



AB-678 (Alvarez) Expanding Regulations of CTAs

Bill Summary

AB-678 would require the California Public Utilities Commission (CPUC) consider adopting biomethane procurement targets for Core Transport Agents (CTA).

Existing Law

SB 1440 (Hueso - 2018) – Established the framework for the CPUC to consider adopting specific biomethane procurement targets or goals for each gas corporation.

In February 2022, the CPUC finalized a Renewable Gas Standard (RGS) as an important step toward decarbonizing the gas system and reducing short-lived climate pollutant emissions.

Under this new RGS, SoCalGas will be required to replace 12.2 percent of the traditional gas it delivers to core customers with renewable gas by 2030. The standard also sets an interim goal of procuring approximately 3 percent renewable gas by 2025.

Requiring utilities to procure biomethane generated from organic waste reduces landfill waste, open burning of agricultural and forest waste, and wildfires, which in turn provides enormous benefits for public health and the climate and addresses the single most urgent climate issue, which is the reduction of climate super pollutants methane and black carbon.

Biomethane is uniquely positioned to help the state achieve its carbon-neutral goals because the use of biomethane can result in harmful life-cycle emissions. By capturing methane that would otherwise escape into the atmosphere, SB 1440 reduces carbon dioxide emissions and provides the state with a reliable and resilient renewable energy resource.

Biomethane is interchangeable with fossil natural gas, so it can be used to generate electricity, as a transportation fuel, for heating and cooking, and industrial purposes. As such, biomethane can displace traditional fossil fuel use.

RNG provides significant economic benefits to California, including job creation, an in-state source of gas, increased energy security, revenue and energy for public agencies, and revenue for dairies, farms, rural forest communities, and other areas.

Problem

Unfortunately, SB 1440 excluded CTAs—non-utility gas suppliers who purchase gas on behalf of residential and small commercial end-use customers.

Despite this exclusion, within D.22-02-025, which implemented SB 1440, the CPUC stated that “Ideally, legislation should be enacted requiring CTAs to procure biomethane at the same rate as the Joint Utilities.”

Solution

This bill levels the playing field for all gas customers by requiring the California Public Utilities Commission (CPUC) consider biomethane procurement targets for Core Transport Agents (CTAs).

California is the first state to establish a Renewable Gas Standard (RGS), but to achieve the desired intended results, legislation needs to be enacted to ensure that all core gas customers have the ability to participate in the state’s decarbonization efforts in a fair and equitable manner.



Support

- San Diego Gas & Electric Company (Sponsor)
- Bioenergy Association of California
- Coalition for Hydrogen Business Council
- Coalition for Renewable Natural Gas
- Electrochaea Corporation
- Los Angeles County Sanitation Districts
- SEMPRA
- SoCal Gas
- Utility Workers Union of America

For More Information

Cynthia Yepez, Legislative Aide
Assemblymember David Alvarez, District 80
Office: 916-319-2080
Cynthia.Yepez@asm.ca.gov