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Clerk of the Board  
California Air Resources Board  
Sacramento, CA

**Re: Second 15-Day Notification to the Originally Proposed AB 32 Cost of Implementation Fee Regulation and Proposed Amendment to the Existing Regulation for the Mandatory Reporting of Greenhouse Gas Emissions.**

To Whom It May Concern:

Sempra Energy appreciates the opportunity to comment on the amendments to the **Second 15-Day Notification to the Originally Proposed AB 32 Cost of Implementation Fee Regulation and Proposed Amendment to the Existing Regulation for the Mandatory Reporting of Greenhouse Gas Emissions.**

With the advent of AB 32 and its evolution into ARB's Scoping Plan (as well as the activities under review and refinement amongst many of California's regulatory agencies), the Global Warming Solutions Act of 2006 is driving opportunities for new sources of renewable fuels to be discovered and developed at a pace previously considered profound. As well, existing renewable fuel supplies are being enhanced and refined to meet the demands required by consumers and regulatory constraints. Sempra Energy recommends the Air Resource Board position itself so it can readily adjust to these changing technologies and the renewable product's applicability to be consumed within California's regulatory plan.

A necessary change to the proposed amendments is to recognize that gas cannot be injected into regulated natural gas pipelines until it meets defined specifications. We respectfully request Air Resources Board to make the following changes (noted in **BOLD**) to the March 18 draft to either recognize specification obligations and/or to more clearly define the purpose or process involved in developing the renewable fuels:

- I) Sempra Energy proposes the creation of a definition for "Biomethane Gas"

**“Biomethane” means “biogas” that has been upgraded or otherwise conditioned to meet CPUC natural gas specifications and is suitable for injection into natural gas distribution pipeline systems operated by public and private utilities.**

II) Sempra Energy recommends the following changes to Section 95202. Definitions.

(11) “Biogas” ~~(also means biomethane)~~ means ~~natural gas that meets the~~ ~~requirements of 12 CCR §2292.5 and~~ is produced from the breakdown of organic material **under conditions with low to no availability in the absence** of oxygen. Biogas is produced in processes including, but not limited to, anaerobic digestion, anaerobic decomposition, and thermo-chemical decomposition **under sub-stoichiometric conditions.** These processes are applied to biodegradable biomass materials, such as manure, sewage, municipal solid waste, green waste, and ~~waste from~~ energy crops, to produce landfill gas, digester gas, and other forms of biogas, ~~agricultural waste, animal waste, or other biomass.~~

III) Sempra Energy recommends the following changes to Section 95202. Definitions.

(68) “Natural gas” means a naturally occurring mixture of hydrocarbons beneath the Earth’s surface that maintains a gaseous state at standard atmospheric temperature and pressure under ordinary conditions. **“Natural gas” does not include “biogas” or “biomethane.”**

Sempra Energy Utilities appreciates the opportunity to comment and requests the Board’s serious consideration of the above proposal.

Sincerely,

