



GAS PRELIMINARY STATEMENT PART DH
GAS PROGRAMS BALANCING ACCOUNT (GPBA)

Sheet 1

DH. GAS PROGRAMS BALANCING ACCOUNT (GPBA)

1. **PURPOSE:** The purpose of the Gas Programs Balancing Account (GPBA) is to record costs, adopted amounts, and revenues associated with gas programs in which both core and noncore customers participate.
2. **APPLICABILITY:** The GPBA applies to all customer classes, except for those schedules or contracts specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances in the subaccounts of this account shall be through the Annual Gas True-up (AGT) advice letter process, or as otherwise authorized by the Commission.
4. **RATES:** The rates applicable to the following subaccounts will be set forth in Preliminary Statement Part B:
 - Greenhouse Gas Compliance Cost Subaccount
 - Greenhouse Gas Operational Cost Subaccount

The Greenhouse Gas Revenues, Low-Carbon Fuel Standard Revenues, Biomethane Environmental Proceeds, Renewable Gas Interconnection Incentive Program, and Biomethane Procurement Pilot Projects subaccounts do not have rate components.

(T)
(T)

5. **ACCOUNTING PROCEDURE:** The GPBA consists of the following subaccounts:

The "Greenhouse Gas Compliance Cost Subaccount" records greenhouse gas (GHG) compliance costs incurred on behalf of natural gas end-use customers under the Air Resource Board's (ARB) Cap-and-Trade Program and the associated revenues.

The "Greenhouse Gas Revenues Subaccount" records GHG revenues generated under the Cap-and-Trade Program through the auction of GHG allowances allocated to PG&E on behalf of natural gas end-use customers, less any revenues to cover GHG administrative costs, and revenues returned to customers.

The "Greenhouse Gas Operational Cost Subaccount" records the difference between the revenue and actual operational costs arising out of complying with the Cap-and-Trade Program obligations.

The "Low-Carbon Fuel Standard Revenues Subaccount" records the difference between the gas portion of the proceeds from the sale of consigned Low-Carbon Fuel Standard (LCFS) credits, less any approved program costs and the LCFS revenues returned to gas customers.

The "Biomethane Environmental Proceeds Subaccount" records the difference between the gas portion of the proceeds received by PG&E from sellers of environmental credits, less any approved program costs and the proceeds returned to gas customers as part of its Voluntary Renewable Natural Gas (or Biomethane) Procurement pilot.

(Continued)

<i>Advice</i>	4583-G-A	<i>Issued by</i>	<i>Submitted</i>	March 23, 2022
<i>Decision</i>	22-02-025	Robert S. Kenney	<i>Effective</i>	March 23, 2022
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



GAS PRELIMINARY STATEMENT PART DH
GAS PROGRAMS BALANCING ACCOUNT (GPBA)

Sheet 2

5. ACCOUNTING PROCEDURE (Cont'd):

The "Renewable Gas Interconnection Program Incentive Subaccount" is to record and track PG&E's respective share of the \$40 million California Air Resources Board (CARB) allocation of cap-and-trade allowance proceeds (42.34% or \$16.936 million) compared to the monetary incentive payments to biomethane producers for the development, deployment, and utilization of the utilities' gas pipeline pursuant to Decision 20-12-031.

The "Biomethane Procurement Pilot Projects Subaccount" is a two-way subaccount that records the difference between gas GHG auction proceeds of \$16.936 million set aside during 2022 and the costs for pilot projects that convert waste into biomethane (excluding project administrative expenses). Decision 22-02-025 requires PG&E to file an application no later than July 1, 2023, proposing pilot projects. Disposition of an overcollected balance, or unused allowance proceeds, may be returned to residential customers through a Tier 2 advice letter as part of the next Climate Credit if those proceeds are expected not to be spent. Any unspent allowance proceeds must be returned to ratepayers no later than December 31, 2032. Disposition of an undercollected balance will be through the Annual Gas True-Up Advice Filing, or as otherwise approved upon a decision in PG&E's future application deciding cost responsibility for pilot costs above the GHG auction proceeds set-aside in 2022, if applicable.

(N)
|
|
|
|
|
|
|
|
|
|
|
(N)

a. Greenhouse Gas Compliance Cost Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A debit entry equal to GHG compliance costs incurred, including financing costs on the monthly GHG compliance instruments inventory held for future compliance, under the ARB's Cap-and-Trade Program;
- 2) A credit entry equal to the revenues from the AB 32 GHG Compliance rate component, excluding Revenue Fees and Uncollectible (RF&U) accounts expense;
- 3) A debit/(credit) entry to record the incurred covered entity exemption related costs¹
- 4) A debit/(credit) entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission, and
- 5) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

b. Greenhouse Gas Revenues Subaccount:

PG&E shall make the following entries at the end of each month, as applicable, as follows:

- 1) A credit entry equal to GHG revenues generated from auctions of consigned natural gas GHG allowances;

(L)
(L)

¹ D.14-12-040 at Ordering Paragraph (OP) 6 and D.15-10-032 at OP 2 and 11.

(Continued)

Advice	4583-G-A	Issued by	Submitted	March 23, 2022
Decision	22-02-025	Robert S. Kenney	Effective	March 23, 2022
		Vice President, Regulatory Affairs	Resolution	



GAS PRELIMINARY STATEMENT PART DH
GAS PROGRAMS BALANCING ACCOUNT (GPBA)

Sheet 5

5. ACCOUNTING PROCEDURE (Cont'd):

Renewable Gas Interconnection Incentive Program Subaccount (Cont'd):

(N)

- 4) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

(L)

g. Biomethane Procurement Pilot Projects Subaccount:

(N)

PG&E will make the following entries at the end of each month, or as applicable, as follows:

- 1) A credit entry to record the transfer of GHG proceeds from the Greenhouse Gas Revenues Subaccount;
- 2) A debit entry equal to the above market renewable natural gas (RNG) commodity expenses. Above market RNG commodity expenses equal the RNG commodity price less the traditional natural gas commodity price;
- 3) A debit or credit entry equal to the capital revenue requirement associated with actual capital additions related to pilot facilities, pipeline extensions, interconnections, and any other related costs. Capital revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs;
- 4) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and,
- 5) An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(N)

Note: All accounting entries described above, shall exclude an allowance for Revenue Fees and Uncollectible (RF&U) accounts expenses.

(L)

(L)

(Continued)

Advice 4583-G-A
Decision 22-02-025

Issued by
Robert S. Kenney
Vice President, Regulatory Affairs

Submitted
Effective
Resolution

March 23, 2022
March 23, 2022