



A  Sempra Energy utility

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Ms. Brienne Aguila
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Submitted electronically via comment submittal form to
<http://www.arb.ca.gov/lispub/comm/bclist.php>

RE: Comments on Proposed Amendments to the Regulation for the Mandatory Reporting of
Greenhouse Gas Emissions

Dear Ms. Aguila:

Southern California Gas Company (SoCalGas) respectfully submits written comments regarding the proposed amendments to the Regulation for the Mandatory Reporting (MRR) of Greenhouse Gas (GHG) Emissions (Proposed Regulation) set forth in Attachment A of your July 19, 2016, Staff Report: Initial Statement of Reasons (ISOR). While SoCalGas appreciates that some of our concerns in previous submitted comments have been addressed, we offer our comments on the definition of "Pipeline Quality Natural Gas," and on emissions calculations for natural gas.

Pipeline Quality Natural Gas Definition - §95102(a)

In the Proposed Regulation Section 95102, Definitions, the definition of "Pipeline Quality Natural Gas," specified for use in calculating emissions under this article, is stipulated as "natural gas having a high heat value greater than 970 Btu/scf and equal to or less than 1,100 Btu/scf, and which is at least ninety percent methane by volume, and which is less than five percent carbon dioxide by volume." SoCalGas has previously provided written comments¹ regarding the definition of this term and its use in the MRR regulation.

The California Public Utility Commission (CPUC) establishes natural gas specifications that utilities must adhere to for purposes of receiving, transporting and delivering natural gas to their customers. Therefore, SoCalGas believes that the Air Resources Board (ARB) should make sure that all definitions used in your regulations for natural gas regulated by the CPUC, are consistent with the CPUC's regulations and orders on the same or closely related subject matter, such as

¹ SoCalGas and SDG&E comment letters of September 27, 2011, July 10, 2013, and October 23, 2013

General Order 58A – Standards for Gas Service in the State of California, 58B – Heating Value Measurement Standard for Gaseous Fuels, and all California natural gas utility tariffs regarding quality and content of natural gas such as SoCalGas Rule No. 30 – Transportation of Customer-Owned Gas.

The word “quality” in the definition of “Pipeline Quality Natural Gas” in §95102 is used in the context of defining a default “range” for purposes of MRR calculations. The word “quality” implies a standard or grade that has an intrinsic value, characteristic or feature. In many cases the word “quality” is used to imply excellence or grade and convey a positive connotation, whereas anything that is not labeled with the word “quality” creates a negative connotation. The use of the word “quality” could be construed as implying that gas that meets pipeline specifications is nevertheless not “pipeline quality.” SoCalGas specifically takes issue with ARB making up their own definition for pipeline quality natural gas that appears inconsistent with the CPUC’s standards for pipeline quality gas, and would exclude some natural gas accepted into our pipeline system from local producers, as required by the CPUC.

In the interest of clarity, and to avoid any potential for encroachment into areas committed to the exclusive regulatory jurisdiction of the CPUC, we recommend that ARB select a different term than “quality” for purposes of defining the “default range” for the calculations and reporting required under the proposed amendments to this regulation. For example, refineries may use non-CPUC regulated refinery gas; such that ARB could then define refinery gas different from the natural gas supplied to customers by CPUC regulated gas utilities.

While the CPUC requires natural gas utilities to use representative higher heating value for billing purposes (see <https://www.socalgas.com/pay-bill/understanding-your-bill/btu> for more information as to Btu districts and billing factors and CPUC General Order No. 58A, 6. Heating Value of Gas, December 1992), there is not a similar requirement for methane content, thus SoCalGas doesn’t necessarily have data for delivered natural gas to individual customers as to the methane content of gas. Further, we understand that the methane content portion of the definition for pipeline natural gas originated with U.S. EPA, which wrote it decades ago and is no longer using it for GHG reporting (see definitions in §98.6 of 40 CFR Part 98 Mandatory Reporting of Greenhouse Gases, Subpart A General Provisions). Additionally, we could not find a case in the existing or proposed amended regulation where percent methane content changes the calculation methodology that one must use to report.

Emission Calculations for Natural Gas that Falls Outside the Current Definition for Pipeline Quality Natural Gas

SoCalGas understands that the original intent of having the definition for pipeline quality natural gas was to capture the potentially higher carbon dioxide equivalent emissions from natural gas with higher heating values (HHV) exceeding 1,100 Btu/scf. It appears there is no longer the need for this differentiation. The current and proposed amended regulations are inconsistent in their treatment of natural gas with HHV above 1,100 Btu/scf. For example, natural gas local distribution companies (LDCs) reporting under §95122 are allowed to determine pipeline quality natural gas based on an annual weighted average HHV, but stationary fuel combustion sources reporting under §95115 do not have the same allowance.

Except for refineries, SoCalGas believes there may be few if any mandatory reporters that use calculation methodologies other than Tier 1 or Tier 2 for stationary combustion; therefore, we request that ARB staff conduct an analysis to determine the necessity of continuing the use of the term pipeline quality natural gas in its entirety. The analysis should look at whether there is any difference in emissions between reporters using Tier 1, 2, and 3 for stationary fuel combustion. Since ARB allows LDCs to use Tier 1 or Tier 2 for reporting unless greater than three percent of their total emissions are from natural gas with an annual average HHV above 1,100 Btu/scf, any difference in the stationary fuel combustion category is likely to be very insignificant in comparison.

SoCalGas requests that ARB deletes the definition of pipeline quality natural gas and if absolutely necessary develops alternative definitions for other types of fuel gas for which Tier 3 or Tier 4 calculations are required.

In summary, we urge ARB to align the definition of natural gas with the CPUC's specifications for natural gas, and use alternative terms as necessary to prevent confusion and avoid the impression that the CPUC allows delivery of natural gas that is not of pipeline quality. SoCalGas appreciates this opportunity to comment on the proposed amendments to the MRR program and we look forward to additional dialogue as the process proceeds. Please contact me if you have any questions or concerns about these comments.

Sincerely,

Tim Carmichael

Tim Carmichael
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SoCalGas

