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March 22, 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 Great Plains' Petition for Approval of Renewable Natural Gas Producer Access and Interconnection Service Rate 87
Reply Comments
Docket No. G004/M-24-73**

Dear Mr. Seuffert:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically submits its Reply Comments to the Comments of the Department of Commerce, Division of Energy Resources (Department) and The Coalition of Renewable Natural Gas (RNG Coalition), both filed on March 8, 2024, regarding the Company's Petition for Approval of Renewable Natural Gas Producer Access and Interconnection Service Rate 87 (Rate 87).

Department Recommendations and/or Request for Additional Information

While the Department believes the Company's proposal outlines the renewable natural gas (RNG) interconnection service without appearing to be overly burdensome, the Department requested Great Plains provide additional information in the Company's Reply Comments before any final recommendations are provided to the Commission. Following are the Company's comments to the Department's recommendations and/or request for additional information:

- 1) ***Requires Great Plains to clarify, in reply comments, if the Maintenance Fee as specified in Rate 87 is the same as the Routine Maintenance Fee or if it includes the Extraordinary Maintenance Costs.*** The Maintenance Fee would be the Routine Maintenance Fee as it would be developed based on expected routine maintenance of the interconnection facilities. Conversely, the Extraordinary Maintenance Fee would be costs incurred due to unexpected maintenance, such as equipment failure or replacement. The inclusion of extraordinary maintenance costs has the potential to cause sizeable swings from year to year if Great Plains were to only have one maintenance fee. To minimize

the swings, Great Plains separated maintenance costs into routine and extraordinary.

- 2) ***Explain if the Company obtains ownership of the volume of gas in excess of the amount nominated through cash-out payments? And how are rate payers protected from RNG producer's under-nominations?*** The effect of a Rate 87 customer's under-nomination will inversely impact Great Plains' Operations Balancing Agreement (OBA) with the applicable interstate pipeline. An OBA's long position impact, i.e., when the volume of RNG received is more than the amount nominated, will be cleared through the interstate pipelines' cash-in/cash-out provisions. This same under-nomination will cause the Rate 87 customer to have a long position equal to the impact of the Company's OBA. Great Plains will effectively obtain ownership of the under-nominated gas and will transfer this same quantity to the applicable interstate pipeline. Rate payers are protected from any impact of the under-nominations as the calculated index price applied by Great Plains to the under-nominated volumes resembles that employed by two applicable interstate pipelines. Rate payers are further shielded as the lower of the Index Price and the WACOG would be employed when effectively purchasing gas from the Rate 87 customer.
- 3) ***Recommends the inclusion of a "Term and Termination" section on the Interconnect Agreement since the tariff specifies the agreements must be signed for a minimum of twelve months, but there is no such information in the former.*** The Company would be amenable to including a Term and Termination section in the Interconnect Agreement.
- 4) ***Recommends inclusion of paragraph clarifying that any negative balance remaining after deducting the cost of long lead equipment or as a result of transferring the equipment to the RNG supplied, then the RNG supplier shall be responsible for such balance.*** Yes, language should be added to the agreement to clarify that the RNG Supplier will be responsible should such a balance remain.
- 5) ***Recommends the Company explain, in reply comments, the contents of Section 14 since initial eligibility is based on determining whether there is pipeline capacity available on the interconnection location.*** Transactionally, RNG will be scheduled and delivered from the Custody Transfer Point (CTP) to Great Plains' interconnect with applicable interstate pipelines. Gas cannot be physically transferred from the Company's distribution system to the interstate pipeline because interconnect facilities are not bi-directionally configured. Therefore, Great Plains will not have sufficient capacity if the total distribution system load is less than the physical RNG receipts on Great Plains. Such circumstances will require the RNG supply to be curtailed.
- 6) ***Recommends the Company track and identify all costs associated with operation, maintenance and repair of the interconnect facility using FERC***

accounts, sub-accounts and/or FERC account equivalents to guarantee that costs borne by the Company are not transferred to rate payers. Great Plains will track and be able to separately identify all costs associated with an RNG interconnection.

- 7) **Recommends Great Plains include, if applicable, the RNG sources to which the proposed tests apply.** The proposed tests will apply to all RNG sources.
- 8) **Requests clarification regarding the Access Fee rate depicted in the Access and Maintenance Agreement.** Great Plains will remove the Access Fee rate included in Provision 5 from the Access and Maintenance Agreement as Rate 87 will define the Access Fee and Access Commodity Charge applicable to RNG service.
- 9) **Explain whether the Company has already a process detailing nomination notification and, if applicable, present it.** Great Plains did not include the Company's nomination requirements in its initial filing. To remedy the oversight, Great Plains proposes that the following underlined language be added to the Nomination and Balance Requirements section of proposed Rate 87:
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.
- 10) **Whether Great Plains would be amenable to including in its quality requirements proposal the points set forth in Order Point 4 of the Commission's January 26, 2021 Order in Docket No. G008/M-20-434 and outlined on page 22 of the Department's March 8 Comments.** Great Plains is amenable to including the items set forth on page 22 of the Department's March 8 Comments.
- 11) **Requests Great Plains state, in reply comments, whether the Company would be amenable to file (1) one-time compliance filings for each RNG interconnection and (2) yearly compliance filings, as outlined on pages 22 and 23 of the Department's preliminary recommendations.** Great Plains is amenable to filing both requested compliance filings with some exceptions.

The exceptions for the one-time compliance filings for each RNG interconnection are:

- Methane leakage control and mitigation measures employed by the producer at the production and upgrade facility.

- Estimated amount of methane leakage for the producer and a description of the methodology used to develop that estimate.
- 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.
- Updated information for each interconnected RNG producer using the same data points as included in the per-producer compliance filing.

Great Plains requests further clarification on the information to be provided for the last requirement for the one-time interconnection compliance filings before the Company would be amenable to including the information in a compliance filing, i.e. “updated information for each interconnected RNG producer using the same data points as included in the per-producer compliance filing.”

The exceptions for the annual compliance filings are:

- The mix of end-uses of the digestate for each producer interconnected to Great Plains' system.
- The estimated methane emissions associated with the total amount of RNG received on Great Plains' system in the previous calendar year and by primary feedstock, and a description of the methodology for estimating methane emissions.
- Estimated lifecycle greenhouse gas emissions, including emissions associated with the upgrade facilities, of the RNG received on Great Plains' system in the previous calendar year in total and by primary feedstock compared to lifecycle emissions of geological natural gas on Great Plains' system, along with a description of the methodology for determining those lifecycle greenhouse gas emissions.

The exceptions are requests for information that are the RNG producer's information to provide and not information the Company would have available to it and consequently would be administratively burdensome to provide. While not mentioned in the Company's January 12 Petition, Great Plains is requesting an access and interconnection tariff for the transportation of RNG and, at this time is not seeking to purchase the RNG or the environmental attributes associated with the RNG. The requested information is therefore not relevant to the Company's request.

The Company suggests a February 1 filing date for the annual report, consistent with the filing date for CenterPoint Energy's compliance filing and that proposed by Minnesota Energy Resources Corporation.

- 12) ***State whether it has a greenhouse gas accounting framework in place, consistent with the June 1, 2022 Order in Docket No. G999/CI-21-566 for calculating greenhouse gas emissions from RNG, and whether Great Plains has any specific proposals for a threshold of carbon intensity based on***

conventional gas emissions. Great Plains is requesting an access and interconnection tariff for the transportation of RNG and, at this time is not seeking to purchase the RNG or the environmental attributes associated with the RNG. The Company does not have a GHG accounting framework in place and does not have any specific proposals for a threshold of carbon intensity based on conventional gas emissions. Additionally, the Company does not believe a GHG accounting framework is necessary at this time as the Company is only involved in the transportation of the RNG.

- 13) ***Explain how the Company is maximizing IRA benefits in its proposed RNG Interconnection process, to the extent applicable.*** For the purpose of interconnection of RNG to Great Plains' system the Company is not aware of any IRA benefits that would be applicable. However, it is possible the RNG producer could qualify for Investment Tax Credits (ITCs) under the IRA if all the requirements are met and commence construction prior to January 1, 2025.
- 14) ***State whether the Company is amenable to include a proposal on how to communicate to the Commission if affiliates of Great Plains could potentially become involved in any RNG interconnection project.*** Currently, the undertaking of an RNG project in Minnesota by an affiliate of Great Plains is not anticipated. However, should that change at some point in the future, Great Plains proposes the Commission be advised through the Company's annual filing with the Commission.
- 15) ***State whether the Company has the interest now, or in the future, to purchase RNG and, if so, whether Great Plains has any specific proposals for how to recover the costs to purchase the RNG.*** Great Plains recognizes the potential benefit from the continued development and use of RNG. However, given the limited RNG projects completed at this time, Great Plains is not aggressively pursuing the purchase of RNG but is open to future consideration. If RNG were to be added to the Company's supply mix, Great Plains would likely propose to recover costs through its Purchased Gas Costs Adjustment. All RNG-related costs would be included with the traditional supply costs. This is the most transparent and efficient path for recovery and would help limit price shock to customers.

RNG Coalition's Recommendations

In their March 8 comments, the RNG Coalition stated that while they understand and support the conceptual goal of developing standards that are broadly applicable to all RNG supply, the organization strongly recommends allowing for maximum flexibility for collaboration between the project developer and utility on an individual project basis. RNG Coalition further stated that the organization does not oppose the Company's proposal, but recommends the Company and the Commission consider the following before approval:

- 1) ***Question the method used to establish interconnect pricing and believe the charges proposed will likely exceed the Company's true costs for interconnecting and moving RNG through the Company's system.*** As outlined on Page 5 of the Company's January 12, 2024 Petition, the \$260.00 per month Access Fee and \$0.8189 per Dk Access Commodity Charge included in Rate 87 are the same charges as that for service billed under Great Plains' Large Interruptible Transportation Service Rate 82 (Rate 82), excluding the Conservation Improvement Program Charges as Great Plains believes the service being provided under Rate 87 is comparable to the type of transportation service being provided under Rate 87. Rate 82's charges were authorized by the Commission in the Company's most recent general rate case, Docket No. G004/GR-19-511. Great Plains provided the detailed calculations of those rates in response to Department Information Request 2 and where the Department included the Company's response in their March 8 Comments as DOC Attachment A pages 27 through 37.

The Company is not proposing a \$5,100 per month Maintenance Fee under Rate 87. Great Plains proposed that the maintenance fee be identified in each Access and Maintenance Agreement, subject to annual review, in recognition that the maintenance costs will vary from customer to customer. This will ensure that the maintenance costs incurred by the Company for a Rate 87 service are recovered from the cost causer and not by the Company's other customers. The \$5,100 included as Attachment B to the January 12, 2024 filing was an example.

- 2) ***Recommend the Company (1) revise its requirement that RNG producers pay an up-front sum equal to the total estimated interconnection construction costs to allow the ability to negotiate a payment schedule for such costs and (2) consider an "exit fee" model approach, similar to that included in CenterPoint Energy's RNG interconnection tariff.*** The upfront sum equal to the total estimated interconnection construction cost requirement is the same as that that would be required of any interruptible customer under Great Plains' Interruptible Gas Main and Service Line Extension provision of the Company's General Terms and Conditions tariff. Therefore, Great Plains believes it a reasonable and consistent requirement under Rate 87.

Additional Comments

The Company would like to take this opportunity to note a few corrections to proposed Rate 87. The first correction was previously noted in the Company's response to the Department's Information Request No. 2A and attached to the Department's March 8 Comments as DOC Attachment 1 page 26 of 41. In the response, the Company noted a correction was necessary to Rate 87 due to the inter-relationship between the Margin Sharing Credit component of the Company's Revenue Decoupling Mechanism (RDM) rates and the Company's Distribution Charges. Absent the RDM's applicability to Rate 87, Rate 87 customers would be billed on an inconsistent basis as those billed under Rate 82 and therefore a correction was necessary to the proposed Rate 87 to include the

Company's RDM as applicable to Rate 87. As proposed in the Company's January 12, 2024 petition, RDM is not applicable to Rate 87 (Original Sheet No. 5-56).

The second correction is to remove "deliveries" or "delivered" from Original Sheet Nos. 5-57 and 5-58 of proposed Rate 87 and replace with or only include reference to "receipts" or "received". As Great Plains is measuring the receipt of RNG, inclusion of the terms of "deliveries" or "delivered" is inaccurate and therefore a correction is necessary to proposed Rate 87. Use of "deliveries" or "delivered" are included in paragraphs 2(a) and 2(b)i on Original Sheet No. 5-57 and 2(b)ii on Original Sheet No. 5-58.

The third correction is not to proposed Rate 87, but rather to the Access and Maintenance Agreement provided in response to the Department's Information Request 1. The corrections are to paragraphs 5 and 6. The first is to paragraph 5d and should read "Company will invoice Producer for the Routine Maintenance Fee, Extraordinary Maintenance Fees (if any) and the charges billed under Rate 87 as part of their monthly Great Plains bill. Each invoice will be due and payable within 22 days." The second correction is to paragraph 6b of the agreement which states "[i]n 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." To clarify, this would be third party relationship that does not directly involve Great Plains and therefore "the Company" should be replaced with "applicable interstate pipeline company".

Great Plains appreciates both the Department's and the RNG Coalition's review and comments regarding the Company's petition and the opportunity to provide additional information to address those topics noted herein. The Company continues to believe proposed Rate 87 and corresponding agreements, reflecting the modifications outlined herein, provide interested parties a standardized framework under which an RNG producer can interconnect to Great Plains' distribution system for the transportation of RNG, while also providing assurances that the Company's other customers will not be affected and requests Commission approval of Rate 87.

If you have any questions regarding this filing, please contact Travis R. Jacobson at (701) 222-7855 or Kristin Stastny at (612) 977-8656.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

cc: Kristin Stastny
Service List