

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

Order Instituting Rulemaking to Establish  
Policies and Rules to Ensure Reliable, Long-Term  
Supplies of Natural Gas to California.

Rulemaking 04-01-025  
(Filed January 22, 2004)

**ADMINISTRATIVE LAW JUDGES' RULING  
REGARDING NOTICE OF NEW WORKSHOP DATES**

In the November 4, 2004 Administrative Law Judges' ruling, we originally noticed a workshop to discuss whether the existing natural gas quality specifications should be changed. Several parties requested that the workshop dates be postponed so that various reports relevant to the workshop topic could be considered before the workshop. Notice of the postponement of the workshop was provided in the November 16, 2004 Assigned Commissioners' ruling.

Today's ruling provides notice that this workshop on natural gas quality specifications has been rescheduled and will be held on February 17, 2005, and February 18, 2005. The workshop will be held in the auditorium of the California Public Utilities Commission (CPUC) in San Francisco. Attached to this ruling as Appendix A is the "Notice of Joint Workshop Between the Energy Resources Conservation and Development Commission and California Public Utilities Commission." Appendix A provides all of the details of the workshop.

This workshop is being conducted collaboratively by the CPUC, the California Energy Commission (Energy Commission), the Air Resources Board, and the California Department of Conservation – Division of Oil, Gas, and

Geothermal Resources. The workshop will address the natural gas quality specification issues that were raised in Order Instituting Rulemaking (R.) 04-01-025, and certain issues presented in the Energy Commission's Integrated Energy Policy Report, docket number 04-IEP-01.

Copies of the various studies that are being conducted on natural gas interchangeability, which were referenced in the letters seeking postponement of the workshop, should be transmitted in an electronic format to Mike Purcell of the Energy Commission (mpurcell@energy.state.ca.us) and to David Effross of the CPUC (DRE@cpuc.ca.gov) when these studies are made available.<sup>1</sup> A link to these studies will be posted on the websites of the Energy Commission and the CPUC, and an electronic notice will be sent to the service list in this rulemaking when these studies are made available.

Please note that this workshop invites interested parties to file written comments, comments in response to anything presented at the workshop or to the written comments, and comments to the workshop report that is to be filed. Appendix A describes the procedures that the parties should follow for filing their comments. Parties filing documents with the CPUC and the Energy Commission should also follow any other applicable filing procedures, such as the CPUC's Rules of Practice and Procedure.

Therefore, **IT IS RULED** that:

1. The workshop on natural gas quality specifications has been rescheduled and shall be held on February 17, 2005 (from 10 a.m. to 4 p.m.) and February 18,

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<sup>1</sup> The gas utilities will be responsible for forwarding the studies to the Energy Commission and CPUC staff. If other parties obtain copies of the studies beforehand, they should forward an electronic copy to the Energy Commission and CPUC staff.

2005 (from 9 a.m. to 4 p.m.) in the California Public Utilities Commission's (CPUC) auditorium, State Office Building, 505 Van Ness Avenue, San Francisco, California.

2. When the relevant studies on natural gas interchangeability are made available, Southern California Gas Company, San Diego Gas & Electric Company, or Pacific Gas and Electric Company, shall transmit electronic copies of the studies to the California Energy Commission (Energy Commission) and CPUC staff indicated above. In the event other parties to this proceeding obtain a copy of the studies before the gas utilities, they shall transmit an electronic copy to the Energy Commission and CPUC staff.

a. The Energy Commission and CPUC staff shall provide a link to the studies on their respective websites, and an electronic notice will be sent to the service list to this proceeding once the link to the studies becomes operative.

3. The details of the workshop on natural gas quality specifications, and the procedures for filing workshop comments and the workshop report, are set forth in Appendix A of this ruling.

Dated December 23, 2004, at San Francisco, California.

/s/ DAVID K. FUKUTOME  
David K. Fukutome  
Administrative Law Judge

/s/ DAVID K. FUKUTOME for  
John S. Wong  
Administrative Law Judge



**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

**PUBLIC UTILITIES COMMISSION**

505 Van Ness Avenue  
San Francisco, Ca 94102-3298

**NOTICE OF JOINT WORKSHOP  
BETWEEN THE  
ENERGY RESOURCES CONSERVATION AND  
DEVELOPMENT COMMISSION  
AND  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

|   |   |                       |
|---|---|-----------------------|
| In the matter of:                                   | ) | Energy Commission     |
| Informational Proceeding and Preparation of the     | ) | Docket No. 04-IEP-01  |
| California Energy Commission <i>2005 Integrated</i> | ) | CPUC Docket No.       |
| <i>Energy Policy Report</i> and                     | ) | R.04-01-025           |
| California Public Utilities Commission              | ) | Notice of Workshop on |
| Natural Gas Order Instituting Rulemaking 04-01-025  | ) | NATURAL GAS QUALITY   |
|   | ) | ISSUES                |

The California Energy Commission's (Energy Commission) Integrated Energy Policy Report (Energy Report) Committee and the California Public Utilities Commission (CPUC) will conduct a joint workshop to address natural gas quality issues raised in the CPUC Natural Gas Order Instituting Rulemaking (R.) 04-01-025 and the Energy Commission *2003 Energy Report* dated December 2003. The workshop is being conducted in collaboration with the Air Resources Board (ARB) and the California Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR). The workshop will be held on:

**THURSDAY, FEBRUARY 17, 2005**

**from 10:00 am to 4:00 pm**

**and**

**FRIDAY, February 18, 2005**

**from 9:00 am to 4:00 pm**

**at the**

**California Public Utilities Commission Auditorium**

**505 Van Ness Avenue, San Francisco, CA**

**(Wheelchair Accessible)**

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

[www.energy.ca.gov/webcast/](http://www.energy.ca.gov/webcast/)

[www.cpuc.ca.gov](http://www.cpuc.ca.gov)

Commissioner John L. Geesman is the Presiding Member of the Energy Commission's Integrated Energy Policy Report Committee and Commissioner James Boyd is the Associate Member. President Michael Peevey and Commissioner Susan Kennedy are the assigned commissioners in R.04-01-025.

This workshop was originally scheduled for December 7 and 8, 2004, which was noticed in a CPUC ruling of November 4, 2004. Following the issuance of the ruling, several parties requested that the workshop be delayed to a later date so that the following ongoing gas quality studies could be considered before the workshop:

- Final LNG Research Study, sponsored by SoCalGas,
- AES Oceans Express LLC v. Florida Gas Transmission Co. - FERC Docket No. RP04-249-000
- Natural Gas Council + Gas Interchangeability Task Force

The four agencies sponsoring the workshop agreed to postpone the workshop to a later date, and a CPUC ruling was issued on November 16, 2004 granting the request to delay the workshop.

A link to the aforementioned studies will be posted on the websites of the CPUC and the CEC when they become available.

### **Purpose of the Workshop**

State energy policy encourages consumer access to the broadest possible set of natural gas supplies consistent with California's energy, environmental, and public health and safety requirements. This workshop will:

- Identify potential issues involving natural gas quality and related specifications affecting its use in California,
- Explore if and how issues can be resolved and still meet related policy and regulatory objectives, and
- Provide the foundation for the involved agencies to develop recommendations to resolve these issues wherever possible.

The agencies will specifically consider if the current natural gas quality specifications, utility rules, and standards are appropriate or if they should be modified to meet current and future needs. The agencies are also interested in exploring activities and policies being considered in other states and at the national level.

The information examined will be considered within existing policy and regulatory objectives, including:

- Ensuring the integrity and safety of the natural gas pipeline system,
- Ensuring that end use appliances and applications receive a stable natural gas supply within acceptable quality specifications,

- Protecting ambient air quality standards,
- Maximizing the production of California's domestic natural gas resources,
- Ensuring all imported natural gas supplies meet the appropriate quality specifications, and
- Providing a stable and predictable regulatory framework.

This notice reinforces the state's desire to provide broad energy choices to consumers and at the same time meet environmental and public health and safety requirements. The state must also ensure that the integrity of its natural gas pipeline system is not compromised in any manner that might endanger public health and safety or significantly increase costs to the residential and business customers of the pipeline and distribution companies.

In addition, the agencies encourage participants to address other related issues not raised in this workshop notice that they believe will assist the agencies in accomplishing the objectives of this workshop.

All interested parties are invited to participate in this workshop to ensure a sound factual record and consideration of all innovative solutions. Parties are also encouraged to provide oral and/or written comments, as well as to participate in discussions during the workshop. Written comments shall be filed by February 11, 2005. If any party wishes to submit comments in response to anything presented at the workshop or to written comments filed by parties, those reply comments are to be filed no later than March 4, 2005. This workshop will be transcribed so the information will be available to those who are not able to attend. The workshop transcript will become a part of the formal record in both R.04-01-025 and the Energy Commission proceeding.

After the workshop, the CPUC and Energy Commission staff shall prepare and file a workshop report with recommendations to both the CPUC and Energy Commission. This workshop report shall be filed April 4, 2005. Interested parties may file comments on the workshop report. Those comments shall be filed on or before April 25, 2005.

Participants who desire to make a presentation at the workshop are requested to contact the CPUC and Energy Commission, as indicated below, by February 7, 2005, and provide a copy of their presentation by February 15, 2005, so they can be loaded on the CPUC's and Energy Commission's websites for remote viewing. Participants are encouraged to provide their presentations in a PowerPoint or equivalent format to:

Mike Purcell at [mpurcell@energy.state.ca.us](mailto:mpurcell@energy.state.ca.us)  
and  
David Effross, at [DRE@cpuc.ca.gov](mailto:DRE@cpuc.ca.gov)

The list of topics and questions is attached; the final agenda identifying panels that address these topics and questions will be posted on the agencies' websites by February 14, 2005, indicating the time allowed for presenters and topics. Actual presentations at the workshop may be limited to 5 minutes to allow all parties an opportunity to be heard.

All written materials filed with the CPUC and Energy Commission will become part of the public record in these proceedings.

All written comments, the workshop report, and comments on the workshop report shall be filed in both the IEPR docket (04-IEP-1) at the Energy Commission and with the CPUC in R.04-01-025 at the following addresses:

California Energy Commission  
Re: Docket No. 04-IEP-01-D.Electricity and Natural Gas Forecast Options  
Docket Unit, MS-4  
1516 Ninth St.  
Sacramento, CA 95814-5504  
E-mail: [docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

and

Docket Office  
California Public Utilities Commission  
505 Van Ness Avenue, Room 2001  
San Francisco, CA 94102-3298

#### Public Participation

The Energy Commission and CPUC encourage all Californians to participate in their meetings, hearings, workshops, and proceedings. If you have questions regarding how you can participate in this workshop, please contact either:

- The CPUC's Public Advisor's Office by phone at (415) 703-2074 or toll free at (866) 849-8390, by TTY (415) 703-5282 or toll free TTY (866) 836-7825, by FAX at (415) 355-5404, or by e-mail at [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)
- The Energy Commission's Public Advisor, Margret J. Kim, by phone at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [[pao@energy.state.ca.us](mailto:pao@energy.state.ca.us)].

The workshop location is accessible to people with disabilities. If you have a disability and require assistance to participate in this workshop, please contact Lou Quiroz of the Energy Commission at (916) 654-5146, or the CPUC's Public Advisor's Office at the contact information listed above, at least five days in advance of the workshop date.

For further technical information, please contact:

CPUC: David Effross, at [DRE@cpuc.ca.gov](mailto:DRE@cpuc.ca.gov)  
Energy Commission: Mike Purcell, at [mpurcell@energy.state.ca.us](mailto:mpurcell@energy.state.ca.us)  
ARB: Gary Yee, at [gyee@arb.ca.gov](mailto:gyee@arb.ca.gov)  
DOGGR: Jim Campion, at [jim.campion@conservation.ca.gov](mailto:jim.campion@conservation.ca.gov)

This workshop will be webcast live and the presentations will be available on the web. Please visit the Energy Commission's website or the CPUC website at [www.energy.ca.gov](http://www.energy.ca.gov) or [www.cpuc.ca.gov](http://www.cpuc.ca.gov), respectively, the morning of this workshop for instructions on listening to the audio and viewing all available presentations.

Participants are encouraged to use mass transit and carpooling to reach the workshop site in order to reduce our transportation energy demand.



JOHN L. GEESMAN  
Commissioner and Presiding Member  
of the 2005 Integrated Energy Policy  
Report Committee



MICHAEL R. PEEVEY  
President, CPUC



JAMES D. BOYD  
Commissioner and Associate Member  
of the 2005 Integrated Energy Policy  
Report Committee

Enclosure



**Topics of the Workshop  
Natural Gas Quality Standards  
Workshop Sponsored by CPUC and CEC  
February 17-18, 2005  
CPUC Auditorium, San Francisco, California**

**I. Introduction**

- a) What are different measurements of gas quality?
  - 1. Chemical Composition
  - 2. Heating value
  - 3. Wobbe index
  - 4. Methane number
  - 5. Hydrocarbon dew point (HDP)
- b) Why does gas quality matter?
  - 1. Commercial and residential burner tip performance
  - 2. Safety and reliability issues
  - 3. Emissions and air quality
- c) What are the quality characteristics of the pipeline gas imported into California from other states and Canada?
- d) What are California natural gas producers' issues concerning gas quality standards?
- e) What are the potential effects of the introduction of regasified LNG on quality of the natural gas flowing through California pipelines?
- f) How fully interchangeable is regasified LNG with pipeline gas?

**II. What are California's current standards?**

- a) Gas Quality Rules 30 (SoCalGas and SDG&E) and 21 (PG&E), CPUC General Order 58-A
  - 1. What are the current standards?
  - 2. Are there concerns regarding these standards?
- b) California Air Resources Board Motor Vehicle Fuel Specifications: California Code of Regulations, Title 13, Section 2292.5, Specifications for Compressed Natural Gas
  - 1. What are the current specifications?
  - 2. What are the concerns regarding these specifications?

- c) Should there be one statewide universal standard for pipeline gas?
  - 1. All users
  - 2. All locations
  - 3. All seasons

**III. Should there be any changes to current standards in California?**

- a) If yes, what kind of changes?
- b) Should these changes be specified in utility tariffs or operating agreements?
- c) How much discretion should the utilities have in meeting natural gas quality standards adopted by CPUC and ARB?

**IV. What are the best solutions for addressing the problems of in-state producers to meet the current gas standards by ARB and the CPUC?**

- a) In-state producers in southern California-SoCalGas Rule 30 and ARB standards
- b) In-state producers in northern California-PG&E Rule 21 and ARB standards

**V. What is happening at the local, national and international level regarding natural gas quality studies?**

- a) SoCalGas Air Emission Advisory Committee
- b) National studies
- c) FERC conference
- d) European studies

**VI. What are potential quality issues related to regasified LNG? How should these issues be addressed?**

- a) High Btu
- b) Different chemical composition for same Btu
- c) Higher proportion of heavy hydrocarbon
- d) Quality variations in different LNG tanker-loads

**VII. Are there any cost impacts on end-users involved with implementing different natural gas quality standards in California?**

- a) Residential
- b) Commercial
- c) Appliance manufactures
- d) Gas-fired power plants
- e) Chemical feedstock
- f) Natural gas vehicle

**(END OF APPENDIX A)**

**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judges' Ruling Regarding Notice of New Workshop Dates on all parties of record in this proceeding or their attorneys of record.

Dated December 23, 2004, at San Francisco, California.

/s/ KE HUANG  
Ke Huang

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.