

**Aliso Canyon Mitigation Program
Quarter 2 - 2022 Report
(April 2022 – June 2022)**

California Air Resources Board (CARB) staff provides this quarterly public update on the Mitigation Fund in accordance with the Aliso Canyon Mitigation Agreement between SoCalGas, CARB, and the Attorney General.¹ This report covers information identified in Section 8.c. Reporting for the period beginning from the Mitigation Fund’s formation on April 1, 2022, through June 30, 2022 (Q2 2022).

i. The Funds Available in the Mitigation Fund.

| Account | Amount |
|--|--------------------------|
| Mitigation Account | \$1,286,707 ² |
| Mitigation Reserve Subaccount ³ | \$7,600,007 |
| Other Subaccounts ⁴ | \$387,434 |
| Total | \$9,274,147 |

ii. High-level Itemization of the Use of Funds by the Mitigation Fund

Please see section vi. below for this information.

1 For more information on the Aliso Canyon Natural Gas Leak and the Mitigation Agreement, please go to CARB’s website, available at <https://ww2.arb.ca.gov/our-work/programs/aliso-canyon-natural-gas-leak>

2 Farm Credit West wired Principal and Interest payments for April 2022 (\$294,784.41) and May 2022 (\$294,784.11) into the Mitigation Account.

3 This Subaccount contains the “Mitigation Reserve” as described by the Mitigation Agreement for use, as necessary, toward mitigation should the first set of projects not reduce emissions as expected.

4 These accounts include any interest earned on the monies in the fund or any funding by SoCalGas to cover the administrative costs of the Fund.

iii. A Cumulative and Calendar Year Accounting of the Amount the Mitigation Fund has Paid out from the Mitigation Account and all Sub-Accounts to any Recipient

| Recipient | Cumulative Loan Amount Issued this Quarter (Q2 2022) | Cumulative Loan Amount Issued (2022) |
|----------------------------|--|--------------------------------------|
| 1) CalBioKern LLC | \$0 | \$11,916,633 |
| 2) CalBio West Visalia LLC | \$0 | \$5,193,700 |
| 3) CalBio Hanford LLC | \$0 | \$8,692,531 |
| Totals | \$0 | \$25,802,864 |

| Withdraws from Receipts Subaccount ⁵ | Month Withdrew ⁶ | Amount |
|---|-----------------------------|------------------|
| 1) Q2 2022 Trust Fee | May-2022 | \$38,750 |
| 2) Sub-Administrator Fee | May-2022 | \$12,500 |
| 3) Audit Professional Fee | Jun-2022 | \$38,400 |
| 4) Financial Reporting Fee | Jun-2022 | \$28,705 |
| 5) Trust Counsel Fee | Jun-2022 | \$1,359 |
| Total Withdraws | | \$119,714 |

5 The mitigation receipts subaccount is a non-interest bearing subaccount established to hold Mitigation Fund receipts received by the Mitigation Fund.

6 No amount was withdrawn from the Receipts subaccount in April 2022.

iv. **The Payments of Principal, Interest, and Fees Received from Mitigation Projects to Date, Separated by Payment Type**

| Payments received from Projects | Principal | Interest | Fees | Total |
|---------------------------------|------------------|------------------|------------|------------------|
| 1) CalBioGas Kern LLC | \$227,533 | \$180,891 | \$0 | \$408,424 |
| 2) CalBioGas West Visalia LLC | \$99,167 | \$78,839 | \$0 | \$178,006 |
| 3) CalBioGas Hanford LLC | \$165,973 | \$131,950 | \$0 | \$297,923 |
| Total Payments Received | \$492,673 | \$391,680 | \$0 | \$884,353 |

v. **The Total Mitigation Fund Certified Reductions Quantified to Date**

As of May 10, 2022, CARB approved 113,327 metric tons of Mitigation Fund Certified Reductions for the first seven Mitigation Projects constructed pursuant to the Mitigation agreement. The approved reduction represents 104% of the total Certified Reductions required to satisfy SoCalGas’ Mitigation Obligation.

| Project Dairy | SoCalGas-Reported Annual CH ₄ Reductions (MT) | SoCalGas-Reported Annual CH ₄ Reductions (MTCO _{2e}) | CARB Staff-Confirmed Annual CH ₄ Reductions (MT) | CARB-Staff Confirmed 10-Year CH ₄ Reductions (MT) | % of 109,000 MT Reduction Target Reached |
|---|--|---|---|--|--|
| Mitigation Projects with Approved Mitigation Fund Certified Reductions on July 30, 2021 | | | | | |
| Dairy 1 | 1,157 | 28,927 | 1,157 | 11,571 | 10.6 |
| Dairy 2 | 1,244 | 31,103 | 1,244 | 12,441 | 11.4 |
| Dairy 3 | 770 | 19,246 | 770 | 7,669 | 7.1 |
| Dairy 5 | 1,417 | 35,432 | 1,417 | 14,173 | 13.0 |
| Dairy 6 | 655 | 16,382 | 655 | 6,553 | 6.0 |
| Dairy 7 | 593 | 14,834 | 593 | 5,934 | 5.4 |
| Dairy 8 | 850 | 21,259 | 850 | 8,503 | 7.8 |

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| | | | | | |
|--|---------------|----------------|---------------|----------------|-------------|
| Sub-total for dairies above | 6,687 | 167,183 | 6,687 | 66,874 | 61.3 |
| Mitigation Projects with Approved Mitigation Fund Certified Reductions on May 10, 2022 | | | | | |
| Dairy 4 | 825 | 20,625 | 822 | 8,224 | 7.5 |
| Dairy 9 | 823 | 20,575 | 820 | 8,201 | 7.5 |
| Dairy 10 | 1,330 | 33,250 | 1,295 | 12,948 | 11.9 |
| Dairy 11 | 654 | 16,350 | 641 | 6,414 | 5.9 |
| Dairy 12 | 1,208 | 30,200 | 1,067 | 10,666 | 9.8 |
| Sub-total for dairies above | 4,840 | 121,000 | 4,645 | 46,453 | 42.6 |
| Total | 11,527 | 288,183 | 11,332 | 113,327 | 104% |

vi. Descriptions of Each Mitigation Project:

| |
|---|
| Borrower: CalBioGas Kern LLC includes the Kern cluster dairy entities Dairy 1, Dairy 2, Dairy 3, Dairy 4, Dairy 5, and Dairy 9 |
| Entity Description: CalBioGas Kern LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process |
| Project Construction Status: Dairy Projects 1, 2, 3, 4, 5, and 9 are complete. |
| Report submission date: 8/15/2022 Reporting for the period of: 6/30/2022 |

Kern

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$1,830,120 | \$2,162,226 | \$1,873,482 | \$2,300,786 | \$2,219,772 | \$1,530,245 | \$11,916,633 |
| a) Digester Costs | \$814,861 | \$1,162,705 | \$871,630 | \$967,788 | \$1,228,921 | \$988,032 | \$6,033,938 |
| b) BioGas Treatment | \$482,216 | \$473,428 | \$469,870 | \$625,950 | \$465,285 | \$0 | \$2,516,749 |
| c) Common Facilities(Upgrader , Collection Lines) | \$533,043 | \$526,095 | \$531,982 | \$707,047 | \$525,566 | \$542,213 | \$3,365,946 |
| 2) Interest During Construction (Paid in kind/capitalized) ⁷ | \$65,865 | \$78,449 | \$67,516 | \$73,047 | \$78,786 | \$43,847 | \$407,510 |

⁷ Paid in kind interest is a feature of some debt instruments, refers to the interest expense that is not paid in cash but is accrued (or rolled up) onto the balance of the loan.

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| Itemized Expenditures Paid for by Mitigation Fund | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Total Expenditures Paid for by Mitigation Fund | \$1,895,985 | \$2,240,677 | \$1,940,998 | \$2,373,832 | \$2,298,558 | \$1,574,093 | \$12,324,143 |

| Fund received from Public Programs | Dairy 1 | Dairy 2 | Dairy 3 | Dairy 4 | Dairy 5 | Dairy 9 | Total |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| 1) CDFA Grants | \$2,600,000 | \$3,000,000 | \$2,250,000 | \$1,749,596 | \$2,820,762 | \$1,918,099 | \$14,338,457 |
| 2) CEC Awards | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$380,846 | \$2,285,073 |
| 3) Utility: Gas Rule 39 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$625,000 | \$3,750,000 |
| 4) NRCS ⁸ | \$0 | \$0 | \$0 | \$254,488 | \$450,000 | \$450,000 | \$1,154,488 |
| Total Funds from Public Programs received | \$3,605,846 | \$4,005,846 | \$3,255,846 | \$3,009,930 | \$4,276,608 | \$3,373,945 | \$21,528,018 |

8 Natural Resources Conservation Service

| | |
|---|---|
| Borrower: CalBioGas West Visalia LLC includes West Visalia cluster dairy entities Dairy 6, Dairy 7, and Dairy 8 | |
| Entity Description: CalBioGas West Visalia LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process | |
| Project Construction Status: The Dairy projects and the conditioning plant are completed. | |
| Report submission date: 8/15/2022 | Reporting for the period of: 6/30/2022 |

West Visalia

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 6 | Dairy 7 | Dairy 8 | Total |
|---|--------------------|--------------------|--------------------|--------------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$1,794,976 | \$1,600,332 | \$1,798,392 | \$5,193,699 |
| a) <i>Digester Costs</i> | \$714,925 | \$531,920 | \$732,805 | \$1,979,650 |
| b) <i>BioGas Treatment</i> | \$470,929 | \$446,086 | \$457,723 | \$1,374,738 |
| c) <i>Common Facilities (Upgrader, Collection Lines, Interconnect)</i> | \$609,122 | \$622,325 | \$607,864 | \$1,839,311 |
| 2) Interest During Construction (Paid in kind/capitalized) ⁵ | \$48,447 | \$42,270 | \$48,556 | \$139,273 |
| Total Expenditures Paid for by Mitigation Fund | \$1,843,423 | \$1,642,601 | \$1,846,948 | \$5,332,973 |

| Fund received from Public Programs | Dairy 6 | Dairy 7 | Dairy 8 | Amount |
|--|--------------------|--------------------|--------------------|--------------------|
| 1) CDFA Grants | \$1,600,000 | \$1,500,000 | \$2,000,000 | \$5,100,000 |
| 2) Utility: Gas Rule 39 | \$1,250,000 | \$1,250,000 | \$1,250,000 | \$3,750,000 |
| 3) NRCS ⁶ | \$333,456 | \$286,763 | \$450,000 | \$1,070,219 |
| Total Funds from Public Programs received | \$3,183,456 | \$3,036,763 | \$3,700,000 | \$9,920,219 |

| | |
|---|---|
| Borrower: CalBioGas Hanford LLC includes West Visalia cluster dairy entities Dairy 10, Dairy 11, and Dairy 12 | |
| Entity Description: CalBioGas West Visalia LLC is solely owned by CalBioGas LLC. CalBio LLC designs dairy-specific digesters to augment waste handling operations, save costs, and assist in the nutrient management process | |
| Project Construction Status: Substantial portions of Dairies 10, 11, and 12 are complete. | |
| Report submission date: 8/15/2022 | Reporting for the period of: 6/30/2022 |

Hanford

| Itemized Expenditures Paid for by Mitigation Fund | Dairy 10 | Dairy 11 | Dairy 12 | Total |
|---|--------------------|--------------------|--------------------|--------------------|
| 1) Mitigation Fund Direct Borrowing (a+b+c) | \$2,877,137 | \$2,801,847 | \$3,013,547 | \$8,692,531 |
| a) <i>Digester Costs</i> | \$1,205,578 | \$967,836 | \$1,393,416 | \$3,566,830 |
| b) <i>BioGas Treatment</i> | \$405,259 | \$411,867 | \$386,588 | \$1,203,714 |
| c) <i>Common Facilities (Upgrader, Collection Lines, Interconnect)</i> | \$1,266,300 | \$1,422,144 | \$1,233,543 | \$3,921,987 |
| 2) Interest During Construction (Paid in kind/capitalized) ⁵ | \$49,452 | \$49,717 | \$51,185 | \$150,354 |
| Total Expenditures Paid for by Mitigation Fund | \$2,926,589 | \$2,851,564 | \$3,064,732 | \$8,842,885 |

| Fund received from Public Programs | Dairy 10 | Dairy 11 | Dairy 12 | Amount |
|--|--------------------|--------------------|--------------------|---------------------|
| 1) CDFA Grants | \$3,000,000 | \$1,500,000 | \$3,000,000 | \$7,500,000 |
| 2) Utility: Gas Rule 39 | \$1,000,000 | \$1,000,000 | \$1,000,000 | \$3,000,000 |
| 3) NRCS ⁶ | \$450,000 | \$372,519 | \$447,020 | \$1,269,539 |
| Total Funds from Public Programs received | \$4,450,000 | \$2,872,519 | \$4,447,020 | \$11,769,539 |