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September 10, 2009

ADVICE LETTER 1886-G
(U 902-G)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REVISIONS TO GAS RULE 30 – TRANSPORTATION OF CUSTOMER-OWNED GAS

San Diego Gas & Electric Company (“SDG&E”) hereby submits for filing with the California Public Utilities Commission (“Commission”) revisions to its Gas Rule, applicable throughout its service territory, as shown on Attachment A.

PURPOSE

This Advice Letter submits revisions to Gas Rule 30, Transportation of Customer-Owned Gas, to expand the definition of biogas to reflect the ability to safely accept biogas from additional renewable sources. Southern California Gas Company (SoCalGas) will be filing Advice Letter No. 4016 seeking similar revisions to its equivalent Rule 30, Transportation of Customer-Owned Gas.

BACKGROUND

A comprehensive legislative and regulatory framework has been put in place in California to support major expansion of the supply of renewable energy resources and facilities within the State. This framework seeks to promote renewable energy as a means of meeting the environmental goals of the State and, in particular, of reducing greenhouse gas (GHG) emissions.

The State has recognized the important role that biofuels will play in meeting GHG emission reduction goals. For example, Governor Schwarzenegger, in Executive Order S-06-06, established targets to increase the production and use of bioenergy. In this Order, the Governor has directed the State to produce a minimum of 20% of its biofuels within California by 2010, 40% by 2020, and 75% by 2050.

The Bioenergy Action Plan issued by the Bioenergy Interagency Working Group¹ in July 2006, declared that “California has large untapped biomass resources, including residues from forestry, urban, and agricultural wastes. The Plan also states that using these resources to produce transportation fuels, electrical energy and biogas will benefit California.”² The Plan recommends mechanisms designed to increase production and use of biomass energy, noting that “[t]he production and use of the state’s considerable biomass resources can achieve progress toward meeting the state’s petroleum reduction, climate change, and renewable energy goals, while providing strategic social, economic, and environmental benefits to California.”³

Additionally, Assembly Bill (AB) 32, which was signed into law by Governor Schwarzenegger in September 2006, set forth the State’s intent to reduce GHG emissions. AB 32 also encourages investment, “in the development of innovative and pioneering technologies [that] will assist California in achieving the statewide limit on emissions of greenhouse gases.”⁴ In addition, it requires the California Air Resources Board (CARB), in consultation with stakeholders, including the Commission, to implement by January 2012, “emission reduction measures...to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gases in furtherance of achieving the statewide greenhouse gas emission limit.”⁵ As SDG&E has stated previously on a number of occasions, SDG&E supports the tenets of AB 32 and fully supports the efforts of the State of California to reduce GHG emissions.

SDG&E believes that the definition of biogas contained in its Gas Rule 30 should be broadened to allow for acceptance of additional sources of biogas into the pipeline system. Currently, the tariff refers to biogas as “...a gas made from anaerobic digestion of agriculture and/or animal waste.” This existing tariff language limits the potential for renewable biogas development by excluding significant known biogas sources and by restricting the potential for future innovative biogas production from unanticipated renewable organic sources. SDG&E’s research and review of studies involving sources of biogas has led SDG&E to the conclusion the time is appropriate to revise Rule 30 and expand the definition of biogas contained therein to reflect the ability to safely accept biogas from other renewable sources, such as waste water and food waste.

Moreover, SDG&E believes that biogas from these sources which meets the specifications of Gas Rule 30 not only expands the quantity of biogas available to SDG&E, but is safe and indistinguishable from other gas transported in SDG&E’s pipelines and easy to transport to multiple applications such as renewable generation, vehicle transportation and other end-uses. SDG&E also does not anticipate that there will be any additional transmission or integration costs associated with these new biogas sources.

¹The Bioenergy Interagency Working Group is comprised of the California Air Resources Board, the California Energy Commission, the California Environmental Protection Agency, the California Dept. of Food and Agriculture, the California Dept. of Forestry and Fire Protection, the California Dept. of General Services, the Integrated Waste Management Board, the California Public Utilities Commission and the Water Resources Control Board.

²Bioenergy Action Plan, page 1.

³*Ibid.*

⁴Assembly Bill (AB) 32, Part 1, Ch. 2 § 38501 (e) (Stats. 2006, Ch. 488).

⁵AB 32, Part 4 § 38562 (a).

SDG&E further believes its proposed changes to Rule 30 would promote the development of substantial and cost-effective biogas supplies and thus should be expeditiously considered by the Commission.

GAS RULE 30 CHANGES

SDG&E proposes to revise Section I.3.P of Gas Rule 30 (Sheet 14) so that the first sentence of that section is modified to read: "*Biogas refers to a gas derived from renewable organic sources.*" The remainder of this section would remain as is currently written. SDG&E believes this change will aid the overall efforts of increasing renewable gas supplies that will have access to the SDG&E pipeline system.

This filing does not conflict with any rate schedules or any other rules, or cause the withdrawal of service.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Honesto Gatchalian (hnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, CP 32
San Diego, CA 92123-1550
Facsimile No. (858) 654-1788
E-mail: tcahill@semprautilities.com

EFFECTIVE DATE

SDG&E believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. Therefore SDG&E respectfully requests that this advice letter become effective October 10, 2009, which is 30 calendar days after the date filed.

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list R.06-04-009 (Greenhouse Gas Proceeding), by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Caulson

Phone #: (858) 654-1748

E-mail: mcaulson@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 1886-G

Subject of AL: Revisions to Gas Rule 30, Transportation of Customer-Owned Gas

Keywords (choose from CPUC listing): Rules

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation:

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 10/10/09

No. of tariff sheets: 3

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Rule 30 Sheet 14, TOC

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
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City of Chula Vista

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City of Poway

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D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

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Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

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Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

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M. Brady

Modesto Irrigation District

C. Mayer

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P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate
Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini
K. Gansecki
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TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi
N. Furuta
L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

R.06-04-009

ATTACHMENT A
ADVICE LETTER 1886-G

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 17747-G	RULE 30, TRANSPORTATION OF CUSTOMER-OWNED GAS, Sheet 14	Original 16815-G
Revised 17748-G	TABLE OF CONTENTS, Sheet 1	Revised 17745-G
Revised 17749-G	TABLE OF CONTENTS, Sheet 5	Revised 17591-G



RULE 30

TRANSPORTATION OF CUSTOMER-OWNED GAS

I. Gas Delivery Specifications (Continued)

* Yellow Tip Index (I_Y)
I_Y ≥ 0.8 F.

- n. Liquids: The gas shall contain no liquids at or immediately downstream of the receipt point.
 - o. Landfill Gas: Gas from landfills will not be accepted or transported.
 - p. Biogas: Biogas refers to a gas derived from renewable organic sources. The gas is primarily a mixture of methane and carbon dioxide. Biogas must be free from bacteria, pathogens and any other substances injurious to utility facilities or that would cause the gas to be unmarketable and it shall conform to all gas quality specifications identified in this Rule.
4. The Utility, at its option, may refuse to accept any gas tendered for transportation by the customer or on his behalf if such gas does not meet the specifications at the time of delivery as set out in I.2 and I.3 above, as applicable.
 5. A generic deviation from the minimum gas quality specifications set forth in I.3, is granted for "Historical California Production." Quality specifications for Historical California Production will be governed by the SDG&E Rule 30 in effect as of September 21, 2006 or, to the extent that production had a deviation in place at that time, pursuant to the agreement governing that deviation. Historical California Production is defined as follows: On-shore or off-shore California-produced natural gas delivered at points of interconnection existing as of January 1, 2006, up to the maximum historical deliveries or Maximum Daily Volume effective on that date as specified in any agreement permitting supply delivery at those points. If a producer moves its deliveries of Historical California Production from a point of interconnection existing as of January 1, 2006, to another existing or a new point on the system, or if one or more producers consolidate two or more existing points of interconnection existing as of January 1, 2006, to another existing or a new point on the system, the deviation granted under this provision will follow the Historical California Production provided that (a) the Utility has required or approved the change in receipt point location and (b) the continuing deviation shall not exceed the Maximum Daily Volume stated in the access agreement(s) governing deliveries at the producer's original point of interconnection and (c) specifically, the quality of the gas should not lessen to the point that it falls outside the grandfathered Rule 30 specifications.
 6. In addition to the generic deviation provided in paragraph 5, the Utility will grant other specific deviations to California production from the gas quality specifications defined in H.3 above, if such gas will not have a negative impact on system operations. Any such deviation will be required to be filed through an Advice Letter for approval prior to gas actually flowing into the Utility system.
 7. The Utility will grant a deviation to existing interstate supplies consistent with prior gas quality specifications if requested by the interconnecting interstate pipeline or a period of not more than 12 months from the date of D.06-09-039.
 8. The Utility will post on its EBB and/or general website information regarding the available real-time Wobbe Number of gas at identified operational locations on its system.

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