

---

**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Steven Bradford, Chair  
2023 - 2024 Regular**

---

<b>Bill No:</b>	SB 1301	<b>Hearing Date:</b>	4/16/2024
<b>Author:</b>	Stern		
<b>Version:</b>	2/15/2024	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Nidia Bautista		

**SUBJECT:** Natural gas: interactive hydraulic models and feasibility analyses

**DIGEST:** This bill requires natural gas utilities to make available to the California Public Utilities Commission (CPUC) all data required by the CPUC to develop interactive hydraulic models and feasibility analyses.

**ANALYSIS:**

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including natural gas corporations. (Article XII of the California Constitution)
- 2) Requires every public utility to furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, ...as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code §451)
- 3) Authorizes the CPUC to supervise and regulate every public utility in the state and do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction. (Public Utilities Code §701)
- 4) Authorizes the CPUC after hearing to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or service to be furnished, imposed, observed and followed by all electrical, gas, and water corporations. (Public Utilities Code §770)

This bill requires natural gas utilities to make available to the CPUC all data required by the CPUC to develop interactive hydraulic models and feasibility analyses in order to ensure safety and reliability, and to facilitate long-term planning and cost-effective expenditures of ratepayers and other investments in measures that reduce natural gas demand.

## Background

*CPUC General Order (GO)-177.* On December 8, 2022, the CPUC issued decision D. 22-12-021 adopting GO-177, *Establishing Rules for Application, Notification, and Reporting Requirements for Gas Infrastructure Located in California*, which established permitting and reporting requirements for certain gas infrastructure projects. Section X of GO-177, along with ordering paragraph 7 in the decision, require every gas corporation to serve and file a Report of Planned Gas Investments, by March 1 each year, for any project expected to exceed \$50 million or the project meets criteria in Section IV(A)(1)(b) of the GO, using a 10-year forecast for investments. Specifically, the criteria in Section IV requires natural gas corporations to first submit an application for a certificate of public convenience and necessity (CPCN) before beginning any gas project that: (1) is located within 1,000 feet of a sensitive receptor, or (2) operation of the completed project by the gas corporation requires a permit from the relevant local air quality district. GO-177 defines sensitive receptors to include living quarters/private homes, schools, day care centers, hospitals, nursing homes, and other locations. In the case of projects that require a permit from the local air district, the permit must be for: (a) an increase in levels of a toxic air contaminant, or (b) an increase in levels of a criteria air pollutant, if the area is listed as a serious, severe, or extreme non-attainment area for that pollutant by the U.S. Environmental Protection Agency. GO-177 also provides exemptions from the CPCN requirement for projects that meet specified criteria, including emergency repairs, in-service dates before January 1, 2024, and required by a state emergency order, including CPUC order.

*Hydraulic model and hydraulic feasibility analyses.* A hydraulic model is a mathematical model of a fluid flow system. Hydraulic modeling is a process in which a pipe network is modeled using physical attributes and equations (including pressure and gravity), in this case a network that transfers natural gas in pipelines. In a December 2022 CPUC Staff Proposal on Gas Distribution Infrastructure Decommissioning Framework in Support of Climate Goals, the CPUC defines “hydraulic feasibility” to mean whether it is feasible to isolate and stop using a given set of pipeline segment(s) while maintaining the usual flow of gas in surrounding pipelines to surrounding customers. Hydraulic modeling of gas flows and pressures within pipelines can be used to assess the hydraulic feasibility.

## Comments

*Need for this bill.* The author and supporters contend there have been instances where natural gas corporations’ GO-177 report may lack additional detail. The author shared examples where parties requested additional information from a natural gas utility after their GO-177 filing to learn that some of the projects the

utility had exempted from the reporting and/or CPCN filing requirement were no longer exempted. They contend there is a need to ensure natural gas utilities provide the data requested by the CPUC. They believe such data will be critical to the state's efforts to develop long-term natural gas planning efforts that support the state's climate goals. While the supporters acknowledge the CPUC has existing broad authority, including to compel the natural gas utilities they regulate to provide any necessary data, they suggest the explicit requirement is necessary to assure that natural gas corporations provide the data.

*Need for Amendments.* *The author and committee may wish to amend this bill to clarify the requirement is on "natural gas corporations" and the data requested is for "hydraulic modeling" and "hydraulic feasibility analyses."*

### **Prior/Related Legislation**

SB 1221 (Min, 2024) requires numerous provisions related to retiring portions of the natural gas utility system, including requiring each natural gas corporation, by July 1, 2025, to annually file a map containing specified information (such as: the location of all potential gas distribution line replacement projects identified in its distribution integrity management plan, other foreseeable gas distribution pipeline replacements, locations of disadvantaged communities and priority neighborhood decarbonization zones). The bill is currently pending the Senate Energy, Utilities and Communications Committee.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

### **SUPPORT:**

Climate Action California

The Climate Reality Project: Silicon Valley Chapter

### **OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

California heavily relies on importing about 90% of its 'methane' supply, managed through an extensive network of underground pipelines and storage facilities. Oversight of this system lies with the California Public Utilities Commission (CPUC), which determines pipeline replacements and alternative solutions in the best interest of customers. Transitioning away

from fossil fuels demands meticulous near and long-term planning, including comprehensive data collection and analysis. However, the efficacy of analysis hinges on the quality of collected data. Gaps or reluctance from utilities to share information hinder complete and accurate analysis, modeling, and planning efforts. My bill, SB 1301, serves as a crucial safeguard by mandating 'methane' utilities to provide CPUC with all necessary data. This ensures the development of interactive hydraulic models and feasibility analyses, facilitating California's transition to a clean energy economy.

**-- END --**