



## SOUTHWEST GAS CORPORATION

July 28, 2025

**Advice Letter No. 1338-G**  
(U 905 G)

Public Utilities Commission of the State of California

**Subject: Request for Approval of Biomethane Procurement Agreement with Anew Climate in accordance with Decision (D.) 22-02-035.**

**Purpose**

Pursuant to Ordering Paragraph (OP) 13 in D.22-02-025, Southwest Gas Corporation (Southwest Gas or Company) hereby submits for approval to the California Public Utilities Commission (Commission) a procurement agreement<sup>1</sup> for the purchase of biomethane. D.22-02-025 implements Senate Bill (SB) 1440 Biomethane Procurement Program, setting biomethane procurement targets to support the reduction of short-lived climate pollutant (SLCP) emissions. The procurement agreement is between Southwest Gas and Anew RNG LLC (Anew) and SoCal Biomethane, LLC, executed on May 19, 2025 (**Confidential Attachment A**), for the purchase of biomethane (the physical biomethane and the associated Environmental Attributes). The procurement agreement is the result of Southwest Gas' October 24, 2023, SB 1440 Biomethane Procurement Request for Proposal (SB 1440 RFP).<sup>2</sup> The SB 1440 RFP was issued to solicit offers for biomethane supplies to meet Southwest Gas' short-term target pursuant to OP 16 in D.22-02-025 and as set forth in Southwest Gas' Renewable Gas Procurement Plan (RGPP) filed on December 28, 2022, also in compliance with D.22-02-025.<sup>3</sup> Southwest Gas requests that the Commission find the procurement agreement complies with the procurement requirements set forth in D.22-02-025 and approve the agreement. There are no tariff sheets associated with this submission.

**Background**

On February 24, 2022, the Commission approved D.22-02-025 implementing the SB 1440 Biomethane Procurement Program and requires the four large gas investor-owned utilities (IOUs)<sup>4</sup> to procure biomethane to support California in achieving its SLCP

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<sup>1</sup> Southwest Gas refers to a procurement agreement as a Transaction Confirmation. For this Advice Letter, it is referenced as a procurement agreement.

<sup>2</sup> As discussed later in this Advice Letter, the RFP results and the RFP are included as **Confidential Attachment B** and **Attachment C**, respectively.

<sup>3</sup> A copy of Southwest Gas RGPP may be found here:  
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M500/K436/500436100.PDF>.

<sup>4</sup> Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E) and Southwest Gas.



emissions reduction goals as established by SB 1383.<sup>5</sup> D.22-02-025 directed the gas IOUs to pursue a certain amount of biomethane produced from organic waste diverted from landfills through approved short-term targets based on each individual IOU's Cap-and-Trade allowance shares,<sup>6</sup> and medium-term targets determined by using 12.2 percent of each individual IOU's bundled core customer natural gas demand.<sup>7</sup>

In accordance with D.22-02-025, Southwest Gas' RGPP included the following calculated procurement targets:

- **Short-Term Target:** D.22-02-025 requires the gas IOUs to collectively procure biomethane produced from eight million tons of diverted organic waste by 2025, which converts to 17.6 billion cubic feet (Bcf) annually. To meet the recommended short-term procurement targets, each gas utility is responsible for diverting a percentage of the eight million tons of organic waste equal to its Cap-and-Trade allowance share.<sup>8</sup> **Southwest Gas is responsible for procuring 1.63 percent of this 17.6 Bcf, or approximately 0.28 Bcf/year.**
- **Medium-Term Target:** D.22-02-025 requires the gas IOUs to collectively procure 72.8 Bcf of biomethane annually by 2030 and beyond, which equates to approximately 12.2 percent of the IOUs 2020 annual bundled core demand, excluding compressed natural gas vehicle demand.<sup>9</sup> **Southwest Gas is responsible for procuring approximately 1.63 Bcf/year to meet this medium-term target.**

Southwest Gas' RGPP also outlined its procurement methodology, evaluated market feasibility of biomethane supplies, and provided a detailed project evaluation approach the Company is required to use in the selection of biomethane supplies to meet its procurement targets.

### **Overview of Southwest Gas' SB 1440 RFP**

Southwest Gas developed a similar procurement framework for its SB 1440 RFP as the methodology used for soliciting and purchasing the Company's conventional natural gas supplies which uses a competitive RFP process identifying market areas, receipt locations, term expectations, desired pricing benchmarks, and any other applicable purchasing requirements. Following this approach and the requirements for consideration

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<sup>5</sup> SB 1383, Lara. Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills, approved September 19, 2016.

<sup>6</sup> D.22-02-025, OP 16, OP 17, and OP 18

<sup>7</sup> 2020 California Gas Report, prepared in compliance with Decision D.95-01-039:

[https://www.socalgas.com/sites/default/files/2020-10/2020 California Gas Report Joint Utility Biennial Comprehensive Filing.pdf](https://www.socalgas.com/sites/default/files/2020-10/2020%20California%20Gas%20Report%20Joint%20Utility%20Biennial%20Comprehensive%20Filing.pdf)

<sup>8</sup> D.22-02-025, OP 14, at pg. 60. The remaining Cap-and-Trade allowance shares are: SoCalGas 49.26 percent, PG&E 42.34 percent and SDG&E 6.77 percent.

<sup>9</sup> *Id.*, OP 18, at pgs. 60-61.



set forth in D.22-02-025, Southwest issued its SB 1440 RFP on October 24, 2023 (**Attachment C**). The SB 1440 RFP was communicated to an established supplier list Southwest Gas developed based on its conventional gas suppliers and those that specifically focus on biomethane production and marketing.

Southwest Gas employed a transparent and competitive solicitation process to seek offers to meet its short-term target of SB 1440 compliant biomethane supplies. The SB 1440 RFP communicated criteria for cost-effectiveness and prerequisites found in Southwest Gas' approved Standard Biomethane Procurement Methodology (SBPM) approved by the Energy Division on December 28, 2022 in Advice Letter No. 1222-G.<sup>10</sup> The SB 1440 RFP also included project evaluation criteria as pursuant to OPs 3-10, 14, 19, 20, 22, 32, 35, 37- 42, and 49 in D.22-02-025.

#### **SB 1440 RFP Procurement Requirements and Communication**

Southwest Gas communicated the following requirements for project submission in its SB 1440 RFP to reflect the biomethane procurement criteria in D.22-02-025.

#### **Criteria used for project cost-effectiveness and procurement prioritization:**

Waste byproducts are used for any GHG reducing use instead of landfill, e.g., soil amendment or other reuse (OPs 4, 42)
Perfluoroalkyl or polyfluoroalkyl substances removed from waste byproducts (OP 4)
Waste haulers delivering to facility use near-zero emission or zero emission vehicles (OPs 5, 38)
CO2 emissions into atmosphere are prevented by Carbon Capture and Use or Storage projects or technology (OPs 8, 41)
The facility is in a remote location (OPs 3, 32)
The facility's proximity to a Disadvantaged Community (OP 32)

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<sup>10</sup> The gas IOU's submitted a joint Advice Letter for the SBPM. A copy of the Advice Letter may be found here: [https://www.swgas.com/rate/1409214147241/SWG\\_AL-1222\\_Joint-IOU-Advice-Letter-4626-G-et-al--Public-.pdf](https://www.swgas.com/rate/1409214147241/SWG_AL-1222_Joint-IOU-Advice-Letter-4626-G-et-al--Public-.pdf).



**Other Prerequisites - projects must meet the following requirements specified in D.22-02-025, which Southwest Gas will enforce contractually:**

Livestock and dairy biomethane facilities that contract with a gas IOU shall operate in a manner that does not cause adverse impacts to water and air quality (OP 9)
Producers shall track volumetric injections of biomethane into pipelines through M-RETS (OP 10)
Biomethane procurement volumes procured and delivered up to 2025 will be produced from organic waste, including wood waste, diverted from landfills (OP 14)
Biomethane procurement volumes procured and delivered after 2025 may include production from a Dairy facility as long as its operation commenced after December 31, 2021 (OP 19)
Biomethane procurement volumes produced from a dairy facility and delivered after 2025 must not have an unresolved citation for violation of rules or requirements for protection of air or water quality from state or local regulatory agencies (OP 20)
Biomethane is not produced from purpose-grown crops (OP 22)
Producer agrees to limit hydrogen sulfide in gathering lines to 10 parts per million (OP 35)
Producer agrees to specify in contract how tipping fees may modify contract terms, if at all (OP 37)
Producer agrees that any Class 8 trucks purchased or leased for use in the production of biomethane after the effective date of the Decision are near zero-emission (NZE) or zero-emission (ZE) vehicles (OP 38)
Current electric generation on-site? If yes, specify the combustion technology used for said electric generation. (OP 39, 40)
Producer agrees to prospectively cap on-site combustion-based generation of electricity using their own biogas beyond current generation levels (OP 39)
If facility has yet to purchase or plan and construct electric generation infrastructure, facility shall agree to use only non-combustion technologies for on-site electric generation (OP 40)
Producer agrees to include a methane leak standard in CI accounting (OP 49)
Medium-term (2030) procurement only: landfill facility does not accept new organic waste and is implementing advanced landfill gas capture automation and monitoring technology to decrease fugitive methane emissions (D.22-02-025, p. 33)



As part of the SB 1440 RFP process, in addition to project cost-effectiveness and procurement prioritization criteria and prerequisites for compliance with D.22-02-025, Southwest Gas provided the below expected schedule for the SB 1440 RFP process and notification schedule of successful winners.

#### Southwest Gas' SB 1440 RFP Key Dates

Date	Description
Deadline: January 12th, 2024	<b>Response Submission with completed Project Information Form</b> Emailed to: <a href="mailto:rafal.wilson@swgas.com">rafal.wilson@swgas.com</a> and <a href="mailto:valeria.annibali@swgas.com">valeria.annibali@swgas.com</a> with the subject line of the email as indicated below: <b>PROPOSAL – CONFIDENTIAL – SB1440 RFP</b>  Southwest Gas requested that Respondents provide responses to this solicitation, via e-mail to <a href="mailto:rafal.wilson@swgas.com">rafal.wilson@swgas.com</a> and <a href="mailto:valeria.annibali@swgas.com">valeria.annibali@swgas.com</a> by no later than <b>1:00 p.m. PCT on Friday, January 12th, 2024.</b>
Deadline: by or before February 23rd, 2024	<b>Shortlisted Respondents Notified</b> Southwest Gas notified shortlisted Respondent.
Deadline: by or before March 29th, 2024	<b>Selection Process Completed</b> Selection process completed and shortlisted Respondent began negotiating RNG PURCHASE AGREEMENT for Southwest Gas submission to the Commission for approval via Advice Letter.

#### Consideration of Shortlist Offers

On January 12, 2024, Southwest Gas concluded its initial solicitation of SB 1440 compliant biomethane and began reviewing and evaluating offers in accordance with the SBPM and D.22-02-025. Southwest Gas maintained standardized ranking elements, including monetary and non-monetary factors for determining viable offers when measured against competing offers and Southwest Gas customer interests. Southwest Gas received three (3) offers in response to its SB 1440 RFP, with two (2) of the offers meeting SB 1440 requirements. A detailed summary of the SB 1440 RFP results is provided in **Confidential Attachment B**.



Southwest Gas considered all offers to be shortlist eligible based on the minimal number of offers received within its service territory. Southwest Gas notified participants of their shortlist inclusion on January 25, 2024, via email correspondence. Ultimately, not all projects that were included in the shortlist were selected for contract development due to various limiting factors for producing viable biomethane offtake agreements.

In addition to ensuring that all submitted offers met set SB 1440 prerequisites, Southwest Gas assessed shortlist offers against price indicators as available per industry-wide accepted publications alongside firsthand accounts obtained through industry outreach. Southwest Gas used a holistic approach to evaluate SB 1440 compliant biomethane offers against market trends and acceptable price impact on its customers ensuring the prudence of purchased biomethane supplies is balanced with value to the Company's customers.

Southwest Gas prioritized the shortlisted offers using the criteria provided in the SB 1440 RFP reflective of cost-effectiveness and prioritization characteristics set forth in the SBPM. Southwest Gas assessed each offer's ability to meet the short-term procurement target requirements outlined in D.22-02-025. Southwest Gas also considered supply accessibility and location, prioritizing direct access to the biomethane project on its system. A biomethane project directly connected to its distribution system would result in decreased transportation costs and increased supply reliability when compared to a biomethane project not directly connected to Southwest Gas' distribution system. Additionally, a localized impact from a directly connected project would bring a more direct environmental benefit to Southwest Gas customers in California. Southwest Gas also considered the project's compliance with its tariff Rule No. 22 – Standard Renewable Interconnections to the Utility's Pipeline System (Rule No. 22) if the project is directly connected to its distribution system. As part of additional non-monetary analysis, Southwest Gas considered the social and environmental benefits provided by a project according to qualifiers identified in D.22-02-025. Finally, as part of its project ranking and selection, Southwest Gas considered the project carbon intensity (CI) score during the SBPM ranking of projects which is reflective of the environmental benefit the project and the supplies provide to the State of California.

### **SBPM Guided Score**

Once Southwest Gas shortlisted its offers, the offers were ranked using the SBPM criteria, which included evaluating supplies based on monetary costs, and non-monetary factors.

The first score (Score A) was used to compare monetary costs, while the second score (Score B) accounted for project aspects that are more challenging to quantify but still offer real-world benefits to Southwest Gas customers. This method compares the cost of biomethane against that of natural gas while also allowing for the comparison of different biomethane projects with varying feedstocks, CI scores, and sizes.



The final output of the SBPM is the P-Score which equals the sum of Score A plus Score B. P-Scores closer to zero are preferable as they indicate a more cost-effective project. Cost-effectiveness and feasibility were key elements inherent of the selected project that helped differentiate it from other offers.

### **Procurement Agreement**

Upon concluding its ranking evaluation, Southwest Gas' selected project to pursue was memorialized through a procurement agreement (Transaction Confirmation) for the purchase of the biomethane with terms to ensure prudence and reliability of supply. As part of the procurement agreement term negotiations, Southwest Gas negotiated a competitive price based on market conditions and availability of supply. Southwest Gas also agreed upon a term limit that minimized customer impact risk by staying within a 15-year term limit as required in D.22-02-025.

Southwest Gas also confirmed that the selected offer was provided by a supplier with a Base Contract or a North American Energy Standards Board Agreement and then proceeded to develop and provide counterparties the unique terms for the purchase of biomethane through an agreement for procuring biomethane. The agreement was reviewed in a transparent and iterative manner by all necessary individuals representing all parties.

This process resulted in Southwest Gas entering into an agreement on May 19, 2025 with Anew and SoCal Biomethane, LLC for the purchase of SB 1440 compliant biomethane. The fully executed biomethane procurement agreement is included as **Confidential Attachment A**.

Southwest Gas plans to issue subsequent RFPs to procure additional biomethane supplies to meet its medium-term target and will submit any resulting agreements to the Commission for approval per D.22-02-025.

### **Selected Project Description**

The Victor Valley Wastewater Reclamation Authority (VWVRA) cleans and disinfects wastewater from Victorville, Apple Valley, Hesperia, and other parts of San Bernadino County before returning it to the Mojave River as recycled water. The VWVRA facility was developed by Anaergia, who upgraded the existing digester system for the co-digestion of food scraps alongside wastewater solids. The biomethane facility is currently operated by SoCal Biomethane, LLC. This commercial scale biomethane facility was developed through a Public-Private-Partnership such that the necessary infrastructure for receiving and processing diverted organic waste through anaerobic digestion was fully financed by Anaergia. The biogas resulting from this project is upgraded to pipeline quality standards in accordance with Southwest Gas' Rule No. 22 and injected into the Company's distribution system.





**Feedstock:** The VVWRA production facility currently produces biogas from anaerobically digested food waste and co-digested with municipal sewage from the facility's wastewater treatment process. This upgraded facility can accept up to 65,000 gallons of slurried food waste per day with an estimated tonnage of diverted organic waste of up to 104,000 tons per year. The feedstock consists of 100% SB 1383<sup>11</sup> compliant diverted organic waste sourced from over a dozen suppliers serving hundreds of customers across Southern California from as far west as Long Beach, as far south as Escondido, and as far east as Coachella. Large corporations such as Amazon, Wholefoods, Pepsi, Coca Cola, Costco, and multiple locally-owned grocery chains and restaurants depend on the waste processing capabilities of this facility. The historical annual CI scores at this facility fluctuated based on feedstock percentages as shown below; the expected 2025 CI Score for the facility is -5 gCO<sub>2</sub>e/MJ or lower.

	% Food Waste	% WWT Sludge	Estimated Facility CI
Future Estimated			
Balanced			
Worst-Case Historical			

**Tracking and Managing Emissions:** VVWRA is required to provide an annual Comprehensive Emission Inventory Plan & Report to the Mojave Desert Air Quality Management District. VVWRA is responsible for tracking and reporting emissions for certain criteria pollutants and toxic air contaminants, utilizing methane leak detection systems to this end. To date, VVWRA has not received a notice of legal violation at the local, state, or federal level.

**Local Impacts:** VVWRA is located in Census Tract 6071009117 which is designated as a low-income community (AB 1550<sup>12</sup>) and a disadvantaged community (SB 535<sup>13</sup>). At the

<sup>11</sup> Title 14 18982(a)(62) "Renewable gas" means gas derived from organic waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by Title 14 to recover organic waste; the VVWRA is a CA permitted in-vessel digestion facility accepting and processing organic waste diverted from a landfill.

<sup>12</sup> Assembly Bill (AB) 1550, the Climate Investments for California Communities Act; AB 1550 defines low-income communities using median household income thresholds based on statewide averages and Department of Housing and Community Development (HCD) data. Census Tract 6071009117 is designated as a low-income community per HCD.

<sup>13</sup> SB 535, the California Climate Investments to Benefit Disadvantaged Communities Act; in May 2022, CalEPA released its updated Designation of Disadvantaged Communities (DAC) for the purpose of SB 535. In this designation, CalEPA formally designated four categories of geographic areas as disadvantaged: (1) Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0 (1,984 tracts). (2) Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps, but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores (19 tracts). (3) Census tracts identified in the 2017 DAC designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0 (307 tracts). (4) Lands under the control of federally recognized tribes. Census Tract 6071009117 is designated as a DAC under Category 1 - receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0.





same time, VVWRA is the only wastewater treatment provider for communities in Victorville, Apple Valley, Hesperia, Spring Valley Lake, and Oro Grande where it treats and reclaims approximately 12 million gallons of water per day.

This facility also supports the employment and infrastructure needs of this California designated disadvantaged community by employing over 4 full-time staff and 50 part-time staff and contractors. In addition, VVWRA engages with the community by hosting facility tours, providing schools with sustainable organic waste management and low-carbon fuel production educational materials, and instituting a \$3,000/year scholarship fund for local Victorville Science, Technology, Engineering and Mathematics (STEM) students.

**Greenhouse Gas (GHG) Reductions:** The digestate produced by the project is dewatered on-site and applied as soil amendment which delivers nutrients, enhances carbon sequestration capabilities, and improves water retention capabilities.

### **Cost Impacts**

In addition to evaluating that the selected biomethane supplies meet the requirements in D.22-02-025 for the reduction of SLCP, Southwest Gas' prudency review included assessing the contract price against the Company's proposed Cost Control Mechanism included in its RGPP. The Cost Control Mechanism assessed the contract biomethane price and the impact of biomethane above market cost on customer bills.

Southwest Gas evaluated its shortlisted offers against the proposed Cost Control Mechanism to determine that the selected offer is the best cost alternative using a competitive solicitation process. In addition, Southwest Gas' assessment included a cost evaluation from the intended purchase using the cost impact sheets filed on June 28, 2024. Southwest Gas calculated the above market cost of biomethane supplies when compared to conventional natural gas supplies in cents per therm and then evaluated the impact to the monthly cost of gas procured as a result of the incremental biomethane price. Southwest Gas calculated the estimated percentage change in the average core sales customers' bill to determine the biomethane purchase's impact within each of its California rate jurisdictions.

The cost impact from incorporating biomethane into its supply portfolio declines throughout the contract term based on the Company's expected increase of natural gas usage due to customer growth. (See Table 1 below).

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**Table 1. Estimated Rate Impact to Core (Residential) Customers (% change from previous year)**

Year	Southern California	Northern California	South Lake Tahoe
2026	3.65%	3.22%	3.66%
2027	3.64%	3.21%	3.67%
2028	3.61%	3.19%	3.66%
2029	3.60%	3.16%	3.63%
2030	3.56%	3.15%	3.59%
2031	3.55%	3.14%	3.57%
2032	3.52%	3.12%	3.56%

### **Affordability Analysis**

In addition to performing the cost impact analysis using the proposed Cost Control Mechanism and cost impact sheets, Southwest Gas also conducted an affordability analysis to calculate an Affordability Ratio (AR), consistent with D.22-08-023,<sup>14</sup> which is an attempt at quantifying the percentage of a customer's household income that would be required to pay for an essential utility service after non-discretionary costs, such as housing and other essential utility services, are removed from the household income. An AR is calculated by dividing the essential usage bill by the discretionary income for a given geography. An essential bill represents the average monthly bill customers would pay for their essential energy, water, or telecommunications usage. In terms of natural gas service, essential usage represents the baseline allocation of gas in a given baseline climate zone. To calculate an essential bill, the baseline allowance for individually metered gas residential customers is multiplied by the residential baseline rate and added to the monthly basic service charge.

Southwest Gas calculated estimated essential bills, as described above, for each of its baseline climate zones and then utilized the Commission's affordability calculator available on the Commission website.<sup>15</sup> Affordability ratios are calculated based on the proposed rate design in Southwest Gas' Test Year 2026 General Rate Case Application (A.) 24-09-001), filed on September 6, 2024.

The AR ratio increases with the inclusion of biomethane in Southwest Gas' supply portfolio and results in a minimal increase during a four-year evaluated period. During the evaluated four-year period, the AR applicable to the Company's non-California Alternate Rates for Energy (CARE) customers increases less than 0.40% with the inclusion of biomethane into Southwest Gas' supply portfolio. The CARE customers experience even less of an impact given the rate discount with the AR not exceeding 0.31%. The results of the analysis are provided in the tables below.

<sup>14</sup> D.22-08-023, *Decision Implementing the Affordability Metrics*, approved August 4, 2022.

<sup>15</sup> <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.



NON-CARE								
	2026		2027		2028		2029	
Increase / (Decrease)	Weighted Avg Gas AR <sub>20</sub> *	Weighted Avg Gas AR <sub>50</sub> **	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>
Barstow	0.20%	0.05%	0.20%	0.05%	0.20%	0.05%	0.20%	0.05%
Big Bear	0.21%	0.06%	0.21%	0.05%	0.22%	0.05%	0.22%	0.05%
Needles	0.09%	0.02%	0.09%	0.02%	0.09%	0.02%	0.09%	0.02%
North Lake Tahoe	0.27%	0.06%	0.27%	0.06%	0.27%	0.06%	0.28%	0.06%
South Lake Tahoe	0.19%	0.06%	0.19%	0.06%	0.19%	0.06%	0.20%	0.06%
Truckee	0.37%	0.08%	0.38%	0.08%	0.38%	0.08%	0.39%	0.08%
Victorville	0.13%	0.05%	0.14%	0.05%	0.14%	0.04%	0.14%	0.04%

\*AR<sub>20</sub> reflects the affordability ratio of a household within the lowest 20th percentile of income

\*\*AR<sub>50</sub> reflects the affordability ratio of a household within the lowest 50th percentile of income

CARE								
	2026		2027		2028		2029	
Increase / (Decrease)	Weighted Avg Gas AR <sub>20</sub> *	Weighted Avg Gas AR <sub>50</sub> **	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>	Weighted Avg Gas AR <sub>20</sub>	Weighted Avg Gas AR <sub>50</sub>
Barstow	0.16%	0.04%	0.16%	0.04%	0.16%	0.04%	0.16%	0.04%
Big Bear	0.17%	0.04%	0.17%	0.04%	0.17%	0.04%	0.17%	0.04%
Needles	0.07%	0.02%	0.07%	0.02%	0.08%	0.02%	0.08%	0.02%
North Lake Tahoe	0.21%	0.04%	0.22%	0.05%	0.22%	0.05%	0.22%	0.05%
South Lake Tahoe	0.15%	0.05%	0.15%	0.05%	0.15%	0.05%	0.16%	0.05%
Truckee	0.30%	0.06%	0.30%	0.06%	0.31%	0.06%	0.31%	0.06%
Victorville	0.11%	0.04%	0.11%	0.04%	0.11%	0.04%	0.11%	0.04%

\*AR<sub>20</sub> reflects the affordability ratio of a household within the lowest 20th percentile of income

\*\*AR<sub>50</sub> reflects the affordability ratio of a household within the lowest 50th percentile of income

Affordability ratios are calculated based off the proposed rate design in Southwest Gas' TY 2026 General Rate Case application, A.24-09-001.

### **Cost Recovery**

The Commission is currently considering the cost allocation between core and noncore customers, as well as core transport agents in Rulemaking (R.) 22-12-011.<sup>16</sup> Therefore,

<sup>16</sup> R.22-12-011 – *Order Instituting Rulemaking to Address Biomethane Procurement Cost Allocation*, approved December 15, 2022.



Southwest Gas will include the above-market biomethane costs<sup>17</sup> incurred as a result of this procurement agreement when the Commission issues a decision on biomethane cost allocation in R.22-12-011.

### **Risk Profile**

Southwest Gas serves North Lake Tahoe, South Lake Tahoe, and Truckee in its Northern California service territory and Big Bear, Needles, Barstow, Victorville, and other surrounding cities in the high desert area in its Southern California service territory. Within its Northern and Southern California service territories, there is a limited number of potential biogas facilities located within an economically viable distance to Southwest Gas' pipeline interconnection points. Based on a review of potential sites for biogas supplies to the Company could directly access through interconnection, there is no potential site available in the Company's Northern California service territory at the time of the RFP. In Southwest Gas' Southern California service territory, VVWRA is the only opportunity for Southwest Gas to cost-effectively inject SB 1440 compliant biomethane directly into its system for distribution to its customers in California.

Notably, the VVWRA facility is already connected to Southwest Gas' system, and the Company has been taking the separated natural gas from Environmental Attributes since 2022. This offers a unique cost saving opportunity since there are no new transportation costs. Furthermore, given the facility's historic performance, Southwest Gas is confident the demonstrated CI and the project's ability to reliably continue to produce SB 1440 compliant biomethane, will provide environmental benefit to the Company's California customers.

### **Southwest Gas SB 1440 RFP Procurement Advisory Group (PAG) Engagement**

OP 29 in D.22-02-025, directed the gas IOUs to establish a PAG for biomethane procurement, according to the following criteria:

- (1) Each of the Joint Utilities shall create and manage its own PAG;
- (2) PAG membership should be limited to non-market participants; and
- (3) Prospective PAG members shall apply to and receive approval from the CPUC's Energy Division for PAG membership.<sup>18</sup>

Southwest Gas established its PAG composed of non-market participants, including the following members:

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<sup>17</sup> The above-market biomethane cost is defined as the difference in the monthly weighted average cost of Biomethane purchases (including the cost of any renewable attributes or credits that are bundled with the purchased biomethane supply) and the monthly weighted average cost of traditional natural gas purchases.

<sup>18</sup> D.22-02-025 at pg. 29.



- Commission Energy Division Staff
- Public Advocates Office of the Commission
- Environmental Defense Fund
- Sierra Club
- Earth Justice

Southwest Gas developed a PAG Charter outlining roles and responsibilities and executed a Non-Disclosure Agreement with each of the participating PAG organizations to ensure a competitive process.

Southwest Gas performed the following communications regarding its PAG, from its inception through the biomethane procurement process:

**November 29, 2022** – Southwest Gas emailed identified candidates to participate in the Company's PAG in accordance D.22-02-035. Potential PAG members were informed of D.22-02-025 requirements regarding PAG establishment, expectations regarding consultation on biomethane solicitation to ensure Southwest Gas adherence to its RGPP, and their need to apply and receive Commission Energy Division approval for PAG membership. The application deadline (Deadline 12, 2022) was clearly identified, and subsequent reminders were sent to ensure interested candidates met the established deadline.

**September 14, 2023** – Southwest Gas held its first PAG, which was attended by all approved PAG member representatives. The PAG meeting was held prior to the distribution of Southwest Gas' RFP, and the Company presented information regarding 1) biomethane procurement assumptions and cost data filing assumptions including procurement targets; 2) market supply points; 3) Southwest Gas' service territory subject to SB 1440; 4) biomethane procurement cost allocation based on throughput; 5) estimated above market cost impact details as calculated using price thresholds established in D.22-02-025; and 6) the Company's proposed Cost Control Mechanism.

**October 24, 2023** – Southwest Gas emailed PAG members to inform that the Company issued an RFP to procure SB 1440 compliant biomethane. In the email, Southwest Gas included a copy of the confidential RFP and scheduling expectations for a meeting to discuss any related questions or concerns.

**October 27, 2023** – Southwest Gas met with PAG members to review the confidential RFP that was issued on October 24, 2023.

**January 31, 2024** – Southwest Gas emailed PAG members to inform that on January 12, 2024, Southwest Gas concluded its RFP to procure SB1440 compliant biomethane.

**February 20, 2024** – Southwest Gas held a PAG meeting, which was attended by all PAG members. During the meeting, Southwest Gas explained the RFP methodology and



presented the results of the RFP including timeline, response volume, potential shortlist offers, project locations, ranking elements and requirements, and high-level cost impact analysis. Southwest Gas also informed the PAG regarding the next steps in the procurement process. Participants provided feedback that was considered by Southwest Gas when making decisions related to the RFP process.

**July 3, 2024** – Southwest Gas emailed PAG members that Southwest Gas confidentially filed Cost Data Templates pursuant to a directive in R.22-12-011.

**July 11, 2024** – Southwest Gas hosted a PAG meeting to review the Cost Data Templates filed pursuant to R.22-12-011, providing general details and relevant updates made. The participants were provided a copy of the confidential Cost Data Templates filing for Southwest Gas' Southern California, Northern California, and South Lake Tahoe rate jurisdictions.

**May 28, 2025** – Southwest Gas emailed PAG members to inform of its successful execution of an agreement with Anew and SoCal Biomethane, LLC for biomethane procurement to meet the Company's SB 1440 compliance targets. Southwest Gas extended an invite to discuss the agreement, related cost-impact analysis, and the expected Tier 3 Advice Letter submission for Commission approval.

**June 2, 2025** – Southwest Gas hosted a PAG meeting. The PAG members were informed of 1) the RFP record of events; 2) key details of the executed biomethane procurement contract resulting from the RFP process; 3) expected cost impacts to customers based on the executed contract; and 4) next steps in the biomethane procurement process. Southwest Gas answered questions regarding SB 1440 and D.22-02-025 standards, contract details, and project details. Related materials were provided to all PAG members immediately following the meeting.

#### **Compliance with the Decision**

Southwest Gas' SB 1440 Biomethane RFP, review process, and subsequent contract are prudent, reasonable, and meet D.22-02-025 requirements as outlined in this Advice Letter.

**Southwest Gas' SB 1440 Biomethane RFP:** Southwest Gas issued its RFP in accordance with D.22-02-025 to procure SB 1440 compliant biomethane. Southwest Gas' outreach efforts were broad and unbiased, reaching out to project developers, owners, operators, and marketers seeking offtake agreements to meet short-term and medium-term targets pursuant to D.22-02-025. Standards for eligible projects were clearly identified and enforced based on prerequisites set forth in D.22-02-025.

**Southwest Gas' SB 1440 RFP Review Process:** Southwest Gas' review process was performed in accordance with the SBPM and complied with D.22-02-025 requirements.





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Southwest Gas ranked projects in accordance with the requirements and guidelines in D.22-02-025, which included monetary and non-monetary value considerations.

**Southwest Gas' SB 1440 Biomethane RFP Resulting Contract:** Pursuant to D.22-02-025, Southwest Gas issued its SB 1440 RFP to secure SB 1440 compliant biomethane to achieve target volumes of up to 0.286 Bcf per year by December 31, 2025 and up to 1.63 Bcf per year by December 31, 2030. Southwest Gas' procurement agreement with Anew and SoCal Biomethane, LLC for the purchase of SB 1440 compliant biomethane utilizes biomethane produced from a wastewater facility that has been upgraded to receive food waste diverted from landfill such that it can be applied towards Southwest Gas' short-term target, and a portion to Southwest Gas' medium-term target.

### **Attachments – Confidential and Public**

#### **Confidential Attachments**

- Attachment A: Executed Biomethane Procurement Agreement with Anew and SoCal Biomethane, LLC
- Attachment B: Summary of RFP Results (as presented to the PAG)

#### **Public Attachments**

- Attachment C: Southwest Gas Corporation SB 1440 Biomethane Procurement ("RFP")

### **Effective Date**

Pursuant to OP 13 in D.22-02-025 and General Order (GO) 96-B, this Advice Letter is classified as Tier 3 and, as such, requires a Resolution to be issued by the Commission for approval. Accordingly, Southwest Gas respectfully requests that it be approved by the Commission at its earliest opportunity.

### **Protest**

Anyone may protest this Advice Letter to the Commission's Energy Division. The protest must state the grounds upon which it is based with specificity and must be sent no later than 20 days after the date of this Advice Letter submission. Protests are to be submitted electronically to the Commission's Energy Division at:

E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should be sent electronically to:



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Valerie J. Ontiveroz  
Senior Manager/Regulatory Affairs and Compliance  
E-mail: [valerie.ontiveroz@swgas.com](mailto:valerie.ontiveroz@swgas.com)  
Email: [regserve@swgas.com](mailto:regserve@swgas.com)

### **Notice**

Pursuant to Energy Industry Rule 3.1(2), Southwest Gas is exempt from the notice requirements set forth in General Rule 4.2 in GO 96-B since this Advice Letter is submitted in accordance with D.22-02-035.

### **Service**

In accordance with GO 96-B, General Rule 7.2, Southwest Gas is serving copies of this Advice Letter to the utilities and interested parties shown on the attached list and on the official service list in R.13-02-008.

Respectfully submitted,

SOUTHWEST GAS CORPORATION

By:   
Valerie J. Ontiveroz

Attachments

**Distribution List**

Advice Letter No. 1332-G

In conformance with GO 96-B, General Rule 4.3

The following individuals or entities have been served by electronic mail:

Linda Serizawa, Director  
Public Advocates Office  
California Public Utilities Commission  
[Linda.Serizawa@cpuc.ca.gov](mailto:Linda.Serizawa@cpuc.ca.gov)

Pacific Gas & Electric Company  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Southern California Gas Company  
[GLenart@socalgas.com](mailto:GLenart@socalgas.com)  
[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

San Diego Gas & Electric Company  
[SDG&ETariffs@SemptraUtilities.com](mailto:SDG&ETariffs@SemptraUtilities.com)

Michael Campbell  
Public Advocates Office  
California Public Utilities Commission  
[michael.campbell@cpuc.ca.gov](mailto:michael.campbell@cpuc.ca.gov)

Nathaniel Skinner  
Public Advocates Office  
California Public Utilities Commission  
[nathaniel.skinner@cpuc.ca.gov](mailto:nathaniel.skinner@cpuc.ca.gov)

Scott Blaising  
[blaising@braunlegal.com](mailto:blaising@braunlegal.com)

Jim Mosher  
[copperbeechllc@gmail.com](mailto:copperbeechllc@gmail.com)

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**DECLARATION OF VALERIE J. ONTIVEROZ  
REGARDING CONFIDENTIALITY OF CERTAIN DATA**

I, Valerie J. Ontiveroz, declare as follows:

1. I am Senior Regulatory Manager/Regulatory Affairs & Compliance, designated by Amy L. Timperley, Senior Vice President/Chief Regulatory, Public Affairs and Gas Resource Officer at Southwest Gas Corporation to submit this Declaration. I have reviewed Advice Letter No. (AL) 1338 in its entirety. In addition, I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.
2. I provide this Declaration in accordance with Decision (D.) 16-08-024 to demonstrate that the confidential information provided in AL 1338 and Confidential Attachment A and Confidential Attachment B ("Confidential Information") are within the scope of data protected as confidential under applicable law, as more specifically set forth below.
3. In accordance with the legal citations and basis for confidentiality described in Exhibit 1, the Confidential Information should be protected from public disclosure.
4. In accordance with the legal authority described herein, the Confidential Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 28<sup>th</sup> day of July, 2025, at Las Vegas, Nevada.

  
Valerie J. Ontiveroz  
Senior Manager/Regulatory Affairs  
and Compliance

## EXHIBIT 1

### Southwest Gas Corporation Request for Confidentiality

Location/Title of Protected Information	Legal Justification for Withholding	Basis for Confidentiality Treatment
<p><b>Advice Letter No. 1338 -</b> Request for Approval of Biomethane Procurement Agreement with Anew Climate in accordance with Decision (D.) 22-02-035.</p> <p><b>Attachment A – Procurement Agreement</b></p> <p><b>Attachment B – SB 1440 Request for Proposal Results</b></p>	<p>GO 66-D</p> <p>Gov't Code §§6254(k), 6254.7 (d), Evidence Code §1060, Civil Code §3426 et seq.</p> <p>D.09-08-018, 2011 WL 660568 (agreeing that confidential prices and contract terms specifically negotiated with a program vendor is proprietary and commercially sensitive and should remain confidential).</p>	<p>The referenced material contains commercially sensitive information that could place both Southwest Gas and its suppliers at an unfair disadvantage relative to other market participants and result in higher purchased gas costs for Southwest Gas and its end-use customers.</p> <p>Southwest Gas derives economic value from this trade secret information being confidential, as it gives Southwest Gas an opportunity to obtain a business advantage that helps to minimize gas costs for Southwest Gas and its end-use customers.</p>

**Advice Letter No. 1338-G**

**CONFIDENTIAL**

**Attachment A**  
Procurement Agreement



**Advice Letter No. 1338-G**

**CONFIDENTIAL**

**Attachment B**

SB 1440 Request for Proposal Results

**Advice Letter No. 1338-G**

**Attachment C**

SB 1440 Biomethane Procurement (“RFP”) issued October 24th, 2023

## Attachment C

### Southwest Gas Corporation SB 1440 Biomethane Procurement (“RFP”) October 24<sup>th</sup>, 2023

#### **Overview**

Southwest Gas Corporation (“Southwest Gas” or “SWG” or “Company”) provides natural gas distribution service to portions of Southern California (including Victorville and surrounding areas, Barstow, Big Bear City, and Needles) and Northern California (including North Lake Tahoe, Truckee, and South Lake Tahoe). Within its California service territory, Southwest Gas is served by Southern California Gas Company’s (SoCalGas) and Pacific Gas & Electric Company’s (PG&E) systems.

Southwest Gas is seeking proposals to procure from a third party (“COUNTERPARTY” or “Respondent”) biomethane also referred to as “Renewable Natural Gas” or “RNG” for the purpose of this solicitation in compliance with the February 24, 2022 California Public Utilities Commission (“Commission” or “CPUC”) Decision (D.) 22-02-025<sup>1</sup> implementing Senate Bill (SB) 1440, which aims to reduce California emissions of short-lived climate pollutants and divert organic waste from landfills.

Southwest Gas seeks to procure in an RNG PURCHASE AGREEMENT the following RNG quantities (“BIOMETHANE QUANTITY”) to meet procurement targets as set forth in the CPUC-approved Decision, and as provided in Southwest Gas’ Renewable Gas Procurement Plan<sup>2</sup> (“RGPP”), submitted to the CPUC for approval on December 28, 2022:

1. up to 0.286 Bcf per year by December 31, 2025;
2. up to 1.63 Bcf per year by December 31, 2030.

Southwest Gas will utilize the Commission-approved Standard Biomethane Procurement Methodology (“SBPM”)<sup>3</sup> attached in Exhibit B to evaluate submitted proposals.

Southwest Gas and COUNTERPARTY may decide, in their sole discretion, to negotiate in good faith the terms and conditions of one or more definitive RNG PURCHASE AGREEMENT(s) with respect to purchasing RNG quantities. The terms outlined in this RFP and the SBPM are not and are not intended to be a complete list of the material terms to be included in the agreements to be negotiated by Southwest Gas and COUNTERPARTY. All RNG PURCHASE AGREEMENT(s) resulting from the concluded RFP are subject to CPUC approval process as outlined in D. 22-02-025.

#### **RFP Inquiries or Questions**

Any questions or requests for clarification of any portion of this RFP must be in writing and directed to Rafal Wilson ([rafal.wilson@swgas.com](mailto:rafal.wilson@swgas.com)), John Olenick ([john.olenick@swgas.com](mailto:john.olenick@swgas.com)), and Valeria Annibali ([valeria.annibali@swgas.com](mailto:valeria.annibali@swgas.com)).

<sup>1</sup> Commission Decision D.22-02-025:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M454/K335/454335009.PDF>

<sup>2</sup> SWG RGPP: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M500/K436/500436100.PDF>

<sup>3</sup> Commission approved SBPM: [https://www.swgas.com/rate/1409214147241/SWG\\_AL-1222\\_Joint-IOU-Advice-Letter-4626-G-et-al--Public-.pdf](https://www.swgas.com/rate/1409214147241/SWG_AL-1222_Joint-IOU-Advice-Letter-4626-G-et-al--Public-.pdf)

DISCLAIMER: The information contained herein is provided solely to enable Respondents to respond to this RFP. Southwest Gas reserves the right to reject all proposals and/or to withdraw this solicitation at any time.

### Schedule

Below schedule outlines key dates for this RFP:

<b>Deadline</b>	<b>Item</b>
January 12th, 2024	<p><b>Response Submission with completed Project Information Form</b></p> <p>Email your proposal to: <a href="mailto:rafal.wilson@swgas.com">rafal.wilson@swgas.com</a> and <a href="mailto:valeria.annibali@swgas.com">valeria.annibali@swgas.com</a> with the subject line of the email as indicated below:</p> <p><b>PROPOSAL – CONFIDENTIAL – SB1440 Biomethane Procurement RFP</b></p> <p>Southwest Gas requests that Respondents provide responses to this solicitation, via e-mail to <a href="mailto:rafal.wilson@swgas.com">rafal.wilson@swgas.com</a> and <a href="mailto:valeria.annibali@swgas.com">valeria.annibali@swgas.com</a> by no later than <b>1:00 p.m. PCT on Friday, January 12th, 2024.</b></p>
by or before February 23rd, 2024	<p><b>Shortlisted Respondents Notified</b></p> <p>Southwest Gas notifies shortlisted Respondent. Proposals not included in the Shortlist may be placed on a waitlist to be selected in order of evaluation results and selection constraints, should any shortlisted proposal fail to meet RFP process requirements.</p>
by or before March 29th, 2024	<p><b>Selection Process Completed</b></p> <p>Selection process completed and shortlisted Respondent negotiates RNG PURCHASE AGREEMENT for SWG submission to the CPUC for approval via Advice Letter.</p>

The schedule and documents associated with the RFP are subject to change at SWG's sole discretion at any time and for any reason. Southwest Gas will endeavor to notify Respondents of any changes to the RFP but shall not be liable for any costs or liability incurred by Respondent or any other party due to a change or for failing to provide notice or acceptable notice of any change. Respondents must address the following in the proposal for consideration:

1. Southwest Gas understands that some COUNTERPARTIES may need to request an interconnection to SWG's gas system to inject the produced biomethane. This RFP requires the COUNTERPARTY undergo SWG's Interconnection Screening process as outlined in Southwest Gas' Rule No. 22 – Standard Renewable Gas Interconnection Tariff<sup>4</sup> for new facilities as part of the submitted proposals for consideration and recommends initiating the Interconnector Request with the appropriate information provided at the earliest convenience. Project interconnection information requirements:
  - a. For new facilities within Southwest Gas' service territory not yet interconnected to SWG's system, Respondent shall provide a completed RENEWABLE NATURAL GAS SUPPLIER INTERCONNECTION PROJECT FACT SHEET: <https://www.swgas.com/RNG-Supplier-Interconnect-Project-Fact-Sheet.pdf>.
  - b. For new facilities outside of Southwest Gas' service territory and not yet interconnected to a natural gas pipeline system, COUNTERPARTY must submit the Interconnection Screening Study results or equivalent from their respective

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- service provider as soon as results are available and before the RFP Response due date provided above.
- c. For existing facilities, within or outside Southwest Gas service territory, COUNTERPARTY must share the Interconnection Status details.
2. The proposed source of BIOMETHANE QUANTITY must demonstrate sourcing from diverted organic waste meeting the required prerequisites and attestations as provided in the SBPM Mandatory Conditions.
  3. COUNTERPARTY must provide carbon intensity scores for each facility serving as source of the BIOMETHANE QUANTITY using the latest available California GREET model.
  4. To enter into an RNG PURCHASE AGREEMENT the COUNTERPARTY agrees to:
    - a. Deliver to Southwest Gas a specified BIOMETHANE QUANTITY of bundled physical methane gas with environmental attributes ("EAs") under the RNG PURCHASE AGREEMENT(s);
    - b. Provide evidence that the production of the PHYSICAL METHANE and the EA was produced and generated within the state of California, if the PHYSICAL METHANE is otherwise separated from the EA at any point;
    - c. Deliver purchased BIOMETHANE QUANTITY to Southwest Gas at a mutually agreeable location(s) to be agreed upon within the RNG PURCHASE AGREEMENT.
  5. Proposals will be evaluated and ranked according to the approved SBPM and Decision provided guidelines and referenced in this RFP.
  6. Once a COUNTERPARTY is selected, final terms of the RNG PURCHASE AGREEMENT will be subject to CPUC approval timing which will be based on tiered pricing as provided in the Decision:
    - a. Tier 1 for contract prices up to \$17.70/MMBtu;
    - b. Tier 2 for contract prices between \$17.70 and \$26/MMBtu;
    - c. Tier 3 for contract prices above \$26/MMBtu<sup>5</sup>.
  7. Any submitted proposals will be subject to disclosure to the CPUC required Procurement Advisory Group (PAG) review process.
  8. Southwest Gas may provide, if requested in a state regulatory proceeding, this Term Sheet or other related proposals confidentially to parties to the state regulatory proceeding upon completion of a non-disclosure agreement.

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<sup>4</sup> [https://www.swgas.com/1409181853334/RULE\\_22---SRGIA\\_Eff-Feb-19-2021.pdf](https://www.swgas.com/1409181853334/RULE_22---SRGIA_Eff-Feb-19-2021.pdf)

<sup>5</sup> D.22-02-025, OP 13 at pg. 59.

### **PAG Review**

Upon completion of the shortlisted evaluation and ranking of proposals, Southwest Gas will share the results of the evaluation, the process for review, and Southwest Gas' selected shortlisted proposal(s) with its PAG members as directed by the Decision. Southwest Gas PAG members are subject to executed Non-Disclosure Agreements and act solely in consultation to assist Southwest Gas with respect to the biomethane procurement process to ensure the Company meets the requirements provided in D.22-02-025 and as outlined in the RGPP. PAG members act solely in an advisory capacity and do not have decision-making authority with respect to any proposals or RNG PURCHASE AGREEMENT(s).

### **Regulatory Approval**

This solicitation implies no obligation on the part of Southwest Gas. Southwest Gas may reject all submitted offers. After RNG PURCHASE AGREEMENT(s) execution, Southwest Gas is required to submit executed agreements to the CPUC for approval via Advice Letters at tiers determined by the price of each contract as outlined in D. 22-02-025.

All accepted proposals and any executed RNG PURCHASE AGREEMENT is expressly conditioned on SWG's receipt of final and non-appealable CPUC approval of such AGREEMENT.

### **Confidentiality**

The information contained in this RFP is confidential and is submitted solely to enable Respondents to respond to this RFP. Respondents should treat as strictly confidential and proprietary the terms of this RFP and all information provided. Respondent's receipt of this RFP constitutes its agreement not to disclose such information – or the fact that Respondent has been asked to submit a proposal – to a third party for any reason; however, Respondent may disclose the existence of, and applicable terms of, this RFP to subcontractors, suppliers, or vendors from whom Respondent seeks proposals or required information to support Respondent's proposal, provided each subcontractor is under obligations of confidentiality to Respondent regarding the RFP documents at least as restrictive as set forth herein, but only to the extent disclosure is necessary for Respondent to prepare its proposal. Without limiting the foregoing, Respondents, including their subcontractors, vendors, and suppliers, are not authorized, without SWG's prior written consent, to publicize the fact that Respondent or any subcontractor, vendor, or supplier of Respondent is a potential supplier to SWG.

SWG reserves the right to require at any time that Respondent, including any and all subcontractors or vendors who received RFP information from Respondent under the paragraph above, return or destroy all RFP documents. SWG will treat information received from Respondents designated as confidential or proprietary with the same consideration. However, SWG may disclose any information received in response to this RFP to the CPUC and any parties to the proceeding before Commission provided that SWG seeks confidential treatment of the documents pursuant to the applicable statutes, rules and regulations.



APPENDIX A

**Proposal Form, Part A:**

<b>COUNTERPARTY INFORMATION</b>	
<b>Respondent/Counterparty Name</b>	
<b>Primary Contact (Name / Phone / Email)</b>	
<b>Secondary Contact (Name / Phone / Email)</b>	
<b>BIOMETHANE FACILITY INFORMATION</b>	
<b>Project Name</b>	
<b>Project Location (City, State and Project Coordinates)</b>	
<b>Is this a new project, or an expansion to an existing project?</b>	
<b>Technology Description: Briefly summarize the process including feedstocks and products/waste streams</b>	
<b>Detailed source of feedstock(s) (e.g., landfill, wastewater treatment, dairy, municipal solid waste)</b>	
<b>Percentage of feedstock source that is SB1383 compliant Diverted Organic Waste (%)</b>	
<b>Estimated tonnage of diverted organic waste used at the RNG producing facility (tons/year)</b>	
<b>Details of feedstock's compliance with SB1383</b>	
<b>Production Process (e.g., anaerobic digester)</b>	
<b>Briefly provide a process for your emissions tracking including but not limited to fugitive methane, CO<sub>2</sub>, particulate matter (PM 2.5 / PM 10), NO<sub>x</sub> or any other emissions associated with your process?</b>	
<b>Is there any gas flaring currently at the facility?</b>	
<b>Carbon Intensity Score (Specify Verifying Entity) Must be using CA-GREET 3.0 model or newer</b>	
<b>Contract Term</b>	<b>Contract Start Date: _____</b>

DISCLAIMER: The information contained herein is provided solely to enable Respondents to respond to this RFP. Southwest Gas reserves the right to reject all proposals and/or to withdraw this solicitation at any time.

<b>(Maximum of 15 years and not beyond 2040)</b>	<b>Contract End Date:</b> _____
--	---------------------------------

**PLEASE PROVIDE A QUANTITY AND PRICE SCHEDULE FOR THE TERM OF THE PROPOSED CONTRACT IN THE FOLLOWING FORMAT:**

Year	Biomethane Quantity (MMBtu/month)	Contract Price per MMBtu (\$US)
1		
2		
3		
4		
5		
Etc.		

**Proposal Form, Part B:**

**Criteria used for project cost-effectiveness and procurement prioritization:**

Criteria (Ordering Paragraph “OP” reference in D. 22-02-025 where applicable)	Yes or No
Are waste byproducts used for any GHG reducing use instead of landfill, e.g., soil amendment or other reuse (OP 4, 42)? <i>If yes, explain.</i>	
Are perfluoroalkyl or polyfluoroalkyl substances removed from waste byproducts (OP 4)?	
Are waste haulers delivering to facility using near-zero emission or zero emission vehicles (OP 5, 38)?	
Are CO2 emissions into atmosphere prevented by Carbon Capture and Use or Storage projects or technology (OP 8, 41)?	
<i>If SWG were to require CCUS, does Seller have an identified technology that would be employed? Please describe.</i>	
<i>Is there an approximate cost in (\$) or (\$/MMBtu) associated with adding the CCUS to the process?</i>	
Is the facility in a remote location (OP 3, 32)?	
Is the facility in proximity to a Disadvantaged Community? How far (miles)?	

**Other Prerequisites - projects must meet the following requirements specified in the Decision which will be enforced contractually:**

Criteria (Ordering Paragraph “OP” reference in D. 22-02-025 where applicable)	Yes or No
Livestock and dairy biomethane facilities that contract with a gas IOU shall operate in a manner that does not cause adverse impacts to water and air quality (OP 9)	

DISCLAIMER: The information contained herein is provided solely to enable Respondents to respond to this RFP. Southwest Gas reserves the right to reject all proposals and/or to withdraw this solicitation at any time.

Producers shall track volumetric injections of biomethane into pipelines through M-RETS (OP 10)	
Biomethane procurement volumes procured and delivered up to 2025 will be produced from organic waste, including wood waste, diverted from landfills (OP 14)	
Biomethane procurement volumes procured and delivered after 2025 may include production from a Dairy facility as long as its operation commenced after December 31, 2021 (OP 19)	
Biomethane procurement volumes produced from a dairy facility and delivered after 2025 must not have an unresolved citation for violation of rules or requirements for protection of air or water quality from state or local regulatory agencies (OP 20)	
Biomethane is not produced from purpose-grown crops (OP 22)	
Producer agrees to limit hydrogen sulfide in gathering lines to 10 parts per million (OP 35)	
Producer agrees to specify in contract how tipping fees may modify contract terms, if at all (OP 37)	
Producer agrees that any Class 8 trucks purchased or leased for use in the production of biomethane after the effective date of the Decision are near zero-emission (NZE) or zero-emission (ZE) vehicles (OP 38)	
Current electric generation on-site? If yes, specify the combustion technology used for said electric generation. (OP 39, 40)	
Producer agrees to prospectively cap on-site combustion-based generation of electricity using their own biogas beyond current generation levels (OP 39)	
If facility has yet to purchase or plan and construct electric generation infrastructure, facility shall agree to use only non-combustion technologies for on-site electric generation (OP 40)	
Producer agrees to include a methane leak standard in CI accounting (OP 49)	
Medium-term (2030) procurement only: landfill facility does not accept new organic waste and is implementing advanced landfill gas capture automation and monitoring technology to decrease fugitive methane emissions (Decision, p. 33)	

### **EXCEPTIONS**

Indicate any exceptions taken to any Prerequisites, Project Criteria as outlined in this RFP, the Decision, or SBPM, Terms and Conditions, or schedule. Each exception must reference the applicable paragraph of the document and indicate the reason for the exception. Respondents' exceptions will be taken into consideration in the overall evaluation of the proposals. IF NO EXCEPTIONS ARE INCLUDED WITH THE PROPOSAL FORM, SWG WILL ASSUME THE RESPONDENT HAS ACCEPTED AND INTENDS TO COMPLY WITH ALL OUTLINED REQUIREMENTS IN THE DECISION, SBPM, PROJECT CRITERIA, THIS RFP, TERMS AND CONDITIONS, AND SCHEDULE.



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

☐ ELC ☐ GAS ☐ WATER  
☐ PLC ☐ HEAT

Contact Person:

Phone #:

E-mail:

E-mail Disposition Notice to:

### EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☐ No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☐ No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City: State:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:



## ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	