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By: Lynette Rushing,  
Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ALAMEDA

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**SOUTHERN CALIFORNIA GAS COMPANY,**  
  
Defendant.

Case No. 23CV040344  
  
**COMPLAINT FOR CIVIL PENALTIES,  
PERMANENT INJUNCTION, AND  
OTHER EQUITABLE RELIEF UNDER  
BUSINESS AND PROFESSIONS CODE  
SECTIONS 17200 AND 17500**

1 Plaintiff, the People of the State of California (“People”), by and through Attorney General  
2 Rob Bonta, in his independent capacity, allege as follows:

### 3 INTRODUCTION

4 1. This complaint is filed on behalf of the People against Defendant Southern California  
5 Gas Company (“SoCalGas”) for misleading consumers about the environmental attributes of its  
6 principal product: natural gas.

7 2. Consumers have become ever more attuned to the environmental impacts of the  
8 products they purchase and use. As a result, many consumers prefer consumer products that are  
9 environmentally beneficial relative to conventional products, or that do not harm the environment  
10 through the products’ ingredients, manufacture, use, or disposal. Such products are often  
11 marketed with terms such as “renewable.”

12 3. In particular, as the impacts of climate change become ever more apparent,  
13 consumers are growing increasingly concerned about the climate impacts of the products they  
14 purchase and use. This includes fossil fuels, consumed both directly, as a fuel, and indirectly, as  
15 used to produce various consumer goods and services.

16 4. The majority of natural gas is derived from fossil fuels, but natural gas can also be  
17 harnessed from landfills and large dairy operations and converted to useable fuel, biomethane,<sup>1</sup>  
18 primarily used for transportation. Use of biomethane, rather than natural gas derived from fossil  
19 fuels, results in a net reduction in release of climate change-causing greenhouse gases into the  
20 atmosphere. Biomethane is thus perceived to be environmentally superior to natural gas derived  
21 from fossil fuels and is generally regarded as being a “renewable” fuel.

22 5. SoCalGas made misleading statements to consumers that its natural gas is a  
23 “renewable” product. Specifically, SoCalGas promoted natural gas as “clean, affordable,

24 \_\_\_\_\_  
25 <sup>1</sup> For purposes of California’s low carbon fuel standard (LCFS) regulations, biomethane is  
26 distinct from biogas (which is the feedstock for biomethane): “‘Biomethane’ means methane  
27 derived from biogas, or synthetic natural gas derived from renewable resources, including the  
28 organic portion of municipal solid waste, which has been upgraded to meet standards for injection  
to a natural gas common carrier pipeline, or for use in natural gas vehicles, natural gas equipment,  
or production of renewable hydrogen. Biomethane contains all of the environmental attributes  
associated with biogas and can also be referred to as renewable natural gas [RNG].” (Cal. Code  
Regs., tit. 17, § 95481, subd. (a)(22).)

1 renewable” on its website and in paid advertising, as well as on promotional materials (hats, t-  
2 shirts, notepads and the like) distributed at conferences and community events. SoCalGas did not  
3 qualify the claims in certain of its paid advertising or promotional materials.

4 6. These statements may have misled consumers into thinking that SoCalGas’s natural  
5 gas is superior to environmentally harmful fossil fuels.

6 7. These representations made by SoCalGas were misleading, because the vast majority  
7 of SoCalGas’s natural gas *is* derived from fossil fuels. In its own 2018 California Gas Report,  
8 SoCalGas itself acknowledged, “none of the gas supplies purchased by SoCalGas for the core  
9 market originate from RNG [renewable natural gas].” Indeed, while SoCalGas has set targets for  
10 significantly increasing the proportion of RNG—which is derived from the processing of existing  
11 waste streams—in its portfolio, RNG currently makes up a small percentage of SoCalGas’s  
12 inventory. Thus, the vast majority of SoCalGas’s natural gas is not renewable. Rather, a large  
13 percentage of its total throughput is derived from fossil fuels, which is not “renewable.”

14 8. In bringing this suit, the People seek to protect California consumers’ right to make  
15 informed decisions about products or services they purchase by preventing dissemination of false  
16 environmental marketing claims.

17 9. The People further seek to enjoin SoCalGas from making statements that could  
18 potentially mislead consumers into thinking that, if they purchase natural gas from SoCalGas,  
19 they are purchasing natural gas that is renewable.

## 20 **PARTIES**

21 10. Plaintiff is the People of the State of California. The People bring this action by and  
22 through Rob Bonta, Attorney General, acting in his independent capacity.

23 11. The Attorney General, as the chief law enforcement officer of the State of California  
24 (“California” or “State”), is charged with ensuring that the laws of this state are adequately and  
25 uniformly enforced. The Attorney General has broad independent powers under the California  
26 Constitution and the California Government Code to participate in all legal matters in which the  
27 State is interested. (Cal. Const., art. V, § 13; Gov. Code, § 12511.) The Attorney General also is  
28 authorized by Business and Professions Code sections 17203, 17204, 17206, and 17207 to enjoin

1 any person who violates the Unfair Competition Law (“UCL,” Bus. & Prof. Code, § 17200 et  
2 seq.) or False Advertising Law (“FAL,” *id.*, § 17500 et seq.) and to obtain mandatory civil  
3 penalties for each act of unfair competition. (*Id.*, §§ 17206, 17536.)

4 12. Defendant SoCalGas is a California corporation with a principal place of business in  
5 the County of Los Angeles. SoCalGas is a natural gas distribution utility that stores and transports  
6 natural gas and renewable natural gas. It is the principal distributor of natural gas in Southern  
7 California.

### 8 JURISDICTION AND VENUE

9 13. This Court has jurisdiction over this action pursuant to the California Constitution,  
10 Article VI, section 10.

11 14. Venue is proper in this Court pursuant to Business and Professions Code sections  
12 17204; 17206, subdivision (a); 17207, subdivision (b); and 17535.5, subdivision (b). Substantial  
13 acts in furtherance of the alleged improper conduct occurred within this jurisdiction.

14 15. No portion of this Complaint is brought pursuant to federal law.

### 15 FACTUAL ALLEGATIONS

#### 16 Natural Gas and “Renewable” Natural Gas

17 16. The majority of natural gas is derived from fossil fuels, historically as a by-product of  
18 the drilling and production of oil for other uses.

19 17. The primary constituent of natural gas is methane, which is a potent greenhouse gas.  
20 Methane plays a significant role in accelerating climate change. It has a relatively short lifespan,  
21 but its “global warming potential” is approximately 25 times greater than an equivalent weight of  
22 carbon dioxide over a 100-year time period, and approximately 84 to 87 times greater than carbon  
23 dioxide over a 20-year timeframe. Combustion of methane for use as a fuel emits carbon dioxide.

24 18. Methane is the second largest component of greenhouse gas emissions in California,  
25 behind carbon dioxide. Against the backdrop of California’s ongoing efforts to reduce greenhouse  
26 gas emissions generally, the emission of methane poses a significant threat to California meeting  
27 its climate goals and doing its part to avert catastrophic climate change.

28

1           19. Other significant sources of methane include landfills and dairy operations. More and  
2 more, this “biogas” is being captured from these facilities and converted into useable fuel.  
3 Because this process results in a net *reduction* of methane that would otherwise be released into  
4 the atmosphere or flared, the collection and use of this biogas is generally regarded as  
5 environmentally beneficial. And because this biogas is collected from existing waste streams—  
6 which are not being produced solely for purposes of creating fuel—the finished gas product  
7 (biomethane, see footnote 1, *supra*) is regarded as a “renewable” fuel, also called “renewable  
8 natural gas” or “RNG.” Thus, natural gas qualifies as RNG when it is derived from the processing  
9 of biogas—gas emitted from these existing waste streams.

### 10 **Climate Change**

11           20. The State of California has already experienced significant harm as a result of climate  
12 change. The State is spending and will continue to spend considerable funds to study, prepare for,  
13 and mitigate the impacts of climate change on California’s communities, public infrastructure,  
14 and natural resources.

15           21. One of the more noticeable impacts has been increased average temperatures. Annual  
16 mean temperatures in California have increased by 2.2 degrees Fahrenheit since 1895. The  
17 average winter temperature in the Sierra Nevada region has increased by almost 4 degrees  
18 Fahrenheit in the last 70 years. The ramifications of this are far-reaching and include myriad  
19 human-health impacts and reduced annual snowpack in the Sierra Nevada. The snowpack serves  
20 as a vital water storage and supply system for California, providing approximately 60 percent of  
21 the State’s fresh water supply. The State predicts the water supply from the snowpack will decline  
22 by two-thirds by 2100, reducing the availability of water for agriculture and domestic uses during  
23 hot summer months and the growing season. Reduced snowpack also impairs the State’s ability to  
24 ensure sufficient in-stream flows to meet water-quality standards and to support fish populations.

25           22. California has approximately 1,075 miles of coastline (excluding inland bays,  
26 estuaries, and offshore islands). Rising sea levels resulting from thermal expansion of sea water  
27 due to increased ocean temperature and the addition of freshwater from the melting of glaciers  
28 and ice sheets have increased beach erosion and impacted low-lying coastal properties. The State

1 has incurred millions of dollars in response to erosion and in preparation for further impacts from  
2 sea level rise and related storm surges. Rising sea levels will also increase salt infiltration into the  
3 freshwater areas of the Bay-Delta, impacting wildlife habitat and contaminating drinking water  
4 for 20 million Californians. The State is working on plans to address this threat by re-enforcing  
5 and increasing the height of Bay-Delta levees.

6 23. Climate change is also fueling longer, more intense fire seasons, resulting in  
7 catastrophic losses of life and property and damage to natural resources. Warmer, drier conditions  
8 mean forests burn more easily and hotter, and fire season starts sooner and lasts longer. The more  
9 forests burn, the fewer trees exist to cool a region and pull carbon dioxide from the atmosphere.

### 10 **State Efforts to Reduce Greenhouse Gas Emissions**

11 24. California has long been an international leader in recognizing the contribution of  
12 greenhouse gas emissions to climate change and working to reduce the State's greenhouse gas  
13 emissions. Starting in 2002, California implemented greenhouse gas emission standards for  
14 vehicles and a renewable portfolio standard ("RPS") which requires utilities to procure 33 percent  
15 of their energy from renewable sources by 2020. In 2018, the State legislature passed Senate Bill  
16 100, expanding the RPS requirement to 60 percent renewables by 2030 and eventually requiring  
17 all of the state's electricity to come from carbon-free resources by 2045.

18 25. The Global Warming Solutions Act of 2006, or Assembly Bill 32, is a landmark law  
19 that established a statewide emissions limit at 1990 levels by 2020 and tasked the California Air  
20 Resources Board with adopting regulations to reduce greenhouse gas emissions. The State  
21 exceeded its 2020 target, and in 2017 issued a Climate Change Scoping plan to reach 40 percent  
22 emissions reductions below 1990 levels by 2030.

23 26. Executive Orders S-3-05 and B-30-15, issued by former Governors Edmund G.  
24 Brown Jr. and Arnold Schwarzenegger in 2005 and 2015, respectively, also call for further  
25 greenhouse gas emission reductions, including reductions to 80 percent below 1990 levels by  
26 2050. Given methane's significant contribution to global warming, reducing methane emissions is  
27 critical for the State. By reducing its reliance on natural gas and thus its production of greenhouse  
28

1 gas emissions generally, California hopes to slow climate change and to enable the State to better  
2 prepare for and adapt to changing environmental conditions.

### 3 **SoCalGas's RNG Portfolio**

4 27. According to SoCalGas's contribution to the 2018 California Gas Report<sup>2</sup>, in 2018  
5 "none of the gas supplies purchased by SoCalGas for the core market originate from RNG."

6 28. As of 2022, RNG deliveries to SoCalGas's residential and small commercial and  
7 industrial customers represented just under 5 percent of existing deliveries.

8 29. According to SoCalGas's contribution to the 2020 California Gas Report<sup>3</sup>,  
9 SoCalGas's goal was to replace 5 percent of its natural gas supply with RNG by 2022, and 20  
10 percent of its natural gas supply by 2030, "as part of SoCalGas' vision to be the cleanest gas  
11 utility in North America, delivering affordable and increasingly renewable energy to its  
12 customers."

### 13 **SoCalGas's Online Advertisements**

14 30. This lawsuit addresses misleading advertisements by SoCalGas that natural gas is  
15 "renewable."



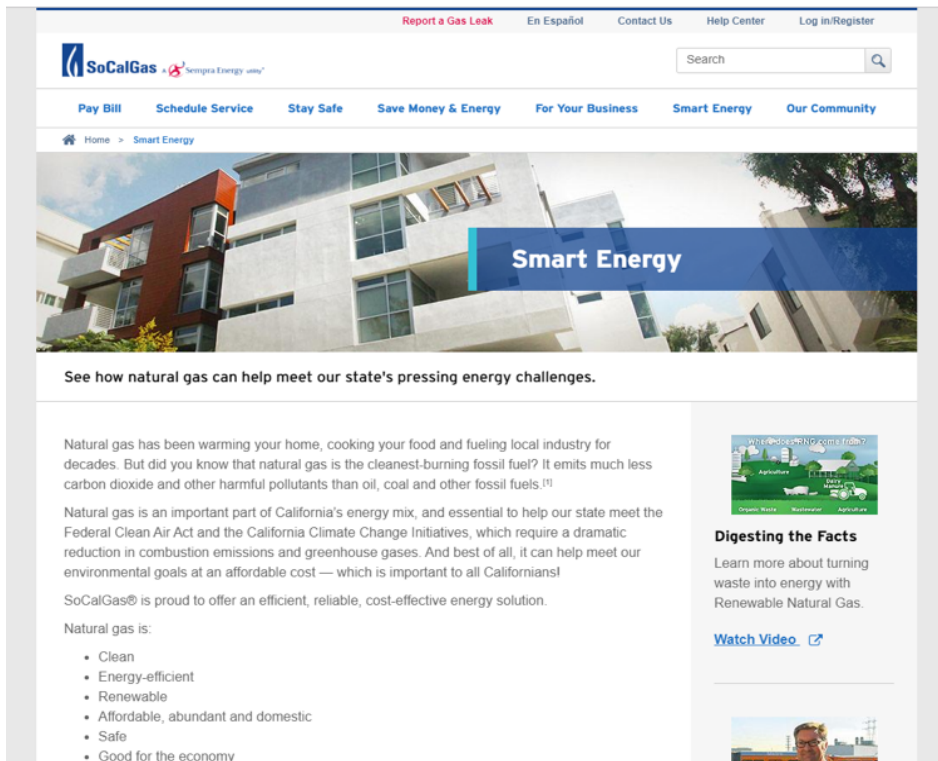
17  
18  
19  
20 31. On or about October 2019, SoCalGas ran the "banner ad" pictured above, which  
21 appeared on the CalMatters website (<https://calmatters.org>), stating: "NATURAL GAS IS  
22 AFFORDABLE, CLEAN AND RENEWABLE." The only other text in the ad was "SoCalGas"  
23 and "A Sempra Energy utility." The banner ad ran for multiple days.

24 32. SoCalGas repeated this claim on its website, on a page titled "Smart Energy." This  
25 page appeared on SoCalGas's website for multiple days. On this page, SoCalGas stated, "Natural

26 <sup>2</sup> [https://www.socalgas.com/regulatory/documents/cgr/2018\\_California\\_Gas\\_Report.pdf](https://www.socalgas.com/regulatory/documents/cgr/2018_California_Gas_Report.pdf),  
pp. 44 and 82.

27 <sup>3</sup> [https://www.socalgas.com/sites/default/files/2020-  
28 10/2020\\_California\\_Gas\\_Report\\_Joint\\_UTILITY\\_Biennial\\_Comprehensive\\_Filing.pdf](https://www.socalgas.com/sites/default/files/2020-10/2020_California_Gas_Report_Joint_UTILITY_Biennial_Comprehensive_Filing.pdf), pp. 133–  
134.

1 gas is: Clean; Energy-efficient; Renewable; Affordable, abundant and domestic; Safe; and Good  
2 for the Economy.” This page also stated that natural gas “emits much less carbon dioxide and  
3 other harmful pollutants than oil, coal, and other fossil fuels.” On a sidebar, under the heading  
4 “Digesting the Facts,” SoCalGas invited users to “Learn more about turning waste into energy  
5 with Renewable Natural Gas.” Under that statement a link was provided to a separate page, which  
6 provided an explanatory video.



## 20 SoCalGas’s Statements at Conferences and Community Events

21 33. In addition to the two marketing claims in print and electronic media described above,  
22 SoCalGas made the same or similar claims in marketing materials displayed or distributed at  
23 several conferences and community events, including: “Natural gas is affordable, clean, and  
24 renewable”; “SoCalGas delivers clean, renewable, reliable, and affordable energy”; and  
25 “SoCalGas: clean, affordable, renewable,” Some, but not all, of these materials contained  
26 additional qualifying information.

27 34. The marketing claims described in paragraph 33 were made on informative displays,  
28 backdrops, and in promotional giveaways (such as hats, t-shirts, and notepads) that were widely



1 distributed at approximately 14 conferences and community events SoCalGas participated in or  
2 sponsored. These events ranged from the “Ag Expo,” a three-day event that is attended by  
3 approximately 100,000 people, at which SoCalGas had an informative and interactive display, to  
4 a one-day “Heal the Bay” event where SoCalGas provided a photobooth backdrop.

5 35. After the Attorney General’s office contacted SoCalGas regarding the statements at  
6 issue, SoCalGas promptly removed the statements from circulation and generally cooperated with  
7 the Attorney General’s investigation.

### 8 **Federal and State Efforts to Combat “Green” Product Misinformation**

9 36. In recent decades, consumers have become increasingly aware of the environmental  
10 impacts of their purchases, and increasingly interested in using their purchasing power to support  
11 environmentally friendly products and services. In acknowledgment of consumers’ desire to make  
12 informed and environmentally responsible purchasing decisions, and vulnerability to potentially  
13 misleading advertising touting the environmentally beneficial aspects of products, the Federal  
14 Trade Commission (“FTC”) issued the Guides for the Use of Environmental Marketing Claims  
15 (or “FTC Green Guides”). These created guidelines for companies marketing their products and  
16 services as beneficial to the environment.

17 37. California adopted the standards set forth in the FTC Green Guides into its own  
18 consumer protection and unfair competition laws. The FAL—and more specifically the  
19 Environmental Marketing Claims Act (“EMCA,” Bus. & Prof. Code, § 17580.5), which is part of  
20 the FAL—makes it “unlawful for any person to make any untruthful, deceptive, or misleading  
21 environmental marketing claim, whether express or implied.” (*Id.*, subd. (a).) An “environmental  
22 marketing claim” includes any claim contained in the FTC Green Guides. (*Ibid.*, see 77 Fed. Reg.  
23 62122 (Oct. 11, 2012), 16 C.F.R. Part 260.)

24 38. The UCL defines unfair competition as “any unlawful, unfair or fraudulent business  
25 act or practice and unfair, deceptive, untrue or misleading advertising and any act prohibited by  
26 [the FAL].” (Bus. & Prof. Code, § 17200.)

27 39. The California Supreme Court has stated that the FAL and UCL “have been  
28 interpreted broadly to embrace not only advertising which is false, but also advertising which

1 although true, is either actually misleading or which has a capacity, likelihood or tendency to  
2 deceive or confuse the public.” (*Leoni v. State Bar* (1985) 39 Cal.3d 609, 626; see also *Brady v.*  
3 *Bayer Corp.* (2018) 26 Cal.App.5th 1156, 1173 [“it is necessary only to show that ‘members of  
4 the public are likely to be deceived’” to state a claim under either the UCL or the FAL].)

5  
6 **FIRST CAUSE OF ACTION**  
**(Violation of UCL – Bus. & Prof. Code, § 17200 et seq.)**

7 40. Paragraphs 1 through 39 above are incorporated by reference as though fully set forth  
8 herein.

9 41. SoCalGas has engaged in, has aided and abetted, and has conspired to engage in  
10 business acts or practices that constitute unfair competition as defined in the UCL, Business and  
11 Professions Code section 17200 et seq., in that such business acts and practices are unlawful,  
12 unfair, or fraudulent within the meaning of that statute.

13 42. The business acts and practices engaged in by SoCalGas that violate the UCL include  
14 but are not limited to the following:

- 15 a. SoCalGas violated Business and Professions Code section 17500 et seq. insofar  
16 as SoCalGas designed and issued false, misleading, and/or deceptive  
17 advertisements regarding natural gas.
- 18 b. SoCalGas violated Business and Professions Code section 17580.5 (as set forth  
19 in greater detail in Plaintiffs’ Second Cause of Action, below) insofar as  
20 SoCalGas designed and issued marketing statements that violated standards set  
21 forth in the FTC Green Guides.

22  
23 **SECOND CAUSE OF ACTION**  
**(Violation of EMCA – Bus. & Prof. Code § 17580.5)**

24 43. Paragraphs 1 through 39 above are incorporated by reference as though fully set forth  
25 herein.

26 44. Business and Professions Code section 17580.5 provides: “It is unlawful for any  
27 person to make any untruthful, deceptive, or misleading environmental marketing claim, whether  
28

1 express or implied.” For the purpose of section 17580.5, an “environmental marketing claim”  
2 includes any claim contained in the FTC Green Guides. (77 Fed. Reg. 62122 (Oct. 11, 2012); 16  
3 C.F.R. Part 260.)

4 45. Section 260.15 of the FTC Green Guides specifically addresses “Renewable energy  
5 claims,” and provides, at subsection (a):

6 It is deceptive to misrepresent, directly or by implication, that a product or package is  
7 made with renewable energy or that a service uses renewable energy. A marketer  
8 should not make *unqualified* renewable energy claims, directly or by implication, if  
9 fossil fuel, or electricity derived from fossil fuel, is used to manufacture any part of  
the advertised item or is used to power any part of the advertised service, unless the  
marketer has matched such non-renewable energy use with renewable energy  
certificates.

10 (Italics added.)

11 46. The issue is also addressed by the FTC Green Guides (6 C.F.R. § 260.15(c)), which  
12 provides, “It is deceptive to make an unqualified ‘made with renewable energy’ claim unless *all*,  
13 or *virtually all*, of the significant manufacturing processes involved in making the product or  
14 package are powered with renewable energy or non-renewable energy matched by renewable  
15 energy certificates.” (Italics added.)

16 47. While SoCalGas has been working to develop renewable natural gas, according to  
17 information presently provided at its website, the Company’s goal was to make renewable natural  
18 gas 5 percent of its supply by 2022 and 20 percent by 2030.

19 48. Even if SoCalGas were to achieve these milestones to which it aspires, the company’s  
20 unqualified claims that the natural gas it markets to consumers is “renewable” would be  
21 “deceptive” under the FTC Green Guides standard, and thus in violation of California law,  
22 because, as a simple matter of fact, 5 percent and even 20 percent is not “all, or virtually all” of  
23 the natural gas supply. (See 16 C.F.R. § 260.15(c).)

## 24 **REQUEST FOR RELIEF**

25 The People of the State of California request judgment as follows:

26 1. Pursuant to Business and Professions Code section 17535, that Defendant, along with  
27 Defendant’s successors, agents, representatives, employees, and all persons who act in concert  
28

1 with Defendant, be permanently enjoined from making any false or misleading statements in  
2 violation of Business and Professions Code section 17500 et seq. as alleged in this Complaint;

3 2. Pursuant to Business and Professions Code section 17203, that the Court enter all  
4 orders necessary to prevent Defendant, as well as Defendant's successors, agents, representatives,  
5 employees, and all persons who act in concert with Defendant from engaging in any act or  
6 practice that constitutes unfair competition in violation of Business and Professions Code section  
7 17200;

8 3. Pursuant to Business and Professions Code section 17203, that the Court enter all  
9 orders or judgments as may be necessary to restore to any person in interest any money or other  
10 property that Defendant may have acquired by violations of Business and Professions Code  
11 section 17200, as proved at trial;

12 4. Pursuant to Business and Professions Code section 17536, that the Court assess a civil  
13 penalty of two thousand five hundred dollars (\$2,500) against Defendant for each violation of  
14 Business and Professions Code section 17500 et seq., as proved at trial;

15 5. Pursuant to Business and Professions Code section 17206, that the Court assess a civil  
16 penalty of two thousand five hundred dollars (\$2,500) against Defendant for each violation of  
17 Business and Professions Code section 17200, as proved at trial;

18 Dated: August 11, 2023

Respectfully submitted,

19 ROB BONTA  
20 Attorney General of California  
21 DENNIS L. BECK, JR.  
Supervising Deputy Attorney General

22  
23  
24 /s/ Elizabeth B. Rumsey  
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26 *Attorneys for Plaintiff,*  
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