development, and demonstration activities… [and] is governed by CPUC decisions, resolutions, and advice letter determinations that establish program scope, funding levels, reporting requirements, and oversight expectations."[314] See PG&E Response in AL 5222-G to CPUC Requirement [10] in this Appendix for information on PG&E's Public Workshop.	PG&E provided information on active and recently completed projects in its Annual Gas RD&D Report, submitted March 31, 2026, per an extension. **PG&E is compliant with this requirement.** However, PG&E should clarify in future Annual Reports which spending has been funded by ratepayers as authorized via specific Resolutions approving PG&E Annual Gas RD&D Plans. See the Commission's Compliance Assessment of AL 5222-G with CPUC Requirement [10] in this Appendix for information on PG&E's Public Workshop.
[6] Resolution G-3618 at p. 20. Initiative Criteria 1. Policy Priority. *[PG&E shall demonstrate] Alignment with and prioritization of critical gaps and needs*	Innovative and Cost-Effective Integrity Management: Addresses two utility-relevant gaps relevant to Commission priorities identified in R.13-11-006, R.15-01-008, D.15-06-044 / General Order No. 112-F, and R.24-09-	PG&E provides detail linking this Initiative to Commission priorities identified in proceedings, particularly to maintain safety and reliability, promote affordability, and provide insights on

[310] Resolution G-3618 (2026) requirements apply to PG&E's 2026 Gas RD&D Plan and beyond.
[311] Consistent with D.23-11-069 at p. 220.
[312] Consistent with D.23-11-069 at (7) at p. 220.
[313] PG&E 2025 Annual Gas RD&D Report at p. 12.
[314] PG&E 2025 Annual Gas RD&D Report at p. 10-11.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
identified in State goals[315] and specific CPUC policies and proceedings[316] to demonstrate ratepayer benefit, informed by consultation with CPUC staff.[317]	012 while describing distinct incremental impacts anticipated from this Initiative:[318] • Underground storage well integrity management can still rely on costly, intrusive, and periodic inspection methods where continuous or on-demand condition monitoring remains limited. • Existing stress corrosion cracking direct assessment (SCCDA) methods face important limitations in cased pipeline crossings, where shielding, restricted access, and signal interference can make assessment difficult and increase reliance on invasive or costly approaches.	changing conditions through the gas transition. PG&E shall continue to coordinate with CPUC staff through Plan implementation to ensure ongoing alignment with CPUC proceedings. **PG&E is compliant with this requirement.**
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification: R.20-05-003, R.21-06-017, R.24-01-018, R.24-09-012, and D.25-12-042 (SB 1221) identify the need for structured, transparent, and comparable methods to evaluate gas system transition and decommissioning considerations using inputs that originate across multiple planning domains. Through structured translation of inputs, decomposition of complex planning questions into cost, risk, constraint, and feasibility components, and scenario-based approaches that preserve uncertainty, this Initiative provides distinct value by supporting consistent,	PG&E was responsive to feedback from CPUC staff aimed at aligning Gas RD&D investments with CPUC policies and proceedings by creating this Initiative upon consultation with staff, who emphasized the Commission's affordability concerns with a shrinking gas rate base. This Initiative is reflective of CPUC priorities by providing insights on cost, risk, constraint, and feasibility components to support consistent, transparent, and repeatable evaluation of

[315] Consistent with D.23-11-069 at (4) at p. 219-220.
[316] Consistent with California Public Utilities Code Section 740.1 at (e).
[317] See also: Resolution G-3618 (2026) at p. 21. Pre-Submittal Consultation with CPUC Subject Matter Experts. "PG&E shall consult with CPUC staff to seek and integrate feedback prior to Plan submittal, and this consultation shall be documented at the Initiative level in Plans. This consultation is intended to promote ratepayer benefit and create efficiencies in the Commission's Plan review and approval by proactively aligning proposed investments with priority Gas RD&D-related technology, market needs, and emerging opportunities as identified in CPUC proceedings and policies."
[318] AL 5222-G Attachment A at p. 15-21.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	transparent, and repeatable evaluation of gas system transition questions across system segments and future conditions.[319]	gas system transition questions across system segments and future conditions. PG&E shall continue to coordinate with CPUC staff through Plan implementation to ensure ongoing alignment with CPUC proceedings. **PG&E is compliant with this requirement.**
	<u>Clean Fuels Integration:</u> R.13-02-008, D.22-02-025, R.22-12-011, D.22-12-057, D.23-08-046, R.24-09-012, and D.26-04-044 establish a regulatory and planning framework that enables biomethane and other cleaner gaseous fuels to be evaluated through clearer gas quality requirements, more workable interconnection approaches, transparent treatment of ratepayer impacts and cost allocation, and more consistent long-term planning assumptions.[320]	PG&E states that this Initiative aligns with Commission priorities identified in proceedings and by CPUC staff to lower interconnection costs and other feasibility obstacles specifically related to biomethane. PG&E shall continue to coordinate with CPUC staff through Plan implementation to ensure ongoing alignment with CPUC proceedings. **PG&E is compliant with this requirement.**
[7] Resolution G-3618 at p. 20. Initiative Criteria 2. Identified Need. *[PG&E shall demonstrate] Innovation and differentiation from existing RD&D activities to support complementary rather than duplicative efforts, informed by specific consultation with other Gas RD&D Administrators. Demonstrate that the Initiative will leverage*	<u>Innovative and Cost-Effective Integrity Management:</u> • Integrity management in hard-to-access or constrained operating environments remains costly, disruptive, and difficult to assess using conventional methods. • Current practices often rely on intrusive inspections, limited condition snapshots, or resource-intensive field activities that can affect operations and increase uncertainty. • Existing approaches provide limited ability to continuously monitor conditions, focus attention on	PG&E describes its methodology to leverage specific, successive, complementary PG&E projects and those of other administrators, particularly the CEC, to address a focused research question to reduce resource intensity while moving beyond routine inspection. PG&E provides that the analysis will be relative to existing inspection and

319 AL 5222-G Attachment A at p. 28-30.
320 AL 5222-G Attachment A at p. 38-40.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
existing progress while providing distinct additional value.[321]	higher-risk locations, or evaluate integrity threats where direct access and conventional signals are limited.[322] • Complementary PG&E projects prior to 2026 through 2029 collectively seek to answer: How can underground storage well integrity be monitored in real-time while reducing reliance on costly intrusive inspection that has risk of well entry damage?[323] • Focus on applied validation, feasibility assessment, and practical evaluation under PG&E-relevant operating conditions. • Completed field demonstration projects by CEC on fiber-optic monitoring research leveraged: "PG&E's role in this initiative is the next applied step: field pilot expansion to additional wells, improvement of installation practices, development of AI/ML-enabled analytics, and production of a cost-saving quantification tool." • Defining constraints and requirements, screening candidate methods, validating feasibility under representative conditions, and documenting approaches will address lack of techno-economically	assessment practices. **PG&E is compliant with this requirement.** However, PG&E should document coordination with SoCalGas and clearly differentiate this Initiative from SoCalGas' specific completed, active, and proposed RD&D projects involving lower-cost inspection and storage well and asset integrity continuous monitoring technologies, particularly involving AI/ML and fiber-optics.[325] Similar RD&D projects may be justified if activities must be conducted under different specific conditions or demonstrated for fundamentally different applications.

[321] Consistent with California Public Utilities Code Section 740.1 at (d) & D.23-11-069 at p. 220. See also: Resolution G-3618 (2026) at p. 21. Intra-Administrator Coordination. "PG&E shall be proactive in collaborating with the other Gas RD&D administrators, the California Energy Commission (CEC) and Southern California Gas (SoCalGas) Company, to promote and demonstrate complementary rather than duplicative RD&D activities. PG&E shall document this coordination in Gas RD&D Plans at the Initiative level, including by differentiating proposed Initiatives from similar activities, demonstrating how research outcomes inform future proposals, and defining PG&E's specific intended role for each proposed Initiative."
[322] AL 5222-G Attachment A at p. 14-15.
[323] AL 5222-G Attachment A at p. 25.
[325] SoCalGas' Proposed 2026 Gas RD&D Plan (submitted via AL 6645-G) at p. 30-34. System Inspection & Monitoring Initiative.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	viable assessment methods for stress corrosion cracking in cased crossings.[324]	
	<u>Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification</u>: • Gas decommissioning and electrification planning relies on statutes, Commission guidance, electric-side studies, and third-party research that are not structured for direct use in utility planning. As a result, key inputs are often interpreted inconsistently across studies. • Feasibility, cost, affordability, risk, and timing are often evaluated through bundled assumptions or single-path scenarios, making it difficult to understand tradeoffs or compare results across system segments. • Pilot and demonstration results are frequently captured as one-off program outcomes rather than reused to inform future planning decisions. • A consistent, non-duplicative analytical approach is needed to enable clear, comparable evaluation of decommissioning considerations across system segments and future conditions. • Complementary PG&E projects prior to 2026 through 2029 collectively seek to establish a consistent basis to compare gas decommissioning options.[326] • This Initiative focuses on input translation, including from CEC's gas decommissioning work, question decomposition, and reusable documentation of results to provide a distinct planning capability that connects	PG&E describes its targeted methodology to leverage specific, successive, complementary PG&E projects and those of other administrators, particularly the CEC by integrating external research and policy direction to meet the identified need of a consistent basis to compare gas decommissioning pathways. **PG&E is compliant with this requirement.**

[324] AL 5222-G Attachment A at p. 26.
[326] AL 5222-G Attachment A at p. 27-28.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	policy direction and external research to utility-specific analysis.[327]	

	<u>Clean Fuels Integration</u>:
	• High cost and long cycle times for RNG interconnection and pipeline injection under varying project conditions.
	• Lack of repeatable, fit-for-purpose gas quality analysis and trace constituent monitoring as RNG volumes and feedstocks diversify.
	• Need for a more consistent planning-level basis to evaluate biomass-to-RNG pathways, including biochar management, life-cycle emissions, and logistics tradeoffs under real operating conditions.[328]
	• Complementary PG&E projects prior to 2026 through 2029 collectively seek to answer:
	  o What measurable characteristics and threshold ranges define biochar that is safe to handle and suitable for specific end uses?
	  o How do emissions outcomes change across realistic logistics and operating scenarios and which assumptions drive results?
	• Uniquely designed around the practical questions a utility, regulator, or planner may need to answer when comparing how cleaner fuels could actually move from concept to integration.
	• CEC programs, EPIC administrators, national laboratories, industry groups, and market actors often
		PG&E describes the existing landscape of technology development, field equipment, supply assessments, aggregation models, end-use market formation, and broader standards development conducted by the CEC and other research, industry, and market actors. PG&E details specific, successive, complementary PG&E projects and those of other administrators, particularly the CEC, and states that funding for this Initiative would play a narrower, distinct role to target the identified need for translating the broader body of work into utility-relevant validation, comparison methods, and decision-support outputs that can be used in planning, interconnection evaluation, and regulatory review. **PG&E is compliant with this requirement.**
		
		PG&E should document and detail plans for ongoing coordination with SoCalGas and clearly differentiate this Initiative from SoCalGas' specific completed,

327 AL 5222-G Attachment A at p. 34-35.
328 AL 5222-G Attachment A at p. 37.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	focus on upstream technology development, field equipment, supply assessments, aggregation models, end-use market formation, or broader standards development. PG&E's role here is narrower and more applied: to translate that broader body of work into utility-relevant validation, comparison methods, and decision-support outputs that can be used in planning, interconnection evaluation, and regulatory review. o Complementary to but distinct from EPIC 3.47, Operational Vegetation Management Efficiency Through Novel Onsite Equipment, and EPIC 4.19, Woody Supply Chain. [329]	active, and proposed RNG-related RD&D projects[330] through Plan implementation.
[8] Resolution G-3618 at p. 20. Initiative Criteria 3. Proposed Solution. *[PG&E shall] Describe Research Topics, anticipated near-term project outputs commensurate with the proposed funding level, and intended pathways to scale, commercialize, and otherwise utilize results from RD&D activities to promote technology transfer and market facilitation.*	Innovative and Cost-Effective Integrity Management: • Advance and field-demonstrate monitoring and assessment approaches that improve visibility into asset condition in constrained environments. • Develop and validate analytic methods that convert monitoring and inspection data into interpretable indicators for integrity assessment and prioritization of field activities. • Evaluate implementation requirements, technical performance, and practical deployment considerations for non-intrusive or minimally intrusive approaches. • Establish structured methods to compare feasibility, cost, and operational value relative to existing inspection and assessment practices.[331] • Inform applications across technology developers, service providers, and other utilities using validation	PG&E details structured methods, validation results, performance benchmarks, feasibility findings, installation and workflow guidance, and cost-quantification tools as intended deliverables to be utilized by technology developers, service providers, and other utilities as indicators for integrity assessment and to prioritize of field activities. **PG&E is compliant with this requirement.**

[329] AL 5222-G Attachment A at p. 44.
[330] SoCalGas' Proposed 2026 Gas RD&D Plan (submitted via AL 6645-G) at p. 45-49. RNG Infrastructure Optimization Initiative.
[331] AL 5222-G Attachment A at p. 14-15.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	results, performance benchmarks, feasibility findings, installation and workflow guidance, and cost-quantification tools.[332]	
	Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification: • Develop structured analytical methods and tools that enable consistent and transparent evaluation of decommissioning options across PG&E's system. • Translate policy direction and electric-side planning outputs into clearly documented inputs that define where and under what conditions gas infrastructure can be considered for decommissioning. • Structure decommissioning questions into discrete cost, risk, constraint, and feasibility components so tradeoffs can be evaluated transparently across system segments. • Apply scenario-based framing and structured learning to compare outcomes across different future conditions and reuse insights from prior studies and pilots. • Provide reusable methods and supporting materials—including structured templates, assumption documentation, and scenario constructs—that support consistent application across planning efforts.[333] • Progress from translating policy direction and planning inputs into clearly documented assumptions, to structuring decommissioning questions into cost, risk, constraint, and feasibility components, and	PG&E identifies reusable analytical methods and supporting materials, including structured templates, assumption documentation, and scenario constructs, as intended deliverables aimed at establishing a consistent basis to assess conditions and effectively compare gas decommissioning options. PG&E states that these learnings can be applied across different future conditions and planning efforts to assess cost, risk, constraint, and feasibility components. PG&E defined specific technical, operational, and cost challenges it seeks to address per CPUC staff feedback. **PG&E is compliant with this requirement.**

[332] AL 5222-G Attachment A at p. 23-24.
[333] AL 5222-G Attachment A at p. 27-28.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	applying scenario-based evaluation to compare outcomes and capture reusable insights.[334]	
	Clean Fuels Integration: • Develop and validate more repeatable, lower cost interconnection and pipeline injection approaches where feasible. • Improve gas quality analysis and trace constituent monitoring through applied testing, validation, and evaluation of fit-for-purpose measurement methods. • Develop planning support methods for biomass-to-RNG pathways, including biochar quality, safety, and usability thresholds and operating-realistic life-cycle emissions and logistics analysis.[335] • Utilize pathways including standardization, validation, integration, and coordination to ensure that RD&D outputs translate into measurable, system-wide benefits.	PG&E states that it would conduct applied testing, validation, and evaluation of fit-for-purpose measurement methods to reach the objectives of this Initiative. PG&E describes its intended pathway to scale RD&D outputs via standardization, validation, integration, and coordination. **PG&E is compliant with this requirement.**
[9] Resolution G-3618 at p. 20-21. Initiative Criteria 4. Anticipated Impacts. *[PG&E shall demonstrate:]* *a. Reasonable probability of providing California ratepayer benefit*[336] *by locating projects in the State of California*[337] *and detailed planned methodologies for tracking and*	All Initiatives: Table 4.4 summarizes project-level estimated annual financial benefits, deployment timing, baseline scenarios, and attribution categories. PG&E Gas RD&D staff estimates annual savings of $48,240,000 in ratepayer-funded gas operation costs across proposed projects, assessed using three economic metrics: • Total Addressable Market (TAM): The full set of potential applications or use cases for a product, service, or solution.	PG&E provides detailed planned methodologies for tracking and evaluating economic impacts from investments for each Initiative consistent with the Foundational Principles. However, PG&E must sort the content in the "Attribution Category" column into the RD&D program areas across the product development cycle detailed in

334 AL 5222-G Attachment A at p. 33-34.
335 AL 5222-G Attachment A at p. 37.
336 Consistent with California Public Utilities Code Section 740.1 at (a) & (b).
337 Consistent with Resolution G-3601 (2023) at OP 5.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
evaluating quantitative impacts from investments through the use of the Electric Program Investment Charge (EPIC) Program's Uniform Impacts Analysis Foundational Principles.[338] *b. Cost-effectiveness and protection of affordability to ratepayers.*[339] *c. Promote equity and provide benefits to Environmental & Social Justice (ESJ) communities, informed by consultation with community-based organizations (CBOs)*[340] *and the Commission's most current ESJ Action Plan.*[341]	• Serviceable Addressable Market (SAM): The portion of that total opportunity that can realistically be served within a defined operating context. • Serviceable Obtainable Market (SOM): The portion of the serviceable opportunity that can realistically be achieved over a defined period of time. PG&E coordinated with other Gas RD&D administrators to present its proposed Initiatives and seek input via a public workshop, including community-based organizations and a dedicated ESJ panel, on February 27, 2026: see PG&E Response in AL 5222-G to CPUC Requirement [10] in this Appendix for information on PG&E's Public Workshop. PG&E also coordinated with other Gas RD&D administrators to present its proposed Initiatives to the Disadvantaged Communities Advisory Group (DACAG) on March 20, 2026.	Appendix E of this Resolution for clarity on Proposed Solutions and Anticipated Impacts. See Initiative-specific compliance assessments below:
	<u>Innovative and Cost-Effective Integrity Management</u>: a. Key ratepayer benefits: ○ Affordability: Supports lower integrity management costs by improving targeting of field activities and reducing reliance on unnecessarily invasive inspection practices. ○ Safety: Improves identification and prioritization of integrity threats in complex or difficult-to-assess environments, supporting safer evaluation and response.	PG&E provides detail on how it intends to move beyond operations and maintenance activities with this Initiative funding per public feedback. PG&E details baseline scenarios and attribution categories related to economic metrics assessed using TAM, SAM, and SOM. PG&E also describes several anticipated benefits and some associated metrics, including lower integrity management

338 D.23-04-042 at Appendix A. Consistent with D.23-11-069 at (1) & (2) at p. 218-219.
339 D.23-11-069 at (1) at p. 218.
340 Consistent with D.23-11-069 at (1) at p. 218.
341 Consistent with D.23-11-069 at (1) at p. 218. See: Environmental & Social Justice (ESJ) Action Plan Version 2.0 (2022).

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	o Reliability: Reduces avoidable operational disruption by enabling earlier insight into asset condition and more effective planning of inspection activities. o Environmental: Strengthens the ability to identify and evaluate integrity conditions that could contribute to emissions or other environmental impacts.[342] b. Supports cost-effectiveness by improving targeting of high-cost field activities, reducing unnecessary intrusive work, and enabling more efficient sequencing and prioritization of integrity-management efforts over time.[343] c. Seeks to improve safety and how integrity conditions are assessed in ESJ communities, particularly places where conventional methods can be intrusive, disruptive, or limited through more targeted field activity, improved condition awareness near affected assets, and more consistent attention to risk where direct assessment is difficult.[344]	costs and service disruptions associated with affordability and reliability benefits. However, PG&E does not clearly state metrics to track and evaluate impacts from investments to demonstrate each anticipated benefit upon implementation. PG&E also does not demonstrate that it will account for the full costs associated with AI/ML applications, including increased energy consumption, cloud services, data storage, and processing requirements or that human decision-making authority will be retained per CPUC staff feedback. PG&E must provide further detail on planned methodologies for tracking and evaluating quantitative impacts from investments via specific metrics for each intended benefit as appropriate, particularly reflective of AI/ML full costs. **The Commission requires greater clarity from PG&E to align the proposal with requirements.**
	<u>Integrated Planning Tools to Enable Scaled Up Gas Decommissioning and Electrification</u>: a. Key ratepayer benefits:	PG&E details baseline scenarios and attribution categories related to economic metrics assessed using TAM, SAM, and SOM. PG&E also describes several

[342] AL 5222-G Attachment A at p. 14-15 & 23.
[343] AL 5222-G Attachment A at p. 22.
[344] AL 5222-G Attachment A at p. 22.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	○ Affordability: Improves the information used in planning decisions that influence long-term system costs by enabling clearer comparison of decommissioning pathways, reducing misaligned or duplicative analysis, and supporting more efficient evaluation of future investment options. ○ Equity (ESJ considerations): Enables more consistent and transparent evaluation of how decommissioning considerations apply across communities, supporting clearer understanding of impacts and tradeoffs in ESJ areas. Supports SB 1221 Pilots focused on disadvantaged communities. ○ Environmental Improvement: Supports more comparable evaluation of emissions and environmental tradeoffs by improving how scenarios, assumptions, and system conditions are analyzed across studies. ○ Reliability: Improves how reliability constraints, timing dependencies, and cross-sector interactions are evaluated when considering decommissioning across different system segments. ○ Safety: Strengthens how safety risks and feasibility conditions are identified and assessed by making assumptions explicit and ensuring consistent evaluation across planning scenarios.[345]	anticipated benefits and some associated metrics, including emissions reductions associated with environmental benefits. However, PG&E does not clearly state metrics to track and evaluate impacts from investments to demonstrate each anticipated benefit upon implementation. PG&E must provide further detail on planned methodologies for tracking and evaluating quantitative impacts from investments via specific metrics for each intended benefit as appropriate. **The Commission requires greater clarity from PG&E to align the proposal with requirements.**

[345] AL 5222-G Attachment A at p. 27-28 & 32.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	b. Promotes affordability by reducing analytical rework, avoiding conflicting interpretations across studies and proceedings, and organizing decommissioning questions into clear components such as cost, risk, constraints, and feasibility.[346] c. By improving the consistency, transparency, and comparability of evaluation, and by directly supporting SB 1221 pilot efforts and related Commission priorities, the work strengthens how community impacts are understood and incorporated into future gas system transition decisions.[347]	
	Clean Fuels Integration: a. Key ratepayer benefits: o Affordability: Reduced clean fuels integration cost drivers through more repeatable interconnection approaches, improved gas quality monitoring, and better planning-level evaluation of biomass-to-RNG pathways. For woody biomass pathways, research on biochar quality, safety, and usability can help clarify when an unavoidable byproduct may be suitable for beneficial use or other practical outlet pathways, which may reduce management burden and improve overall project economics. o Equity: Improved evaluation of clean fuels pathways that may support air quality, reliability, and cost stability benefits for	PG&E details baseline scenarios and attribution categories related to economic metrics assessed using TAM, SAM, and SOM. PG&E also describes several anticipated benefits and some associated metrics, including anticipated emissions reductions associated with the enabled adoption of clean fuels. However, PG&E does not clearly state metrics to track and evaluate impacts from investments to demonstrate each anticipated benefit upon implementation. PG&E must provide further detail on planned methodologies for tracking and evaluating quantitative impacts from investments via specific

346 AL 5222-G Attachment A at p. 30-31.
347 AL 5222-G Attachment A at p. 31.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	disadvantaged and ESJ communities, including clearer review of biochar safety, usability, life-cycle emissions, and logistics tradeoffs. o Environmental Impact: Improved evaluation of lower-carbon fuel pathways through better gas quality analysis, operating-realistic life-cycle emissions analysis, logistics tradeoff information, and biochar characterization thresholds for biomass-to-RNG pathways. o Reliability: Improved planning-level understanding of clean fuels integration, including gas quality variability, biomass supply and logistics constraints, biochar handling considerations, and other operating conditions that affect pathway evaluation. o Safety: Safer clean fuels integration through improved gas quality monitoring, clearer treatment of trace constituents, and biochar quality, safety, and usability thresholds relevant to handling, storage, transport, and operational risk evaluation.[348] Promotes affordability by: (1) supporting research that can enable more repeatable interconnection approaches, clearer understanding of where project-specific complexity is driving cost, and more practical evaluation of options for reducing unnecessary burden while maintaining safety and system compatibility; (2) validating fit-for-purpose measurement and analysis methods that improve	metrics for each intended benefit as appropriate. **The Commission requires greater clarity from PG&E to align the proposal with requirements.** The Commission notes concerns voiced by stakeholders during the February 2026 Joint Administrator Workshop related to biomethane and RNG RD&D activities. The Commission requires PG&E to seek out and consider input from ESJ communities in its strategic planning as well as in assessing and demonstrating benefits to these communities from RD&D investments.[351] Thus, the Commission directs PG&E, and any project contractor, to consult vulnerable communities, such as workers, tenants, & frontline communities near gas facilities, on project siting to prevent exacerbating existing issues and inequities, particularly from projects with unknown impacts. PG&E should educate vulnerable communities on technologies as appropriate to address community concerns. Further, PG&E should summarize the concerns of communities and describe how these concerns are

[348] AL 5222-G Attachment A at p. 37 & 42-43.
[351] D.23-11-069 at p. 218-221.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
	consistency and reduce unnecessary complexity in gas quality monitoring; (3) enabling a more realistic understanding of those conditions, including when biochar may be suitable for practical outlet pathways that reduce management burden and improve overall pathway b. economics.[349] c. Evaluates key technical and cost inputs across cleaner fuel pathways for more comparable application of requirements across projects and locations. Improved consistency helps ensure that analytical outcomes are based on clearer, more comparable inputs and supports more consistent evaluation of impacts across communities, including ESJ communities.[350] • PG&E received feedback from Physicians for Social Responsibility LA and Earth Justice regarding equity and public health concerns from biomethane production and use.	addressed in Annual Plans and correlated Annual Reports. Through this process, the Commission seeks to strategically leverage RD&D funding to balance policy imperatives of innovation with community concerns and benefits, including in the CPUC's Biomethane Procurement Cost Allocation proceeding.[352]
[10] Resolution G-3618 at p. 22. *PG&E shall coordinate with other Gas RD&D administrators to hold an Annual Public Workshop [by March 1 annually] to obtain broad stakeholder input regarding proposed investments for the upcoming year prior to Plan submittal,*[353] *informed by feedback provided by CPUC staff. PG&E shall consult*	In AL 5222-G at Appendix 6, PG&E details feedback received during its "Gas Research, Development & Demonstration Program 2026 Joint Research Plan Workshop", held February 27, 2026, with CEC and SoCalGas. PG&E details incorporation strategies related to each comment, affirming that PG&E:	PG&E hosted a Public Workshop to share results from its most recent Annual Report and obtain stakeholder input on its proposed Gas RD&D Plan. PG&E provided Energy Division staff with workshop materials at least one week prior, which highlighted results from its most recent Annual Report. PG&E

349 AL 5222-G Attachment A at p. 40.
350 AL 5222-G Attachment A at p. 41.
352 R.22-12-011.
353 D.23-11-069 at p. 220.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
ED staff on its engagement of diverse relevant stakeholders,[354] *document feedback from stakeholders, and demonstrate how feedback has been incorporated at the Initiative level in Plans, including from Environmental and Social Justice (ESJ) and Tribal communities.*[355] *PG&E shall also present on the results from its most recent Annual Report at the workshop.*[356] See also: D.23-11-069 at (8) *PG&E shall provide Energy Division staff with the workshop presentation materials… at least one week before the workshop.*[357]	• Focuses on funding utility-specific validation and testing, limited to projects with identifiable benefits to California ratepayers. • Collaborates with national laboratories, universities, technology developers, community-based organizations, and public agencies to access external expertise, accelerate learning, and avoid duplicating existing research. • Considers research proposals from private and public entities to incorporate external community and technical perspectives in developing its research portfolio. • Is not currently pursuing hydrogen-related RD&D per Commission guidance provided in Resolution G-3618.[358] • Coordinates with ESJ communities to turn technical research into a tool for community advocacy, also offering compensation. • Seeks to address the reliability fossil gas currently offers by exploring low-carbon fuels in the energy transition.	documented feedback from stakeholders and incorporation strategies. **PG&E is compliant with this requirement.** However, PG&E did not reflect all key feedback from the public and CPUC staff in its Plan: See the Commission's Compliance Assessment of AL 5222-G with CPUC Requirement [9] Initiative Criteria 4. Anticipated Impacts in this Appendix for the Innovative and Cost-Effective Integrity Management Initiative. PG&E must also detail feedback at the Initiative level to describe the Initiative proposals holistically and transparently, rather than reporting public feedback generically in the appendices of its Plans.
[11] Resolution G-3618 at p. 23. *PG&E is required to submit proposed Gas RD&D Plans to the Commission via a Tier 3 Advice Letter (AL) by June 1 annually.*[359]	PG&E submitted its proposed 2026 Gas RD&D Plan via Tier 3 AL 5222-G on June 1, 2026.	PG&E submitted its proposed Gas RD&D Plan via Tier 3 AL by June 1. **PG&E is compliant with this requirement.**

[354] Consistent with D.23-11-069 at (9) at p. 221.
[355] D.23-11-069 at p. 220-221.
[356] D.23-11-069 at (6) at p. 220. Consistent with D.19-09-051 at OP 30.
[357] D.23-11-069 at p. 220-221.
[358] Resolution G-3618 at p. 16 & 18.
[359] D.23-11-069 at p. 218.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
[12] Resolution G-3618 at p. 23. *PG&E shall justify the total budget amount with specific citations including page numbers referring to Commission policies in which the budget or explicit escalation factor was approved.*	PG&E described imputed funding amounts in Appendix 7, stating: "These imputed values differ from the adopted forecast as presented in the Decision narrative because the imputed values reflect the adopted escalation update. The adopted forecast amounts presented in the Decision narrative do not include escalation adjustments. PG&E submitted updated testimony on September 6, 2022, to reflect an inflation update over the initial escalation rates in PG&E's 2023 GRC Application filed on June 30, 2021. The Decision adopted 50% of the inflation update for the years 2021-2026."	PG&E includes information on imputed funding amounts but does not justify the total proposed budget amount with specific citations including page numbers referring to Commission approved budgets and/or escalation factors.[360] **The Commission requires greater clarity from PG&E to align the proposal with requirements.**
[13] Resolution G-3618 at p. 23. *PG&E shall post proposed and approved Investment Plans publicly and easily accessible on its website and notify the CPUC of the web address; PG&E shall also coordinate with other administrators to develop service lists of relevant ongoing CPUC Proceedings on which to serve Plans and consult with ED staff to ensure these lists are sufficient.*	PG&E posted its proposed 2026 Gas RD&D Plan on its website.[361] On May 19, 2026, Energy Division provided PG&E with recommended service lists for distribution of its Tier 3 AL with its proposed 2026 Gas RD&D Plan. PG&E states that "a copy of this advice letter [was] sent electronically to parties shown on the attached list and the parties on the service lists for R.25-09-004, R.25-04-010, R.24-09-012, R.24-01-017, R.22-12-011, R.22-07-005, R.19-10-005, R.19-01-011, R.18-04-019, R.15-01-008, and R.13-02-008."[362]	PG&E posted its proposed 2026 Gas RD&D Plan publicly and easily accessible on its website. PG&E served its AL on service lists consistent with Energy Division recommendations and other Gas RD&D administrators. **PG&E is compliant with this requirement.**
[14] Resolution G-3618 at p. 23. *Required information on funds encumbered, spent, and unspent*[363] *should clearly identify the associated Initiative and approved*	PG&E provides information on funds encumbered, spent ($0), and unspent in Appendix 1: 2026 Gas RD&D Plan Project List and in its Plan.[364] PG&E's request for its 2026 Gas RD&D Plan in AL 5222-G includes the listed	PG&E includes information on funds encumbered, spent, and unspent in its 2026 Gas RD&D Plan. **PG&E is compliant with this requirement.**

360 Resolution G-3618 at G-24. "D.23-11-069 approved a Test Year 2023 Gas RD&D budget of $7.414 million and escalation factor authorizing a $8.267 million annual budget for PG&E's 2025 Plan, pending Commission approval." Cites: D.23-11-069 at p. 217 & 740.
361 Annual Research & Development Plan: View of 2026 Annual Research & Development (PDF).
362 AL 5222-G at p. 5.
363 Consistent with D.23-11-069 at (5) at p. 220.
364 AL 5222-G Attachment A at p. 13 & 35.

CPUC Requirement	PG&E Response in AL 5222-G	Compliance Assessment
Investment Plan and include Program Administrative funds.	encumbered and unspent fund amounts for five projects. PG&E does not report spending Program Administrative funds.	