

## **Modified Decision Options: G004/M-24-73**

The Department of Commerce filed a response letter on June 4, 2024, which yielded several new or modified decision options. Staff has included new or modified information in **red, bolded and underlined text.** Please note that, in several original decision options, **red underlined text (not bolded)** existed to show proposed modified language at that time.

### **Tariff**

*The Commission may choose 1 or 2 (any combination of A-D). The Department may choose either E (any combination of i-ii) or F.*

1. Approve the tariff with no modifications.

**OR**

2. Approve the Tariff with the following modifications:

A. That the Maintenance fee is composed of two components:

- 1) Routine which will be specified in the RNG Producer Access and Maintenance Agreement and updated annually to reflect actual costs, and
- 2) Extraordinary that will be billed in full following the occurrence of any such costs incurred.

*(Great Plains, Department)*

**AND**

- i. **Department New:** Include how the routine and extraordinary maintenance fees are estimated/determined. *(Department)*

B. Add to the “Nomination and Balancing Requirements” section:

3. *Daily Nomination Requirements: Customer agrees to communicate, to Company, the following month’s daily quantity of RNG no later than the 25th calendar day prior to the start of the applicable month. Communication shall be performed through electronic means as directed by the Company. The Company reserves the right to deny such request pursuant to the Company’s sole determination of available receipt quantity. Failure to produce the requested daily quantity shall be remedied as outlined in Section 2 Balancing Requirements.*

*(Great Plains, Department)*

- C. Remove references to “deliveries” or “delivered” from Original Sheet Nos. 5-57 and 5-58 and instead only reference “receipts” or “received.”

(Great Plains, Department)

- D. Remove the Revenue Decoupling Mechanism (RDM) from the Tariff.

(Great Plains, Department)

- E. Order the Company to modify Paragraph 4 to:

- i. Allow for a customer to negotiate a payment schedule for the contribution in aid of construction, rather than only accepting a lump sum in advance of construction beginning.

(RNG Coalition)

- ii. Include an exit fee provision:

*If Customer suspends RNG production, Customer will pay an exit fee equal to the total cost of installing the RNG facilities, including main to connect to ~~CenterPoint Energy's~~ Great Plains' distribution system, and any costs for removal of facilities, less the initially paid contribution-in-aid-of-construction; any depreciation of facilities that has occurred between time of project inception and suspension of RNG production; and any cost for infrastructure that is utilized by other customers.*

(RNG Coalition, Department)

OR

- F. Do not order the Company to modify Paragraph 4. (Great Plains)**

### Interconnect Agreement

*The Commission may choose 3 or 4. In addition, the Commission may choose 5, and choose between modified 6a. or 7.*

3. Approve the Interconnect Agreement with no modifications.

OR

4. Approve the Interconnect Agreement<sup>1</sup> with the following modifications:

- A. Include a terms provision in both the Interconnect Agreement and Access and Maintenance Agreement noting at least a minimum term of twelve months consistent with the minimum term's duration provision of the proposed tariff but whose actual term may exceed the minimum term as mutually agreed to by the parties.

~~(Department, Great Plains)~~

OR

- i. **Department New** Determine a minimum term period consistent across Rate 87, the Interconnect Agreement, and the Access and Maintenance Agreements, and update all term-related language accordingly. *(Staff modification of Department)*
- ii. **Staff removed** ~~Direct Great Plains to file appropriate text for this provision.~~

~~(Staff modification of Department)~~

- B. Modify Paragraph 2 under "General Provisions" of the Interconnect Agreement to include the following sentence in redline:

The Parties agree that Company will order long lead time equipment after receiving the Initial Payment as described in Section 26 without the necessity of the condition's precedent being met. If this Agreement is terminated pursuant to this Paragraph 2, Company will transfer the long-lead equipment ordered at no cost to Supplier upon said termination. ~~The Initial Payment, should any balance remain after deducting the cost of the long lead equipment, shall also be refunded to Supplier. Should the cost of the long lead items exceed the Initial Payment (as defined below), the difference shall be due and paid to Great Plains by Producer at the time of termination.~~ Long lead time equipment to be order is shown in Exhibit C.<sup>2</sup>

*(Great Plains)*

OR

- i. **Department New** Modify Paragraph 2 under "General Provisions" of the Interconnect Agreement to include the following sentence in redline:

<sup>1</sup> Department Initial Comments, Appendix A (March 8, 2024)

<sup>2</sup> Ex Parte Communication (May 14, 2024)

The Parties agree that Company will order long lead time equipment after receiving the Initial Payment as described in Section 26 without the necessity of the condition's precedent being met. If this Agreement is terminated pursuant to this Paragraph 2, Company will transfer the long-lead equipment ordered at no cost to Supplier upon said termination. The Initial Payment, should any balance remain after deducting the cost of the long lead equipment, shall also be refunded to Supplier. [A]ny balance remaining at the time the Agreement is terminated shall be due and paid to Great Plains at the time of termination. Long lead time equipment to be order is shown in Exhibit C.

**(Department)**

5. Order Great Plains Natural Gas Co. to:

- A. Ensure that any biogas interconnection or service is consistent with its obligations to provide safe and reliable service.
- B. Maintain on the Company's website the most up-to-date biogas quality standards and testing requirements for those injecting biogas into the distribution system under its RNG interconnection program.
- C. Periodically update its gas quality standards according to the best available science, after consulting with stakeholders, the Minnesota Department of Commerce, and the Minnesota Office of Pipeline Safety.
- D. Notify the Commission when it changes its service quality standards.
- E. In its annual reports, report on any discussions with stakeholders on its RNG quality standards.

*(Department, Great Plains)*

6. **Department Withdrawn** ~~Order Great Plains to explore the possibility of requiring different quality standards for different RNG sources, considering the trade-off between imposing the same quality standards across all possible sources being potentially too restrictive versus the gain obtained from higher quality standards being more beneficial to the Company's obligation to ensure the integrity, safety and reliability of its system.~~

*(Department)*

**6.a. Department New:** Require Great Plains to implement unique quality standards for different sources of RNG, provided those unique quality standards do not compromise the Company's ability to ensure that any biogas interconnection or service is consistent with its obligations to provide safe and reliable service.

- A. ~~Staff withdrawn~~ Order the Company to work with the Department to decide on a deliverable and timeline for this exploration of different quality standards, and to file a proposal within 30 days of the order. Delegate authority to the Executive Secretary to approve the proposal if no objections are filed within 20 days.

~~(Staff proposal, should the Commission choose **Decision Option 6**)~~

OR

7. Do not order Great Plains to explore the possibility of requiring different quality standards for different RNG sources.

*(Great Plains)*

### Access and Maintenance Agreement

*The Commission may choose between 8 and 9 (any combination of A-C)*

8. Approve the Access and Maintenance Agreement with no modifications.

OR

9. Approve the Access and Maintenance Agreement with the following modifications:

- A. Exclude the "Access Fee" clause from Paragraph 5 of the Access and Maintenance Agreement.

*(Department, Great Plains)*

- B. Modify Paragraph 5.b as follows:

Invoice. Company will invoice Producer for the ~~Access Fee~~, Routine Maintenance Fee, ~~and any~~ Extraordinary Maintenance Fees (if any) Costs at the end of each month that this Agreement is effective and the charges billed under Rate 87 as part of their monthly Great Plains bill. Each invoice will be due and payable within ~~twenty (20)~~ 22 days of receipt.

*(Great Plains, Department)*

- C. Modify Paragraph 6.b. as follows:

In the event Producer's RNG is to be injected in the interstate pipeline system, Producer will need a separate off system transportation agreement with the ~~Company~~ applicable interstate pipeline company.

*(Great Plains, Department)*

## Reporting Requirements

10. Require the Company to make a compliance filing within 30 days with the following items each time it accepts another producer's renewable natural gas into its system:

- A. The producer's feedstock or feedstocks.
- B. The total amount of RNG expected to be provided by the producer.
- C. The mix of end-uses of the digestate.
- D. If known, the state(s) in which the entity or entities purchasing the RNG from the producer are located and the end-use for which the RNG is being purchased.

*(Department, Great Plains)*

- E. Methane leakage control and mitigation measures employed by the producer at the production and upgrade facility.
- F. Estimated amount of methane leakage for the producer and a description of the methodology used to develop that estimate.
- G. Analysis of the lifecycle greenhouse gas emissions, including emissions associated with the upgrade facility, of RNG volumes provided by the producer— and a description of the methodology used to develop the lifecycle analysis.

*(Staff proposed)*

11. Require the Company to make a compliance filing annually by February 1 each year with the following items:

- A. The total number of interconnected RNG producers supplying RNG to the Company's system in the previous calendar year.
- B. The amount of RNG volumes taken onto the Company's system each year in total and from each of those producers.
- C. The mix of feedstock used by RNG producers connected to the Company's system and volumes provided to the system broken out by primary feedstock for the previous calendar year.

*(Department, Great Plains)*

- D. The mix of end-uses of the digestate for each producer interconnected to the Company's system.

(Department)

- E. The estimated methane emissions associated with the total amount of RNG received on the Company's system in the previous calendar year and by primary feedstock, and a description of the methodology for estimating methane emissions.
- F. Estimated lifecycle greenhouse gas emissions, including emissions associated with the upgrade facilities, of the RNG received on the Company's system in the previous calendar year in total and by primary feedstock compared to lifecycle emissions of geological natural gas on the Company's system, along with a description of the methodology for determining those lifecycle greenhouse gas emissions.

*(Staff proposed)*

- G. Updated information for each interconnected RNG producer using the same data points as included in the per-producer compliance filing described above.

(Department)

- 12. If any affiliates of the Company become involved in any RNG interconnection project, require the Company to:
  - A. Inform the Commission and the Department.
  - B. Explain whether any proposed interconnection project implicates Minn. Stat. § 216B.48 and Minn. R. 7825.1900–7825.2300; the relevance of the affiliated interest laws to all applicable projects; and how any transactions with its affiliates would comply, and
  - C. Seek Commission approval of transactions governed by the affiliated interest laws.

*(Department, Great Plains)*

*The Commission may choose between 13 or 14.*

13. Department Withdrawn Require the Company to:—

- ~~A. Separately track all of the costs associated with operation, maintenance and repair of the interconnect facility for each separate RNG producer,~~
- ~~B. Use the Federal Energy Regulatory Commission (FERC) accounts, sub-accounts and/or FERC account equivalents and CPE charted accounts—~~

~~and/or sub-accounts from internal accounting system to track these costs, and~~

~~C. Guarantee that costs borne by the Company for the operation, maintenance, and repair of interconnect facilities, such as those resulting from material interference (Section 17) and damages (Section 21), are not transferred to rate payers.~~

13. **a. Department Modified** Require the Company to track and identify all of the customers it adds under Rate 87 and their associated costs and revenues using the FERC accounts, sub accounts, and/or equivalent accounts.

(Department)

OR

14. Require the Company to:

- A. Separately track all costs associated with an RNG interconnection and
- B. Track the total RNG received by each RNG supplier.

(Great Plains)

## GHG Accounting Framework

15. **Department Withdrawn** ~~Require Great Plains to calculate the greenhouse gas intensity of any RNG purchased under this tariff in accordance with the Argonne GREET model, per the June 1, 2022 Order in Docket No. G999/CI 21-566. (Staff notes that the Department asked Great Plains whether it has a reasonable greenhouse gas accounting framework in place but did not specifically recommend using the Argonne GREET model. Staff provides this decision option, but the Commission may wish to clarify the Department's position at the agenda meeting.)~~

## Inflation Reduction Act

16. **Department New:** Order the Company to continue to monitor for developments in the Inflation Reduction Act (IRA) for opportunities that align with its interconnection service.

(Department)

## RNG Purchase

17. **Department New:** Order the Company to present a concrete proposal to the Commission if and when it decides to purchase RNG, including a proposed



greenhouse gas accounting framework and threshold of carbon intensity based on conventional gas emissions.

*(Department)*

**Compliance Filing**

18. **Staff New:** Within 30 days of this order, order Great Plains to submit a compliance filing with its Tariff sheets, Interconnection Agreement, and Access and Maintenance Agreement, consistent with the decisions herein.

*(Staff proposed)*