

March 15, 2024

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147



Re: In the Matter of the Petition by CenterPoint Energy for Approval of its First Natural Gas Innovation Plan

Dear Mr. Seuffert,

The Coalition for Renewable Natural Gas (RNG Coalition) submits the following reply comments in response to initial feedback received regarding CenterPoint Energy’s (CenterPoint or Company) first Natural Gas Innovation Plan (Plan).

First, we reiterate that the Company’s Plan is an important opportunity to support the development and use of RNG, in tandem with the suite of clean heat technologies that will be required to fully decarbonize Minnesota’s economy. RNG Coalition previously submitted initial feedback on the Company’s Plan which outlined foundational considerations pertaining to renewable gases in the context of decarbonization.¹ Our reply comments serve primarily to address some of the questions raised by stakeholders during the initial comment period.

Projections Show Ample Opportunity, Favorable Conditions for RNG Procurement

As outlined in our initial comments, Minnesota has the potential to produce RNG from anaerobic digestion (AD) sources (landfills, animal manure, wastewater treatment, and food waste) on the order of 22.9-41.6 tBtu/year.^{2,3} This supply potential could satisfy 32% of Minnesota’s residential demand, 41% of commercial demand, or 27% of industrial demand for natural gas. Regionally,⁴ the potential from AD feedstocks is 393.2-1321.1 tBtu/year. There are currently 2 RNG facilities in operation and 12 RNG facilities in development in Minnesota. Based on this potential we believe that CenterPoint could receive a substantial number of responses to its request for proposals for RNG supply.

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<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={802F148D-0000-C811-891A-76DE1395DAF9}&documentTitle=20241-202221-01>

² ICF, *Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment*.

<https://gasfoundation.org/wp-content/uploads/2019/12/AGF-2019-RNG-Study-Full-Report-FINAL-12-18-19.pdf>

³ Production assumptions are based on the “High Resource Potential” and “Technical Resource Potential”, found beginning on page 66, which serve as the “mid” to “high” cases in the ICF study.

⁴ Using the “Midwest”

The current RNG market dynamics are such that the majority of this fuel—including that produced in the Midwest—is currently purchased by transportation sector end-users, with a preference for markets in California. This is based on the strong incentives provided by U.S. Environmental Protection Agency’s Renewable Fuel Standard and California’s Low Carbon Fuel Standard programs. Policies like the Natural Gas Innovation Act (NGIA), and its implementation beginning with the utilities’ innovation plans, are an important first step in bringing the decarbonization benefits of these resources to the state of Minnesota.

Importantly, RNG producers currently participating in the aforementioned transportation fuel markets must deal with price volatility and, in some cases, are limited to relatively short-term contracts. With this in mind, the longer-term, price stable contracts potentially offered by CenterPoint are likely to be attractive to RNG producers. In these cases, RNG producers are likely to sell the gas at lower prices than typically expected in the transportation markets.

Standalone Brown Gas Procurement Would Add Costs Without Environmental Benefit

RNG Coalition respectfully requests clarification on the portion of Minnesota Department of Commerce’s (DOC) proposal which would direct CenterPoint to purchase pipeline-injected gas from producers without the corresponding environmental attributes (brown gas). DOC writes in their comments that “the bottle neck for a potential RNG developer is to find an off taker for its brown gas”.⁵ In this case we believe that DOC may be conflating the process of interconnection—which is often cited as a potential bottle neck for RNG producers—with the purchase of brown gas. Once a project is interconnected the RNG producer would not be expected to have any issue selling its brown gas (likely to the interconnected pipeline counterparty). Indeed, CenterPoint itself could procure the brown gas (which has no GHG reduction benefit) from RNG facilities separately from their NGIA Plan. Conversely, requiring CenterPoint to procure brown gas without environmental attributes as part of its NGIA Plan would increase project costs without the ability to credit the environmental benefits to their customers. We believe this may run counter to the intent of the NGIA.

Restrictions on RNG Procurement Would Add Costs and Limit Potential GHG Reductions

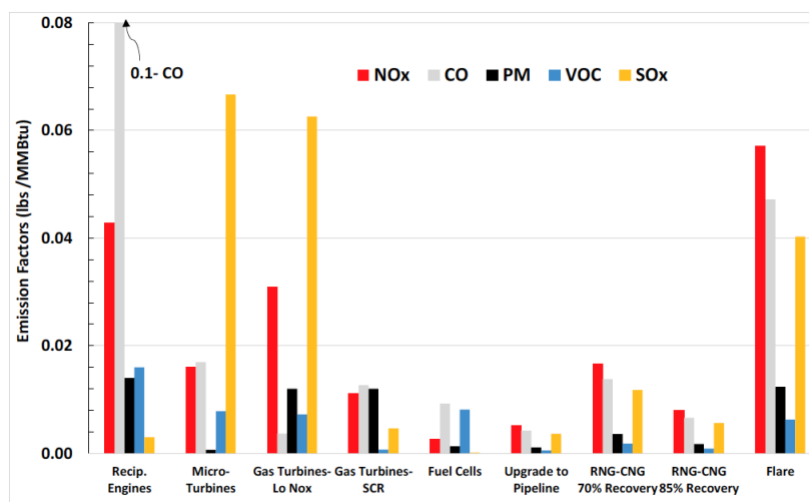
Fundamentally, stakeholders should understand that credible plans to increase RNG uptake (1) should encourage its use across all current natural gas end-uses and (2) should not restrict procurement based on geographic boundaries. RNG Coalition’s previous comments contained a section titled “About RNG Coalition and the Role of Renewable Gas” which described, at a high-level, how renewable gases should be viewed as a decarbonization strategy in the near- and long-term, including considering the increased implementation of other thermal decarbonization technologies such as electrification based on existing climate strategies which have more fully incorporated a vision for renewable gas. Examples of these strategies and corresponding policies ultimately involve increasing RNG supply while simultaneously preparing for a future with less gas demand in certain sectors.

⁵ See DOC comments page 38.

In a manner analogous to the early days of growth for clean electricity, allowing end-users with decarbonization incentives and available capital to procure renewable gas is the most credible growth strategy, and will allow the industry to build out infrastructure needed to serve a more targeted set of gaseous end-uses in the long-term. As a result, when supply increases, more RNG will be available to end-users on localized basis. Furthermore, the effects of climate change are not jurisdiction-specific—a concept well understood by leading climate jurisdictions—which is why the majority of RNG procurement policies do not impose geographic limitations.

Each individual source of biogas should be used how and where it makes the most sense. We believe that in many cases biogas will be upgraded and used as a clean fuel given the projected abundance of other clean electricity resources (e.g., wind and solar) and the benefit of renewable molecules in the thermal, transportation, and chemical sectors, including as a platform molecule for other fuels and products.

Both California Air Resources Board⁶ and U.S. Environmental Protection Agency⁷ studies have shown that pipeline injection of RNG reduces criteria pollutants both locally (relative to a case where the biogas is flared or used in most on-site power generation equipment) and on a lifecycle basis (with additional emission reductions possible depending on end use).⁸ The local air quality benefits of pipeline-injected RNG are displayed in **Error! Reference source not found.** below from a 2016 California-focused study from US EPA entitled *Evaluating the Air Quality, Climate & Economic Impacts of Biogas Management Technologies*.



⁶ <https://ww2.arb.ca.gov/sites/default/files/2020-07/dairy-emissions-matrix-113018.pdf>

⁷ <https://nepis.epa.gov/Exe/ZyPDF.cgi/P100QCXZ.PDF?Dockkey=P100QCXZ.PDF>

⁸ For example, when low-NOx natural gas vehicles displace emissions from diesel vehicles.

This should be an important consideration for stakeholders given the opportunity to improve air quality more broadly near the waste management and agricultural sites which process organic waste.

Conclusion

RNG Coalition appreciates the opportunity to provide additional feedback on the Company's Plan. We look forward to working with the Commission and other stakeholders in support of the use of renewable gases within Minnesota's portfolio of thermal decarbonization technologies.

Sincerely,

/s/

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