

## SoCalGas takes next step toward offering RNG

Southern California Gas Co. | April 21, 2020

Southern California Gas Co. (SoCalGas) on April 17 announced it and other important stakeholders have agreed on details of a proposed plan to offer renewable natural gas to customers, and have filed that agreement with the California Public Utilities Commission (CPUC). Stakeholders include consumer advocate groups (including the state's consumer advocate), a national environmental organization, and various industry groups. Renewable natural gas can be used just like traditional natural gas to cook, heat homes and run businesses, and fuel trucks and buses. The fuel can be made when methane, a greenhouse gas that occurs naturally when organic waste breaks down, is captured rather than being released into the air.

The proposed program would allow millions of Californians the option to purchase a portion of their natural gas from renewable sources, just as many today can opt to purchase renewable electricity. The program is expected to create increased demand for renewable natural gas, which can help increase supply and lower its cost over time, similar to what has happened with renewable electricity created from wind and solar power.

"Replacing traditional natural gas with the renewable kind is a great way to reduce climate change emissions," said Andy Carrasco, SoCalGas chief environmental officer. "People like using natural gas for cooking, hot water and home heating, so using renewable gas allows them to keep their preferred energy source while helping achieve climate goals."

With the agreement in place, the CPUC can begin its review and evaluation process; a decision could come in the fall of this year.

The production and use of renewable natural gas in California has steadily increased since the enactment of a 2016 law requiring the reduction of methane emissions from dairy farms and diversion of food and green waste from landfills. Over 30 dairy renewable natural gas projects are now in operation in the state, and about 50 more are in various stages of development. Renewable natural gas from a San Joaquin Valley dairy digester facility began flowing into SoCalGas' pipelines over a year ago.

Renewable natural gas is also being made in California from household food waste, grass clippings and the like, keeping such waste out of landfills and putting it to use. In 2018, SoCalGas began putting the renewable gas in its pipelines from a waste hauling company's anaerobic digestion facility in Perris, California.

In 20 years, enough renewable natural gas will be available to replace about 90 percent of the nation's current residential natural gas consumption, a recent study by ICF estimates.

While thus far most renewable natural gas produced in California has been used for heavy-duty trucking, Renewable natural gas can also be used in homes, which contribute about 6 percent of California's greenhouse gas emissions. A 2018 study showed that replacing less than 20 percent of SoCalGas' traditional natural gas supply with renewable natural gas by 2030 can achieve the same greenhouse gas reductions as converting all homes and commercial buildings to electric-only energy. That same study also found that using a mix of in- and out-of-state renewable gas resources would be 2 to 3 times more cost effective in reducing greenhouse gases than converting homes to all-electric.

## **Renewable Natural Gas Program Details**

If approved, the renewable natural gas program will be available to residential and small commercial and industrial customers. Residential customers will be able to select a fixed dollar amount per month for the purchase of renewable natural gas. Commercial customers will be able to select a fixed dollar amount per month or select a percentage of their consumption for the purchase of renewable natural gas, up to 100 percent.

Each month, participating customers would see a line item on their bill that includes the amount of renewable gas they received, along with a very small program fee. To allow the utilities to enter into the longer-term contracts necessary to purchase renewable natural gas, residential customers will have to commit to one year. After one year, they would have the option to change their dollar amount or could participate on a month-to-month basis.

As customers opt to purchase renewable natural gas, SoCalGas will buy the renewable gas from producers and reduce the amount of fossil gas that is brought into their pipeline systems. As renewable natural gas enters the SoCalGas pipeline system, its molecules blend together with traditional natural gas just like solar and wind electrons on the electric grid. Every additional therm of this renewable fuel that customers purchase means one less therm of traditional natural gas is used.