

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address Natural
Gas Distribution Utility Cost and Revenue Issues
Associated with Greenhouse Gas Emissions

Rulemaking 14-03-003
(Filed March 19, 2014)

**PREHEARING CONFERENCE STATEMENT
COALITION FOR RENEWABLE NATURAL GAS**

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DAVID A. COX
Attorney
Coalition For Renewable Natural Gas
1017 L Street, #513
Sacramento, CA 95814
916.678.1592
david@rngcoalition.com

JOHANNES D. ESCUDERO
Executive Director
Coalition For Renewable Natural Gas
1094 Tanland Drive, #102
Palo Alto, CA 94303
916.520.4764
johannes@rngcoalition.com

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I. Introduction

Coalition For Renewable Natural Gas (“RNGC”) respectfully submits this Pre-Hearing Conference Statement with regard to the Order Instituting Rulemaking issued March 19, 2014. RNGC is a nonprofit dedicated to the advancement of renewable natural gas (RNG, biogas, biomethane) as a clean, low-carbon, renewable energy resource for utilization in the generation of electricity, thermal heat and transportation fuel purposes. RNGC’S diverse membership includes waste management companies, renewable energy developers, engineers, financiers, gas marketers, gas transporters, environmental advocates, dedicated research organizations, organized labor, technology manufacturers and providers, law firms, ratepayers and utilities.

II. Background

RNGC’s members are involved in more than 38 biomethane-to-pipeline facilities nationwide that are operating, and designed to inject biomethane into natural gas pipelines for ultimate use by utilities and natural gas consumers. Accordingly, RNGC has an interest in issues related to natural gas compliance with the Cap and Trade program raised by the R.14-03-003.

RNGC’s members have a strong interest in, and many intend to develop, biomethane generation projects at non-hazardous, gas producing landfills in California – a prospect that was unavailable prior to the Commission approved D.14-01-034 on December 12, 2013. This decision established the human health, safety and pipeline safety and integrity regulations so that biomethane may be transported in common carrier natural gas pipelines in California.

Development of biomethane-to-pipeline projects in California will have the direct and beneficial impact of capturing and reducing greenhouse gas (GHG) emissions that would otherwise leak into the atmosphere. Incremental and partial displacement of natural gas with biomethane for generation of renewable electric power meets the goal of the Cap and Trade program.

III. Recommendations

RNGC urges the Commission to consider using some portion of revenues derived by sale of allowances by the natural gas utilities for development of biomethane facilities. In R13-02-008, the Commission indicated its intent to take up cost allocation related to the established standards for biomethane injection into common carrier pipelines. Funding will help ensure biomethane is cost competitive and that consumers benefit from the health, safety, and GHG emissions reductions associated with use of biomethane as compared to alternatives.

Natural gas distributors have a Cap and Trade compliance obligation beginning in 2015 for CO2 emissions attributable to natural gas delivered in their pipelines. CO2 emissions only can be reduced by reducing the amount of natural gas delivered by the utilities or by substituting fossil natural gas with biomethane. If biomethane is unavailable and utilities do not reduce their natural gas deliveries as mandated by the Cap and Trade program, then the alternative for the gas utilities will be to purchase emission allowances. The cost of compliance will be borne by the utilities and their customers. The environmental damage resulting from the increased emissions will be borne by all.

There is a direct and immediate benefit to encouraging biomethane and lowering CO2 emissions that achieves the ultimate goal of the Cap and Trade program. For this reason, we ask that the Commission incorporate, within the scope of this proceeding, consideration for the use of some portion of allowance revenues in support of biomethane development and compliance. The continuation of R13-02-008 will determine the responsibility allocation among parties relative to cost allocation in complying with human health and safety

standards. However, we urge the Commission to consider sources of funding for the actual development of biomethane facilities in R.14-03-003.

IV. Conclusion

In summary, Coalition for Renewable Natural Gas respectfully urges Assigned Commissioner Peterman and Administrative Law Judge Halligan to clarify in the Scoping Memo and Ruling for this proceeding that (1) consideration will be given to use of revenues for the development of biomethane facilities in California; and, (2) noncore natural gas customers who are electric generators will not be subject to any costs or treatment of greenhouse gas emissions eventually adopted by the Commission in this proceeding. We appreciate the opportunity to provide a Pre-Hearing Conference Statement on the OIR 14-03-003 to Address Natural Gas Distribution Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions. The Coalition has no further comment at this time.

Respectfully submitted,

DAVID A. COX

_____/DC/_____
Attorney

Coalition For Renewable Natural Gas
1017 L Street, #513
Sacramento, CA 95814
916.678.1592
david@rngcoalition.com

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_____/JE/_____
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