



SoCalGas Seeks to Offer Renewable Natural Gas to Customers

2018 study shows replacing less than 20% of traditional natural gas supply can reduce emissions equal to electrifying all of California's building stock, at 1/3 the cost

According to the University of California, Davis, renewable natural gas can replace up to 20% of the fossil natural gas in California, from the state's existing organic waste supply

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LOS ANGELES, Feb. 28, 2019 /PRNewswire/ -- Southern California Gas Co. (SoCalGas) today announced it has filed a request with the California Public Utilities Commission seeking to offer renewable natural gas to its 21 million customers in Central and Southern California. Renewable natural gas is a fuel produced from waste and agriculture that can be used to heat homes and businesses, for cooking, and to fuel trucks and buses. The fuel assists in helping California reduce its greenhouse gas (GHG) emissions because it is carbon-neutral or carbon-negative, meaning that it can take more GHG emissions out of the air than it emits as an energy source. Under the proposed program, millions of Californians would have 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 should help increase supply and lower its cost over time, similar to what has happened with renewable electricity created from wind and solar power. Photos of renewable natural gas projects in California are available here:

<https://www.flickr.com/photos/150866049@N03/sets/72157707038388605/with/46515483204/>

"Renewable natural gas is an important component in California's efforts to reduce GHG emissions," said Sharon Tomkins, SoCalGas vice president of customer solutions and strategy. "Using renewable natural gas in homes and commercial buildings will cut greenhouse gas emissions just as much as mandating all-electric appliances, but 2 to 3

times more cost-effectively. This solution not only preserves consumer choice, it can achieve climate goals at a lower cost."

As California seeks to reduce GHG emissions from homes and commercial buildings, renewable natural gas has emerged as a viable and cost-effective solution. A study last year 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 both in- and out-of-state renewable gas resources is up to 2 to 3 times more cost effective in reducing greenhouse gases than an electrification scenario.

A 2016 study by the University of California, Davis calculated that California has the potential to produce approximately 90.6 billion cubic feet (bcf) per year of renewable natural gas from dairy, landfill, municipal solid waste, and wastewater treatment plant sources alone. This would be enough to meet the annual natural gas needs of around 2.3 million California homes. In addition, out-of-state sources of renewable natural gas are significant and growing. According to the U.S. Department of Energy the U.S. currently produces 1 trillion cubic feet of renewable natural gas every year, and that number is expected to increase to 10 trillion by 2030. Using even a portion of this renewable fuel would meet the needs of millions more Californians.

Renewable Natural Gas Program Details

If approved, the renewable natural gas program will be available to nearly all SoCalGas core residential and small commercial and industrial customers. Residential customers will be able to have some of their natural gas delivered from renewable sources, choosing from several set dollar amounts to be provided from renewable natural gas supplies. Commercial customers will be able to have all of their natural gas come from renewable sources or select from a series of set dollar amounts or a percentage of their total gas use.

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 and cannot be separated or filtered by source, just like solar and wind electrons on the electric grid. Every additional therm of this renewable fuel that is purchased means one less therm of traditional natural gas is used.

Renewable fuel will be displacing fossil gas and helping build the market for more renewable natural gas.

SoCalGas hopes to offer the program beginning in 2020 if regulators at the California Public Utilities Commission approve the proposal. Customers who support being able to purchase a portion of their gas from renewable sources and increase their use of green energy should express their support by contacting the Public Utilities Commission Public Advisor at 1 (877) 849-8390 or public.advisor@cpuc.ca.gov.

Increasing Demand will Encourage Further Production of More Renewable Fuel

California has the potential to produce more than 90 billion cubic feet of renewable natural gas per year from waste sources, enough to meet the natural gas needs of around 2.3 million California homes.

SoCalGas has been bringing renewable natural gas into its pipeline system from out of state since about 2013, in large part because using the renewable fuel in vehicles is supported by the state's Low Carbon Fuel Standard, a program designed to reduce greenhouse gas and air pollution from the transportation sector. In 2018, renewable natural gas produced in California began flowing into SoCalGas pipelines for the first time, from an anaerobic digester built and operated by waste hauling company CR&R. CR&R's facility produces renewable natural gas using organic waste collected in Southern California cities' green waste bins.

In February 2019, SoCalGas announced that renewable natural gas was flowing into its system from a dairy digester pipeline cluster run by biofuel producer Calgren. The Calgren facility will eventually collect biogas from anaerobic digesters at 12 Tulare County dairies. Those digesters will capture and process manure from more than 75,000 cows, preventing about 130,000 tons of greenhouse gas from entering the atmosphere each year, the equivalent of taking more than 25,000 passenger cars off the road for a year.

Today, there are already 24 California dairy methane capture projects either operating or in development, and experts estimate there could be as many as 120 projects funded and operating in next five years. In addition, as the state seeks to divert organic waste from landfills and capture emissions from wastewater treatment plants, more and more renewable natural gas will become available.

Consumer polls support the increased production and use of renewable natural gas. Research shows nine out of 10 California families use natural gas in their homes. A recent California Building Industry Association survey of California voters found that only 10 percent of voters would consider purchasing an all-electric home and 80 percent oppose laws that would take away their natural gas appliances.

Renewable natural gas is complementary to other renewable energy sources like solar and wind, since it is available day and night to make the entire energy system cleaner and more reliable. This renewable fuel has already begun to clean the air and reduce

greenhouse gas emissions in California's transportation sector, which accounts for more than 80 percent of smog forming emissions and about 40 percent of greenhouse gas emissions in the state.

Proposal Has Broad Support

Many organizations and businesses have voiced support for the renewable natural gas proposal, including environmental groups, businesses, and universities. A list of supporters may be found here:

<https://sempra.mediaroom.com/index.php?s=19080&item=137607>

"The University of California supports the SoCalGas proposal to offer customers renewable natural gas," said David Phillips, associate vice president of energy and sustainability of the University of California's Office of the President. "UC is committed to carbon neutrality and has been working to develop our own renewable gas supply projects. New programs like this proposal are necessary to create a robust and cost-effective commercial market for renewable natural gas in California."

"Renewable natural gas (RNG) is an important alternate fuel with significant greenhouse gas and air quality benefits," said Arun Raju, director of the Center for Renewable Natural Gas at the University of California, Riverside. "RNG, like most other renewable fuels, is more expensive than fossil fuels due to a number of factors. With proper policy support, the costs will very likely decrease over time as more projects are developed and technology keeps maturing. SoCalGas' proposed initiative is an excellent way to support RNG, and similar approaches have worked for other renewable resources and in other jurisdictions. This approach also gives individuals and organizations a unique opportunity to support a clean, renewable fuel and combat climate change."

"This is smart policy and is wholly aligned with California's goal of achieving net zero emissions by 2045," said Jonathan Parfrey, executive director of Climate Resolve, a Los Angeles-based environmental non-profit. "SoCalGas' program is a practical way for households, businesses, even entire cities, to achieve carbon neutral goals."

"Renewable natural gas is the lowest-carbon fuel available -- in fact the California Air Resources Board verified it is net-carbon negative over its lifecycle, when food waste or manure are the feedstocks," said Matt Tomich, president of the non-profit Energy Vision. "RNG is 'pipeline grade' so it can reach its markets through the same pipelines used to transport fossil gas. It's one of the most powerful decarbonization tools there is, and California's and SoCalGas's leadership in scaling it up has important national impact."

For more information on renewable natural gas, go to: socialgas.com/smart-energy

About SoCalGas

Headquartered in Los Angeles, SoCalGas® is the largest natural gas distribution utility in the United States. SoCalGas delivers affordable, reliable, clean and increasingly renewable natural gas service to 21.8 million customers across 24,000 square miles of Central and Southern California, where more than 90 percent of residents use natural gas for heating, hot water, cooking, drying clothes or other uses. Natural gas delivered through the company's pipelines also plays a key role in providing electricity to Californians—about 60 percent of electric power generated in the state comes from gas-fired power plants.

SoCalGas is committed to investing in its natural gas system infrastructure, while keeping bills affordable for our customers. From 2013 through 2017, the company spent nearly \$6 billion to upgrade and modernize its natural gas system to enhance safety and reliability. The company is also committed to being a leader in the region's clean energy future, and is working to accelerate the use of renewable natural gas from dairy farms, landfills and wastewater treatment plants and the development of renewable energy storage technologies. SoCalGas is a subsidiary of Sempra Energy (NYSE: SRE), an energy services holding company based in San Diego. For more information visit socalgas.com/newsroom or connect with SoCalGas on Twitter (@SoCalGas), Instagram (@SoCalGas) and Facebook.