MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	**June 6, 2024**		**Agenda Item **2**
Company	Great Plains Natural Gas Co.		
Docket No.	G004/M-24-73		
	In the Matter of Petition for Approval of a New Rate Schedule "Renewable Natural Gas Producer Access and Interconnection Service Rate 87"		
Issues	Should the Commission approve, modify, or reject Great Plains' new rate schedule, "Renewable Natural Gas Producer Access and Interconnection Service Rate 87"?		
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✓**Relevant Documents**	**Date**
Initial Filing, Great Plains Natural Gas Co.	January 12, 2024
Notice of Comment, Minnesota Public Utilities Commission	January 31, 2024
Initial Comments, Coalition for Renewable Natural Gas	March 8, 2024
Initial Comments, Department of Commerce – Division of Energy Resources	March 8, 2024
Reply Comments, Great Plains Natural Gas Co.	March 22, 2024
Response to Reply Comments, Department of Commerce – Division of Energy Resources	April 4, 2024
Response to Reply Comments, Great Plains Natural Gas Co.	April 18, 2024
Ex Parte Communication, MN Public Utilities Commission	May 14, 2024

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ACRONYMS

CIAC	Contribution in Aid of Construction
CTP	Custody Transfer Point
Dk	Dekatherm
GHG	Greenhouse Gas
IRA	Inflation Reduction Act
NGIA	Natural Gas Innovation Act
O&M	Operation and Maintenance
RNG	Renewable Natural Gas

STATEMENT OF THE ISSUES

At the June 6, 2024 agenda meeting, the Commission will decide whether to approve Great Plains Natural Gas Co.'s petition to establish a new rate schedule for renewable natural gas producers to interconnect to Great Plains Natural Gas Co.'s gas distribution system.

BACKGROUND

Renewable natural gas (RNG) is defined in Minn. Stat. § 216B.2427 under the Natural Gas Innovation Act as biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas (GHG) intensity than, natural gas produced from conventional geologic sources. According to the Environmental Protection Agency (EPA), RNG can be produced from a variety of sources, including solid waste landfills, livestock farms, and organic waste.[1]

On January 12, 2024, Great Plains Natural Gas Co. ("Great Plains" or "the Company") filed a petition for approval of a new rate schedule, "Renewable Natural Gas Producer Access and Interconnection Service Rate 87." In this petition, Great Plains proposed a new tariff for producers of RNG who wish to interconnect to Great Plains' gas distribution system.

Great Plains is one of several Minnesota gas utilities currently seeking to interconnect RNG with their distribution systems, and RNG-related issues have been discussed in an increasing number of dockets over the last six years:

1. Docket No. G008/M-20-434
   CenterPoint Energy Resources Corp. (CenterPoint) proposed an RNG interconnection tariff on April 23, 2020.[2] The Commission approved the tariff with modifications in its January 26, 2021 order.[3] CenterPoint has not yet facilitated a successful RNG interconnection, citing a longer-than-expected interconnection process in its compliance filing on January 31, 2024.

2. Docket Nos. G008/M-21-324 and G999/M-21-566
   The Commission also initially directed CenterPoint in its January 26, 2021 Order to propose a framework for evaluating and verifying the carbon intensity of various RNG resources. CenterPoint proposed a framework in Docket No. G008/M-21-324, but the Commission suspended the comment period in favor of addressing this topic under a holistic Natural Gas Innovation Act framework in Docket No. G999/M-21-566. In its June 1, 2022 order in G999/M-21-566, the Commission ordered that any parties procuring

[1] https://www.epa.gov/lmop/renewable-natural-gas Accessed December 15, 2023.

[2] CenterPoint Energy had originally filed a petition in in August 2018 (Docket No. G008/M-18-547) to introduce a five-year renewable natural gas pilot program, but it was denied without prejudice in the Commission's order on August 29, 2019. After denial, CenterPoint facilitated workgroups with stakeholders to create the new petition.

[3] Docket No. G008/M-20-434 *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff*, Order Point 1 (January 26, 2021)

renewable natural gas under the Natural Gas Innovation Act should use the GREET framework[4] to account for carbon emissions.[5] The Commission also ordered that Docket No. G008/M-21-324 could be resumed, but no parties took action.

3. Docket No. G6915/GP-23-392
   Dooley's Natural Gas II, LLC proposed on September 26, 2023 to construct a pipeline to interconnect RNG from four dairy farms to the Alliance natural gas transmission pipeline. The Commission accepted the route permit application as complete on December 20, 2023, and on May 16, 2024, approved the route permit for the 100-foot high-pressure segment, turning the rest of the pipeline over to local counties for permitting approval.

4. Docket No. G011/M-23-489
   Minnesota Energy Resources Corp. (MERC) proposed an RNG interconnection tariff and commodity purchase plan on November 28, 2023. The Commission approved the proposal with modifications in its order on May 1, 2024.[6]

5. Docket No. G999/CI-24-202
   In the MERC order, the Commission also delegated authority to the Executive Secretary to open a new docket to establish standardized reporting requirements for natural gas utilities seeking to interconnect RNG to their distribution. Commission Staff will file a Notice of Comment to discuss this topic with parties.

6. Docket Nos. G002/M-23-518 (Xcel) and G008/M-23-215 (CenterPoint)
   Northern States Power Co. d/b/a Xcel Energy (Xcel Energy) and CenterPoint both proposed several RNG-related pilots in their Natural Gas Innovation Act (NGIA) petitions. The Commission anticipates hearing both petitions later in 2024.

SUMMARY OF PETITION

Great Plains filed for approval of a new rate schedule, "Renewable Natural Gas Producer Access and Interconnection Service Rate 87" ("Rate 87" or "the tariff"). Great Plains gave two main reasons for establishing an RNG-specific tariff:

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[4] The GREET model was developed by the Department of Energy's Argonne National Laboratory to calculate the lifecycle energy, emissions, and environmental impact of different technologies. https://www.energy.gov/eere/greet, Accessed May 23, 2024.

[5] Order Point 5 states that "The greenhouse gas intensity of renewable natural gas included in an NGIA plan will be calculated in accordance with the Argonne GREET model." Docket No. G-999/CI-21-566, *In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emission Intensities of Various Resources, and to Measure Cost Effectiveness of Individual Resources and of Overall Innovation Plans* (June 1, 2022)

[6] Docket No. G011/M-23-489, *In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Renewable Natural Gas Interconnection Tariff*, Order Point 8 (May 1, 2024)

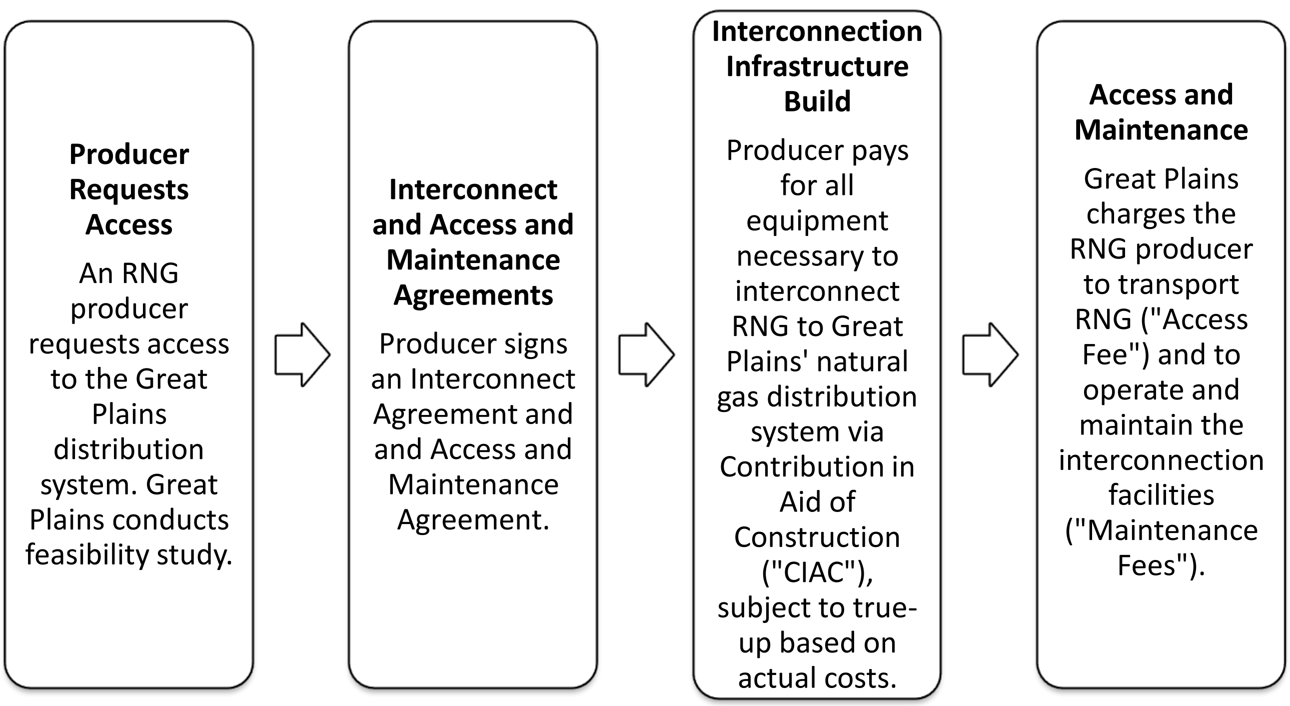
1. RNG's potential environmental benefits, as RNG can be derived from methane that would have otherwise been released into the atmosphere, and
2. The potential new revenue stream for RNG producers, who are likely to be from Minnesota's large agricultural sector.

Great Plains' petition had three main components: the Tariff, the Interconnect Agreement, and the Access and Maintenance Agreement. *Staff will detail each of the three components in sections below.*

<u>The Tariff</u>
Great Plains' new rate schedule defined the conditions under which a RNG producer may interconnect to the Company's natural gas distribution system, and the fees the producer must pay for the transportation of the RNG and the maintenance of the interconnection equipment.

Figure 1 is a visual representation of Great Plains' proposed interconnection process. Staff notes that this representation assumes the prospective producer moves forward at each step.

Figure 1. Great Plains' Proposed Interconnect Process



Interconnect Conditions
Per the tariff, a prospective RNG producer would first request service from the Company. The Company stated that it would determine eligibility based on existing pipeline capacity, gas quality specifications, and other applicable factors. If the request was found feasible, the producer would enter into the Interconnect Agreement and the Access and Maintenance Agreement.

Fees for Access, Maintenance, and Transportation
Great Plains stated in its petition that the RNG producer would be solely responsible for all charges – including the building of interconnection infrastructure, and access and maintenance fees. The Company did not propose procuring the RNG commodity or its associated environmental attributes at the time of the petition. Therefore, the Company stated that this tariff would not add to its recoverable rate base. However, the Company said in comments that it might later request authorization from the Commission to procure the commodity.[7] *See the "Other Discussion" subpart of the "Discussion" section for more information.*

The Interconnect Agreement
The Interconnect Agreement[8] is the contract between the RNG producer and the Company. The Agreement defines the physical construction and operational requirements to receive service under the tariff, including gas quality specifications and safety requirements.

Access and Maintenance Agreement
After signing an Interconnect Agreement, the RNG producer would then enter into an Access and Maintenance Agreement[9] for each point of interconnection. This Agreement sets forth the terms and conditions under which the RNG producer may access Great Plains' distribution system for RNG gas delivery. The pricing structure is:

Access Fee:	$260.00 per month for each interconnection point
Access Commodity Charge:	$0.8189 per dekatherm
Maintenance Fee:	Customized per producer, charged monthly

The company stated, in a response to the Department of Commerce's Information Request (IR),[10] that it used the Basic Service Charge and Distribution Charge authorized under its current Large Interruptible Transportation Service Rate 82[11] as a basis for these charges, as the Company believed the service under the proposed Rate 87 was comparable.

DISCUSSION

The Department of Commerce – Division of Energy Resources ("the Department"), and the Coalition for Renewable Natural Gas ("RNG Coalition"), commented on the proposal.

Overall, the Department and the RNG Coalition agreed with the spirit of the proposal – the Department said that the petition is structured so that existing customers would not be

7 Great Plains Reply Comments (March 22, 2024)

8 Department of Commerce Comments, Attachment A (March 8, 2024)

9 Department of Commerce Comments, Attachment B (March 8, 2024)

10 Great Plains Reply Comments (March 22, 2024)

11 Rate 82's charges were authorized by the Commission in the Company's most recent general rate case, Docket No. G004/GR-19-511.

harmed, and the RNG Coalition said that it did not oppose the proposal. However, both suggested several modifications. The discussion below is divided into six parts:

1. Tariff
2. Interconnect Agreement
3. Access and Maintenance Agreement
4. Reporting
5. GHG Accounting Framework
6. Other Discussion

Tariff

Overall, parties agreed with the premise of the tariff, but proposed several modifications to explain or mitigate costs to RNG producers, ensure ratepayer protection, and customize the tariff to this new market.

Maintenance Fees

First, the Department and the Company agreed on clarifications to the maintenance fees listed in the tariff. The Department requested that Great Plains differentiate between the Routine and Extraordinary components of the Maintenance Fee, and recommended that the Company include language stating whether components are estimated for the year ahead and revised annually, or charged every month with no estimated value for the year.[12] Great Plains agreed to add more specific language to its tariff to clarify that the Maintenance fee is composed of two components, and to describe how those fees are calculated **(Decision Option 2.A)**:

> 1) Routine: Specified in the RNG Producer Access and Maintenance Agreement and updated annually to reflect actual costs, and
>
> 2) Extraordinary: Billed in full following the occurrence of any such costs incurred.

Nomination Notification

In comments, the Department requested that the Company explain whether it had a process for nomination notification. The Company proposed to add the following text as a new paragraph to the "Nomination and Balancing Requirements" section of the Tariff:[13]

> *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*

[12] Department Response to Reply Comments (April 4, 2024)

[13] Great Plains Reply Comments (March 22, 2024)

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.

The Department stated in its Response to Reply Comments that it was satisfied with this proposal.[14] **(Decision Option 2.B)**

Language Changes

Great Plains also noted two proposed changes to its Tariff in its Reply Comments. First, Great Plains said that it would remove references to "deliveries" and "delivered" in Original Sheet No. 5-57 and 5-58 of proposed Rate 87. Great Plains explained that the language was applicable to Rate 82, but not to RNG interconnection, in which the Company will only reference "receipts" or "received." **(Decision Option 2.C)**

Next, the Company proposed to remove the Revenue Decoupling Mechanism from Rate 87, stating that this Rate 82 mechanism was not applicable to Rate 87. **(Decision Option 2.D)**

CIAC

The RNG Coalition asked Great Plains to consider two modifications to the contribution in aid of construction (CIAC) part of its tariff. [15] First, the RNG Coalition asked if Great Plains would consider allowing for the negotiation of a payment schedule **(Decision Option 2.E.i)**. Second, the RNG Coalition suggested that Great Plains should revise its tariff to include an "exit fee" provision, based on CenterPoint Energy's G008/M-20-434 petition **(Decision Option 2.E.ii)**. Great Plains responded that asking for CIAC as a lump-sum payment is consistent with its policy for any interruptible customer under its General Terms and Conditions tariff.[16] The Company did not specifically respond to the exit fee request.

Costs to RNG Producers

The RNG Coalition also expressed concern about the cost to RNG producers under the proposal. The RNG Coalition argued that the proposed fees "will likely exceed the Company's true costs for interconnecting and moving RNG through its system." The Company responded to concern about the Maintenance Fee by clarifying that the $5,100 monthly Maintenance fee listed in Attachment B was only a sample, and that the actual fee would vary by customer and be subject to annual review. The Company also reiterated that its $0.8189 per dekatherm price was based on Rate 82, which was authorized by the Commission in the Company's most recent

[14] Department Response to Reply Comments (April 4, 2024)

[15] RNG Coalition Comments (March 8, 2024)

[16] Great Plains Natural Gas Co. Gas Rate Schedule – MNPUC Volume 3, General Terms and Conditions, Paragraph 5. https://www.gpng.com/wp-content/uploads/2023/07/MNGeneralTermsConditions.pdf

general rate case, Docket No. G004/GR-19-511. The Department also said in initial comments that "the three charges are reasonable as they are structured in a way to protect existing customers while not imposing unnecessary burden on RNG suppliers."[17]

Resolved Items

The Department also requested clarification on several items which were resolved with the Company in subsequent reply comments, without any proposed modifications resulting from either party.

In an Information Request,[18] the Department requested the Company clarify why Rate 87's Access Commodity Charge is $0.8189 per dekatherm while the approved Distribution Charge for Rate 82 is $0.9007 per dekatherm. In response to this Information Request the Company stated:

> *The Access Commodity Charge excludes the Conservation Cost Recovery Charge – Base (CCRC Base) of $0.0818 from the Rate 82 Distribution Charge of $0.9007. Great Plains believes the exclusion of the CCRC Base is appropriate when determining the Rate 87 Access Commodity Charge as the objective of a conservation program is to reduce ones' consumption. This is opposite of a RNG producer's objective which is to increase the production of their RNG project which in turn, can lead to increases [sic] environmental benefits.*

The Department noted in initial comments that this is consistent with the Commission's January 26, 2021 order for CenterPoint, in which the Commission ordered that CenterPoint "charge RNG customers the same non-gas margin as interruptible transportation customers, less the conservation cost recovery charge[.]"[19],[20]

The Department also requested additional information on the Nomination and Balancing requirements set forth in the tariff. "Nomination and balancing" refers to the process by which a gas utility manages the day-to-day fluctuations in gas deliveries and/or receipts.[21] Great Plains proposed the same nomination and balancing rates as in Rate 82. The Department agreed that this approach followed similar mechanisms for other transportation rate schedules, and would incentivize transportation customers to hew as closely to delivered quantities in their nominations.

The Department asked Great Plains to clarify how ratepayers would be protected from an RNG supplier's incentive to under-nominate and still be paid for gas delivered without the Company

[17] Department Initial Comments (March 8, 2024)

[18] Department Initial Comments (March 8, 2024)

[19] DOCKET NO. G-008/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff,* Order Point 1.C.2 (January 26, 2021)

[21] https://energyknowledgebase.com/topics/balancing-natural-gas-volumes.asp, Accessed May 13, 2024

effectively agreeing to take it. Great Plains responded that it would "effectively obtain ownership of the under-nominated gas and will transfer this same quantity to the applicable interstate pipeline."[22], [23] The Department agreed that the Company's explanation that it was reasonable.

Finally, the Department noted in Initial Comments that, differently to CenterPoint's proposal, Great Plains' Access Commodity Charge did not include construction or O&M costs. Great Plains clarified that all costs incurred by the producer are paid through prior to construction (outlined in the tariff) or recovered through the Maintenance Fee.

Staff Analysis

Staff notes that the Department and Great Plains were able to come to an agreement on many parts of the discussion, but several items remain outstanding or still in discussion between parties.

First, the Department has not confirmed its position on the language changes that Great Plains proposed in its Reply Comments *(see "Language Changes" section above).*

Next, the Commission will need to decide whether to follow the RNG Coalition's recommendations to modify the Tariff to include the ability for customers to negotiate a payment schedule **(Decision Option 2.E.i.)**, and/or include an exit fee provision **(Decision Option 2.E.ii).**

Regarding the CIAC payment schedule proposal, Staff notes that CenterPoint[24] and MERC[25] both required in their petitions the up-front payment of CIAC before interconnection begins. Should the Commission order Great Plains to offer a payment schedule to interested RNG producers **(Decision Option 2.E.i.)**, it would be a departure from typical operating procedures. However, if Great Plains and other parties are finding that the upfront CIAC payment is a large barrier in attracting any RNG producers, it could be appropriate to consider.

Regarding the exit fee, Staff examined the Docket No. G008/M-20-434 record history and confirmed that the provision referenced by the RNG Coalition was included to "[shield] retail

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[22] Great Plains Reply Comments (March 22, 2024)

[23] Staff understands from the Company's Reply Comments that it would settle the extra, unplanned overage in gas supplied via its Operations Balancing Agreement with the relevant pipeline. In effect, this adjustment would allow GP to take possession of the extra delivered gas downstream after it cleared an equal amount of "surplus" gas upstream at the pipeline.

[24] Docket No. G008/M-20-434, I*n the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff*, Compliance Filing (February 25, 2021)

[25] Docket No. G011/M-23-489, *In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Renewable Natural Gas Interconnection Tariff*

ratepayers from the cost of investments in abandoned interconnection facilities."[26] Upon examining the Interconnect Agreement,[27] Staff notes that Paragraph 27 does include language that could address this concern:

> *27. Supplier shall have the right to terminate this Agreement at any time; provided that, Supplier will reimburse Company for all Project Costs incurred by Company prior to termination including, but not limited to, all environmental permitting and engineering costs, costs related to seeking governmental approvals, equipment and materials that have not been paid pursuant to Section 27 prior to the date of such termination, and all costs incurred by Company after termination related to winding up the project. Upon termination of this Agreement, Company shall retain all ownership of the Interconnection Facilities.*

Staff believes this paragraph and the RNG Coalition's proposed exit fee language achieve similar goals: to ensure that the Company is not stranded with the costs of a canceled Interconnection Agreement. The RNG Coalition's language is slightly more specific as it discusses "the costs of removing facilities," although Great Plains' contract language also mentions the costs of "winding up the project." The Commission may wish to clarify with Great Plains whether this has the same meaning. If so, **Decision Option 2.E.ii** may be duplicative.

As for the RNG Coalition's overall concern about the cost-benefit considerations of the petition to RNG producers, the Commission could consider asking the Company in the agenda meeting whether it has done a pro forma income statement with profitability analysis, to understand (and communicate to producers) the level of RNG supply that could be needed for a producer to break even.

Interconnect Agreement

The Department also recommended various additions and edits to the Interconnect Agreement to clarify the terms and conditions for RNG producers.

First, the Department proposed a modification to clarify the timeline of the contracts. In initial comments, the Department noted that, while the Tariff stated that both the Interconnect Agreement and Access and Maintenance Agreement must be signed for a minimum of twelve months, the Interconnect Agreement had no specific language about the term, and the Access and Maintenance Agreement had a minimum five-year term. In reply comments, Great Plains said it was amenable to including a Term and Termination section to its Interconnect Agreement. Later its responses, Great Plains said that the terms provision in both agreements would have a minimum term of twelve months, consistent with the Tariff, but that the actual term may exceed the minimum term as mutually agreed to by parties **(Decision Option 4.A)**.

[26] Docket No. G-008/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff*, Order (January 26, 2021)

[27] Department Comments, Attachment A (March 8, 2024)

The Department recommended the Commission direct the Company to present appropriate text reflecting these updates.[28] **(Decision Option 4.A.i)**

In initial comments, the Department also requested that Great Plains add language to Section 2 to protect the Company and its ratepayers from potential negative balances incurred by the cost or timeline of obtaining equipment by the RNG producer.[29] Great Plains agreed in reply comments with the Department's request and provided final language in an ex parte communication with Staff **(Decision Option 4.B).**

Great Plains also agreed with the Department's request regarding the items ordered in Order Point 4 of the Commission's January 26, 2021 Order in Docket No. G008/M-20-434:

> *In lieu of approving CenterPoint's proposed RNG Quality Standards (RNG Interconnection Petition, Exhibit C), the Commission directs CenterPoint to do the following:*
>
> > *A. Ensure that any biogas interconnection or service is consistent with its obligations to provide safe and reliable service.*
> >
> > *B. Maintain on CenterPoint's website the most up-to-date biogas quality standards and testing requirements for those injecting biogas into the distribution system under CenterPoint's 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. Starting with its annual report in 2022, report on its discussions with stakeholders on its gas quality standards.*

(Decision Option 5.A-E)

However, another discussion about gas quality standards was not resolved in comments. The Department asked whether Great Plains' proposed gas quality standards were tailored to a specific feedstock (e.g. manure vs. landfill). Great Plains had stated in its petition that it would not accept RNG derived from Hazardous Waste Landfills and associated systems. In response to the Department's request, Great Plains stated that its gas quality tests would apply to all RNG sources.[30] In response,[31] The Department cited a 2019 study from the Northeast Gas Association, in which the Association argued that "raw gas quality will vary depending on the source." [32] The Department requested that the Commission direct Great Plains to consider

[28] Department Response to Reply Comments (April 4, 2024)

[29] "Long lead equipment" refers to equipment that may have a long manufacturing or delivery time.

[30] Great Plains Reply Comments (March 22, 2024)

[31] Department Response to Reply Comments (April 4, 2024)

[32] nga-interconnect-guide-for-rng-in-nys.pdf (nationalgridus.com), Page 13, Accessed May 13, 2024

exploring the possibility of requiring different quality standards for different RNG sources. **(Decision Option 6)** In its response to reply comments, Great Plains said it believed that there were significant challenges to allow different quality standards depending on the feedstock, and did not agree with the Department's suggestion **(Decision Option 7)**.[33]

Finally, the Department asked Great Plains to explain why, in Paragraph 14, the Company says it "may not have adequate capacity in its System at any given time to receive all or any of the RNG capable of being delivered to the supplier," when the Company stated that it would determine initial eligibility for each access point based on pipeline capacity. The Company clarified that, because it cannot inject gas upstream into interstate pipelines, there may be a scenario where it must curtail the amount of RNG it will accept at a Custody Transfer Point (CTP) based on the amount of gas being delivered from an upstream interstate pipeline at that time. The Department did not request further information.

Staff Analysis

As with the Tariff, the Department and Great Plains ultimately agreed in most parts of the discussion.

The Commission may consider clarifying what the Department's final position on **Decision Options 4.B** at the agenda meeting, and whether **Decision Option 4.A.i** is an accurate interpretation of its final position.

Staff notes that ordering Great Plains to comply with the gas quality reporting standards in Docket No. G008/M-20-434 would also be consistent with the Commission's decision on MERC's interconnection agreement.[34] **(Decision Option 5)**

Regarding the Department's request for Great Plains to explore different gas quality standards for different feedstocks, the Commission has not previously ordered utilities to use different quality standards for RNG derived from different feedstocks. However, MERC explicitly wrote that its gas quality standards applied to "RNG derived from dairy and other animal waste."[35] In CenterPoint's RNG interconnection docket, parties discussed the varying carbon intensities of RNG derived from different feedstocks, but the Commission declined to adopt specific gas quality standards, leaving it to CenterPoint to "regulate consistent with its obligation to provide safe and reliable service,"[36] which the Department also recommended for Great Plains' petition.

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[33] Great Plains Response to Reply Comments (April 18, 2024)

[34] Docket No. G011/M-23-489, *In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Renewable Natural Gas Interconnection Tariff*, Order Point 2.a-e (May 1, 2024)

[35] Docket No. G011/M-23-489, *In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Renewable Natural Gas Interconnection Tariff*, Petition, Attachment D (November 28, 2024)

[36] Docket No. G008/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff*, Order Point 4 (January 26, 2021)

The study cited by the Department (and the RNG Coalition, who said it was "the leading resource on RNG interconnection policy") does create a compelling argument for utilities to research different gas quality standards based on feedstock as RNG becomes more commonplace in the Company's natural gas distribution system. However, Staff notes that this could potentially raise costs, and it is not clear who would pay for those costs (the RNG producer, the Company's customers, or the Company's shareholders).

Thus, the Commission could consider clarifying with Great Plains what types of feedstock it anticipates that producers will use for their RNG. Staff offers **Decision Option 6** should the Commission agree with the Department, and also provides **Decision Option 6.A** to help define the deliverables and timeline for this "exploration." The Commission may choose **Decision Option 7** should it agree with the Company.

<u>Access and Maintenance Agreement</u>

Overall, the Department said in initial comments that the Access and Maintenance Agreement reasonably protects other customers, but both the Department and the Company suggested modifications in their comments.

In the Access and Maintenance Agreement, the Department requested clarification on whether the "Access Fee" of $260/month was the actual value, or rather charged for each point of interconnection, which would necessitate that this fee be removed from the Access and Maintenance Agreement, given its variability. The Company agreed to exclude the "Access Fee" clause from Paragraph 5 of Access and Maintenance Agreement to eliminate confusion **(Decision Option 9.A)**.

In Reply Comments,[37] the Company also proposed two modifications to the Access and Maintenance Agreement.[38] The first was to the "Billing and Payment" section, to reflect above-mentioned clarifications on the Routine and Extraordinary Fees and to extend the payable date from 20 to 22 days **(Decision Option 9.B)**. The second was to "Additional Agreements," where Great Plains clarified that any producer planning to inject their RNG into an interstate pipeline would need an agreement with the pipeline operator, not Great Plains. **(Decision Option 9.C)**

Staff Analysis

Staff believes that Great Plains' has adequately addressed the Department's concerns to clarify fees. The Department's position on the Company's two additional modifications to the Agreement was not clear at the time of filing these briefing papers, and so the Commission may consider asking the Department to clarify its final position in the agenda meeting.

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[37] Great Plains Reply Comments (March 22, 2024)

[38] Department Comments, Attachment B (March 8, 2024)

Reporting

The Department and Great Plains also debated requirements for reporting on the RNG transported under this Tariff.

While Great Plains did not initially propose any reporting requirements, the Department proposed using Commission's January 26, 2021, CenterPoint Order[39] as a template for Great Plains, as it had with MERC in Docket No. G011/M-23-489.[40]

Per Producer Reporting

First, the Department asked whether Great Plains would be amenable to providing the following information for new interconnections:[41]

> *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.*
> 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.*

Great Plains said it would be amenable to A-D, but not E-G,[42] arguing that this information would be held by the RNG producer, and it would be administratively burdensome for Great Plains to provide it to the Commission. The Company also noted that it is seeking to purchase neither the RNG commodity nor the environmental attributes at this time. The Department agreed with the Company in response to reply comments, stating that E-G were not necessary

[39] Docket No. G008/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff.*

[40] The Commission ultimately ordered MERC to report these items with some modifications and additions. See Docket No. G011/M-23-489, Order Points 5 and 6 (May 1, 2024)

[41] Based on Order Point 10 of Docket No. G008/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff* (January 26, 2021)

[42] Great Plains Response to Reply Comments (April 18, 2024)

for ensuring safe and reliable service, and that the Department would defer consideration of those items if the utility filed to purchase the RNG at a later date. **(Decision Option 10.A-D)**

Annual Reporting

In initial comments, the Department also advocated for the same annual reporting requirements that the Commission ordered for CenterPoint in Order Point 11:[43]

> *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 system in the previous calendar year.*
> B. *The amount of RNG volumes taken onto the Company 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.*
> D. *The mix of end-uses of the digestate for each producer interconnected to the Company's system.*
> 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.*
> G. *Updated information for each interconnected RNG producer using the same data points as included in the per-producer compliance filing described above.*

However, in ensuing reply comments and response to reply comments, the Company made similar arguments against D-G as it had for the one-time reporting requirements. The Department concurred that it was reasonable to limit annual reporting requirements to A-C. **(Decision Option 11.A-C)**

Other Reporting Requirements

The Department and Great Plains also discussed several other reporting requirements that were previously ordered for both CenterPoint and MERC in their RNG interconnection dockets.

[43] Department Comments (March 8, 2024)

First, Great Plains agreed to disclose and follow compliance steps should an affiliate become involved in an RNG interconnection project:

> *8. If any affiliates of [the Company] are or become involved in any RNG interconnection project:*
>
> *i. Inform the Commission and the Department*
>
> *ii. 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*
>
> *iii. Seek Commission approval of transactions governed by the affiliated interest laws.*
>
> **(Decision Option 12.A-C):**[44]

Second, the Department also proposed that Great Plains do the following:

A. Separately track all of the costs associated with operation, maintenance and repair of 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 costs

C. Guarantee that costs borne by the Company, such as those resulting from material interference (Section 17), damages (Section 21), are not transferred to rate payers

(Decision Option 13.A-C).

Great Plains agreed that it would "separately track all costs associated with *[sic]* an interconnection…[and] separately track the total RNG received by each RNG supplier."[45] The Company did not specify whether it agreed to use FERC or equivalent accounts. **(Decision Option 14.A-B)**

Staff Analysis

Staff notes that the Department and Great Plains' compromise on reporting requirements differs from previously ordered reporting in similar dockets. The Company and the Department agreed to eliminate some suggested reporting requirements because Great Plains argued that reporting on the environmental impact of the RNG (e.g. methane mitigation measures) was not necessary as it does not plan to purchase the commodity or environmental attributes at this time.

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44 Great Plains Response to Reply Comments (April 18, 2024), referencing Order Point 8 of Docket No. G011/M-20-434, *In the Matter of the Petition by CenterPoint Energy (CPE) to Introduce a Renewable Natural Gas Interconnection Tariff* (January 26, 2021)

45 Great Plains Response to Reply Comments (April 18, 2024)

However, Staff notes that the Commission ordered some form of these reporting requirements for both CenterPoint (who proposed to interconnect and transport RNG, not purchase it) and MERC (who proposed to interconnect and purchase the RNG, but not purchase the environmental attributes). This is not to say that the Commission could not order something different for Great Plains, but rather that the Commission may consider this decision in context of other similar proposals. Therefore, staff has included **Decision Options 10.E-G and 11.D-G** should Commissioners opt for consistency with other orders.

No matter the decision in this docket, the Commission is currently planning to open a proceeding[46] to discuss the standardization of RNG reporting requirements among gas utilities.[47]

As for tracking RNG costs and receipt, it was not clear to Staff whether the Company agreed to use the FERC or equivalent accounting mechanisms proposed by the Department, and so Staff separated this decision out into two decision options (**Decision Options 13 and 14)**.

Greenhouse Gas Accounting Framework

In initial comments, the Department asked whether Great Plains had a GHG accounting framework in place, consistent with the June 1, 2022 Order in Docket No. G999/CI-21-566[48] for calculating GHG emissions from RNG, and whether Great Plains had any specific proposals for a threshold of carbon intensity based on conventional gas emissions. The Department said it believed that "establishing a reasonable GHG framework will ensure RNG interconnections on Great Plains' system are at a minimum carbon-neutral (relative to conventional natural gas) and therefore contributing to" Minnesota's statewide greenhouse gas reduction goals.[49]

Great Plains replied that it did not have this framework in place, as it is establishing an access and interconnection Tariff, and not seeking to procure the RNG commodity.[50] The Department did not follow up on this point in its response to reply comments.

Staff Analysis

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[46] Docket No. G011/M-23-489, *In the Matter of the Petition of Minnesota Energy Resources Corp. for Approval of a Renewable Natural Gas Interconnection Tariff*, Order Point 8 (May 1, 2024)

[47] Docket No. G999/CI-24-202, *In the Matter of Establishing Standardized Reporting Requirements for Any Gas Utility Providing Renewable Natural Gas Interconnection Services*

[48] Order Point 5 states that "The greenhouse gas intensity of renewable natural gas included in an NGIA plan will be calculated in accordance with the Argonne GREET model." Docket No. G-999/CI-21-566, *In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emission Intensities of Various Resources, and to Measure Cost Effectiveness of Individual Resources and of Overall Innovation Plans* (June 1, 2022)

[49] Department Comments (March 8, 2024)

[50] Great Plains Response to Reply Comments (March 22, 2024)

Staff notes that this petition differs from the G011/M-23-489 petition by MERC, which sought to procure the RNG commodity, and the Commission ordered MERC to report its greenhouse gas emissions. However, Staff notes that Great Plains' petition is structured similarly to CenterPoint's G008/M-20-434 petition, which was also established only as an Interconnection and Transportation Tariff, not as a petition to procure the RNG commodity.

The Commission initially directed CenterPoint Energy in its January 16, 2021 Order to propose a framework for evaluating and verifying the carbon intensity of various RNG resources. CenterPoint proposed a framework in Docket No. G008/M-21-324, but the Commission suspended the comment period in favor of addressing this topic under a holistic Natural Gas Innovation Act framework in Docket No. G999/M-21-566. In its June 1, 2022 order, the Commission ordered that any parties procuring renewable natural gas under the Natural Gas Innovation Act should use the GREET framework to account for carbon emissions.[51] The Commission also stated that Docket No. G008/M-21-324 could be resumed, but no parties took action. Thus, Staff notes that there is precedent to measure emissions using the GREET model in an interconnection and transport Tariff (as in CenterPoint's petition), as well as in a commodity procurement Tariff (as in MERC's petition).

However, the Department did agree with the Company that it did not need to report any GHG emissions before procuring the gas *(see "Reporting" section of "Discussion"),* and therefore, it is unclear to Staff what role an accounting framework would play at this stage, if it were to be required.

Therefore, the Commission may consider whether to require a GHG framework in this docket **(Decision Option 15)** or wait to consider this matter until Great Plains petitions to procure RNG under the Natural Gas Innovation Act.

<u>Other Discussion</u>
In initial comments, the Department requested that Great Plains explain how it is maximizing Inflation Reduction Act (IRA) benefits in its proposal. Great Plains responded that it was not aware of any IRA benefits for which the company would be eligible, but RNG producers may be able to take advantage of Investment Tax Credits (ITCs).[52]

Finally, the Department asked Great Plains if it planned to purchase the RNG commodity (rather than simply transporting it to other buyers), and if so, how it would propose to recover the costs. Great Plains said that it did not propose to purchase the commodity, just to transport it to theoretical purchasers. Great Plains stated that it was not "aggressively pursuing the

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[51] Docket No. G-999/CI-21-566, *In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emission Intensities of Various Resources, and to Measure Cost Effectiveness of Individual Resources and of Overall Innovation Plans,* Order (June 1, 2022)

[52] Great Plains Reply Comments (March 22, 2024)

purchase of RNG but is open to future consideration,"[53] and that if it did decide to purchase RNG, it would likely propose to recover the costs through the Purchased Gas Adjustment (PGA).

Staff Analysis
Great Plains' Inflation Reduction Act response is consistent with Staff's understanding of the IRA's RNG benefits, and with MERC's response to this question in its own RNG interconnection petition. Staff notes that interconnection costs are listed as eligible for the ITC, while landfill gas is eligible for Production Tax Credits (PTCs).[54] However, since Great Plains' intended producers are mostly farms, and since producers would pay for interconnection costs, Staff agrees with Great Plains' assessment that producers, rather than the Company, could be eligible for ITCs.

Great Plains' suggestion that it would use the PGA to recover costs for any RNG commodity purchased is consistent with MERC's petition. The Commission approved MERC's request to recover RNG commodity purchases through the PGA in its May 1, 2024 order.[55] As Great Plains is not requesting to establish the ability to procure the commodity, the Commission is not required to make a decision on this matter at this time.

DECISION OPTIONS

Tariff

The Commission may choose 1 or 2 (any combination of A-E)

1. Approve the tariff with no modifications.

<u>OR</u>

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.

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[53] Great Plains Reply Comments (March 22, 2024)

[54] https://www.epa.gov/green-power-markets/summary-inflation-reduction-act-provisions-related-renewable-energy, Accessed May 21, 2024

[55] Docket No. G-011/M-23-489, MERC RNG Interconnection Petition, Order Point 4 (May 1, 2024)

(Great Plains, 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)

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

(Great Plains)

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.

   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 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)

Interconnect Agreement

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

3. Approve the Interconnect Agreement with no modifications.

OR

4. Approve the Interconnect Agreement[56] 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)

    i. 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. [57]

    (Great Plains)

[56] Department Initial Comments, Appendix A (March 8, 2024)

[57] Ex Parte Communication (May 14, 2024)

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 gas quality standards.

(Department, Great Plains)

6. 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)

    A. 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)

    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)

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.

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.

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

(Staff proposed)

12. If any affiliates of the Company are or 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. 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.

(Staff modification of Department)

<u>OR</u>

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. 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.)*