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Joint Utility

— SB 1383 Dairy Pilot Draft Solicitation —
Workshop
—

CDFA Facility - Sacramento

01-31-18

Pacific Gas & Electric Company

San Diego Gas & Electric®

SoCalGas®

Southwest Gas Corporation

Purpose of Workshop

Per California Public Utilities Commission (CPUC) Decision (D.) 17-12-004

- Within 15 days following the issuance of the Draft Solicitation, SoCalGas will hold a bidder Workshop or Webinar to **explain the solicitation process, gather inputs to clarify the solicitation process, and to answer questions**
- Energy Division and California Air Resources Board (ARB) staff will participate in the Workshop or Webinar to provide agency perspective



Background

- SB 1383 was approved by Governor Brown on September 19, 2016 and requires ARB to approve and begin implementing a comprehensive strategy to **reduce emissions of short-lived climate pollutants** to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030.
- One of the requirements of SB 1383 requires the CPUC, in consultation with ARB and the California Department of Food and Agriculture (CDFA), to **direct Gas Utilities to implement not less than five dairy biomethane Pilot Projects** to demonstrate interconnection to the common carrier pipeline system
 - Participating Gas Utilities are SoCalGas, Pacific Gas & Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southwest Gas Corporation (Southwest Gas)
- SB 1383 states for the purposes of these Pilot Projects, Utilities may recover in rates the reasonable cost of **Pipeline Infrastructure** developed pursuant to the Pilot Projects.



CPUC Decision (D.)17-12-004

On December 18, 2017, the CPUC issued Decision D.17-12-004 which **establishes the framework to direct natural gas corporations to implement** not less than five dairy biomethane Pilot Projects to demonstrate interconnection to the common carrier pipeline system and allow for rate recovery of reasonable infrastructure costs pursuant to SB 1383

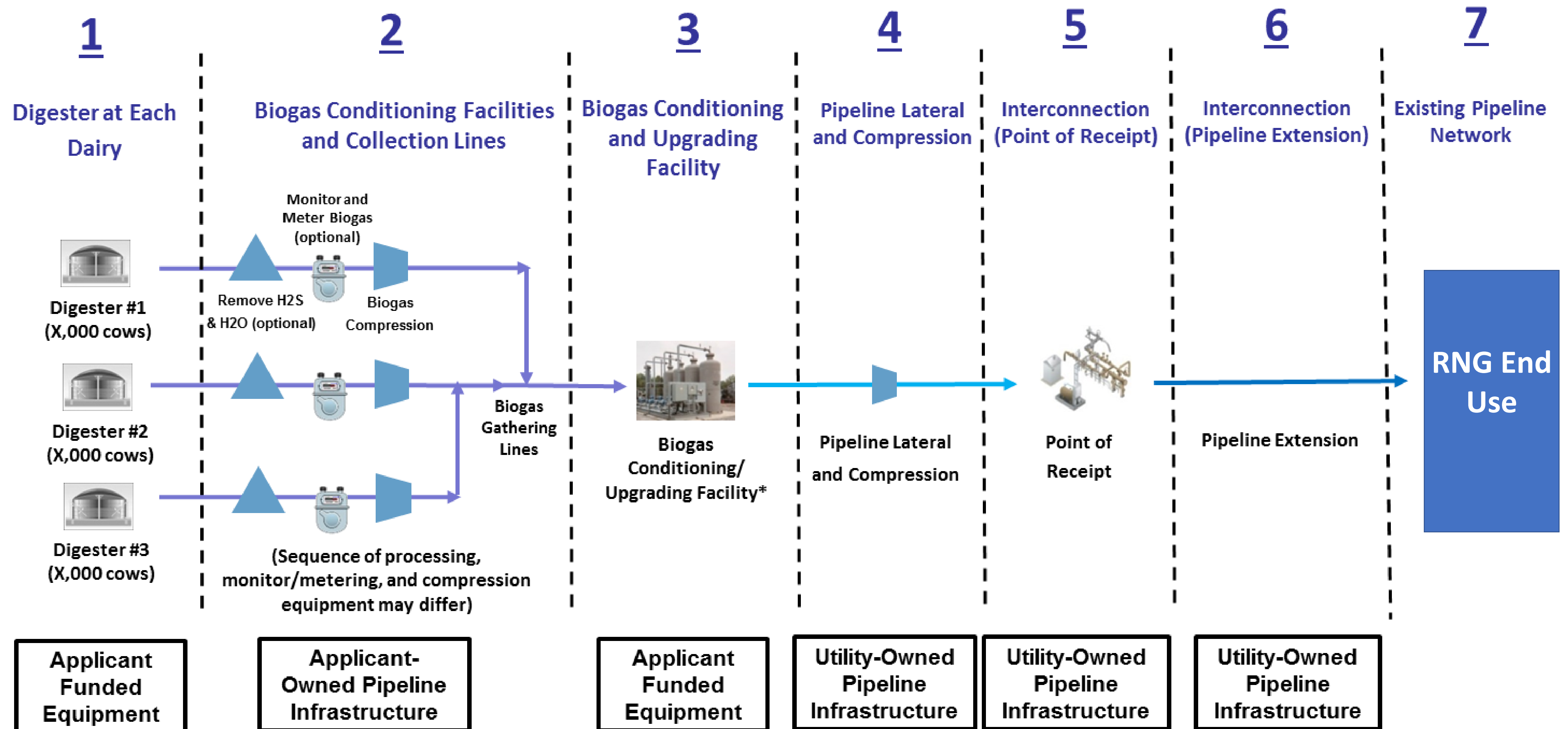
Objective of Solicitation

The **objective of this Dairy Pilot Solicitation** is for the Selection Committee to select and award at least five dairy biomethane Pilot Projects that are financially sustainable in the long-term to ensure these investments provide the expected environmental benefits to ratepayers and the State of California

- The Selection Committee, made up of CPUC, ARB, and CDFA, controls the terms of the Solicitation and selects the Pilot Projects to move forward to contract with Utilities.



SB 1383 Dairy Pilot Projects – Pipeline Infrastructure



SB 1383 Road Map

Through June 25, 2018

SB 1383 Workshop Webinar

Explain the Solicitation process, gather inputs to clarify the Solicitation process, and to answer questions

01-31-18

Utilities to Make Revisions to Draft Solicitation

Utilities to make modifications deemed necessary and submit the revised draft joint utility Solicitation to the Selection Committee

02-15-18

Request for Pipeline Infrastructure Scoping and Cost Estimation

Applicants submit a request for Utilities to perform a SB 1383 dairy pilot-specific “Pipeline Infrastructure Scoping and Cost Estimation”

By 03-17-18

Applicants to Submit SB 1383 Dairy Pilot Project Applications

Applicants electronically submit an Application for their proposed Pilot Project(s) to renewablegas@cpuc.ca.gov and to the Utilities in their respective service territories

By 06-25-18

Comments: 02-05-18
Reply Comments: 02-12-18

Comments and Reply Comments to Draft Solicitation

Interested parties to file Comments and Reply Comments to the draft Solicitation

03-07-18

Final Solicitation is Issued to Market

- Selection Committee will issue the Final Solicitation to the market
- Questions from Applicants regarding Final Solicitation to be directed to the Selection Committee (not the Utilities)

By 05-01-18

Pipeline Infrastructure Scoping and Cost Estimation Results

Utilities to provide results of cost estimation with each Applicant within 45 days of the Applicant’s request

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Overview of Chapter 1

Pilot Project Program Eligibility Requirements

- Pilot Projects must utilize **biomethane from California dairy operations** and result in permanent, annual, and quantifiable GHG emission reductions
- Applicants shall have a **written commitment from each dairy operation**. At least 80% or more dry weight must be manure from dairy livestock
- A group of dairy operations can submit one Application to develop a biomethane **dairy “cluster” or “hub and spoke” project**
- Applicants are required to meet and agree with the following requirements:
 - Demonstrate CEQA and Permits Compliance (see Draft Solicitation, Chapter 1, Section 7.2 and Attachment A)
 - Quantify expected GHG Emissions Reduction
 - Biomethane produced by the Pilot Project must be used in California
 - Report parameters and participate in evaluation (See Draft Solicitation Chapter 1, Section 7.3 and Attachment B)

Chapter 1, Section 3.0

Applicant Request for the Utility to Complete a Pipeline Infrastructure Scoping and Cost Estimation

- Applicant to submit a Pipeline Infrastructure Scoping and Cost Estimation by March 17th, 2018 to the Utility where the proposed dairy Pilot Project is located
- The Utilities will perform the initial desktop engineering studies to assess natural gas pipeline offtake capacity, and **provide a preliminary design and cost estimates of Utility-Owned Pipeline Infrastructure**
- The estimated costs for Utility-Owned Pipeline Infrastructure will be provided to the Applicant in the **Project Scoping and Cost Estimation spreadsheet** (Chapter 2, Attachment 9)
- The results of the study and cost estimates will be shared with each Applicant **within 45 days of the Applicant's request**
- After receiving the Pipeline Infrastructure Scoping and Cost Estimation, Applicants have 15 days to submit changes to its project description
 - If any changes are made, the Utilities will have another 15 days to provide a final Pipeline Infrastructure Scoping and Cost Estimation

Chapter 1, Section 5

Selection Criteria

- A **Selection Committee** comprised of the CPUC as the lead agency, in consultation with ARB and CDFA will determine which proposals are accepted for inclusion in the dairy Pilot Projects
- Applicants shall submit a response that includes a detailed description of the proposed Pilot Project, its operational goals and objectives
- The **score for each Application** will be based on the table below:

Scoring Criteria	Maximum Points
Dairy Waste-to-Biomethane Business Model <ul style="list-style-type: none">• Dairy Operation• Technology Plan• Marketing Plan• Scalability	20
Financial Plan/Soundness	15
Greenhouse Gas Reduction and Cost Effectiveness	25
Environmental Benefits	15
Disadvantaged Communities	10
Project Readiness and Implementation	15

Chapter 1, Section 6.0

Chapter 2 of the Draft Solicitation:

- 1. Provides the required documentation for submitting a Pilot Project Application
- 2. Includes a checklist of all the Attachments to be included in the Pilot Project Application

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Next Steps After Pilot Project Applications are Submitted to Selection Committee on June 25, 2018

- 1) The Selection Committee will choose a **short list of Pilot Projects** (First Shortlist) and submit to the Utilities to review and refine the Utility-Owned Pipeline Infrastructure cost estimates
- 2) Within 30 days of receiving the first shortlist from the Selection Committee, **Utilities will provide refined cost estimates** to the Selection Committee
- 3) Once the refined cost estimates are reviewed, the Selection Committee will submit to the Utilities a **narrowed-down list of at least five projects** (Second Shortlist)
- 4) Within 30 days of the selection of the final Pilot Projects, Utilities will complete a **final Utility-Owned Pipeline Infrastructure cost estimate**
- 5) With the final Utility-Owned Pipeline Infrastructure cost estimate, the **Selection Committee**:
 - a) Will review and select at least five Pilot Projects based on the Selection Criteria
 - b) Has the discretion to choose dairy Pilot Projects that are not the highest scoring to ensure that dairy Pilot Projects are selected in a variety of geographic locations and are developed by at least two or more developers in order achieve project diversity
 - c) If there is no consensus within the Selection Committee, the CPUC will make the final selection
- 6) Within 30 days of the date the Selection Committee notifies the Utilities of the selected Pilot Projects, the Utilities will file a Tier 2 Advice Letter seeking approval of the contracts with the dairy Pilot Projects



Open Discussion/ Questions

1. Kick-off the open discussion/questions with the following:
 - a) Applicant confidentiality concerns for the submitted Applications
 - Refer to Chapter 1, Appendix C: Confidentiality
 - Selection Committee is seeking feedback on confidentiality for submitted Applications
 - b) Reimbursement process for Applicant-Owned Pipeline Infrastructure
 - Selection Committee is looking for ideas on the criteria and conditions for reimbursement
2. Others

