



### **REVISED DECISION OPTIONS – MERC RNG INTERCONNECTION TARIFF (23-489)**

MERC filed preferred decision options on 4/1/24. Staff has noted additions to original language in red underline. Staff has included a ~~striketrough~~ where MERC has proposed to remove language.

Commissioner Tuma also filed new decision options on 4/3/24. Those are attached at the end of this compiled list.

#### **Interconnection Tariff**

1. Approve MERC's Interconnection Tariff, which allows for the establishment of a new RNG interconnection service. *(MERC, Department)*

#### **Interconnection Agreement**

2. Approve MERC's Interconnection Agreement. *(MERC)*

**OR**

3. Approve MERC's Interconnection Agreement with the additional requirements that MERC:
  - A. Ensure that any RNG interconnection or service is consistent with MERC's obligations to provide safe and reliable service.
  - B. Maintain on MERC's website the most up-to-date RNG quality standards and testing requirements for those injecting RNG 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. In its annual reports, report on any discussions with stakeholders on its gas quality standards.*(Department)*

*OR, if the Commission wishes to adopt Decision Option 3 instead of 10.C, MERC proposes the following modifications to Decision Option 3. Staff notes an inadvertent mistake in Decision Option 3, where Staff referred to CenterPoint instead of MERC. This has been corrected by MERC in Decision Option 3a:*

- 3a. Approve MERC's Interconnection Agreement with the additional requirements that MERC:
  - A. Ensure that any RNG interconnection or service is consistent with MERC's obligations to provide safe and reliable service.

- B. Maintain on MERC's website the most up-to-date RNG quality standards and testing requirements for those injecting RNG into the distribution system under ~~CenterPoint's~~ MERC's RNG interconnection program.
  - C. ~~Periodically update~~ Continuously evaluate its gas quality standards ~~according to in~~ accordance with the best available science and propose future updates, as appropriate, 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.
- (MERC alternative if 10.C is not adopted)*

### Natural Gas Purchase Agreement

- 4. Approve MERC's corrected Natural Gas Purchase Agreement, filed in Reply Comments on February 16, 2024. *(MERC, Department)*

### Cost Recovery

- 5. Allow MERC to recover the cost of RNG purchased under the tariff through the PGA mechanism. *(MERC, Department)*

### Per Producer Reporting Requirements

*The Commission may choose 6, 6a, 7, or 7a. In addition to or in place of any of these options, the Commission may also choose Decision Option 12.*

- 6. Require MERC to make a compliance filing within 30 days each time it accepts another producer's renewable natural gas into its system providing information on the producer feedstock and expected amount of RNG to be produced. *(MERC preferred)*

*OR, if the Commission concludes additional reporting to address the carbon intensity of interconnected RNG projects is necessary, MERC provides the following alternative to decision option 6:*

- 6a. Require MERC to make a compliance filing within 30 days each time it accepts another producer's renewable natural gas into its system providing information on the producer feedstock, ~~and~~ expected amount of RNG to be produced, and a carbon intensity score as defined by the California Air Resources Board, as provided by the producer. *(MERC alternative)*

### OR

- 7. Require MERC 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.
- (Department)

OR, if the Commission concludes that further information and analysis than Decision Option 6a is necessary, MERC proposes the following alternative to Decision Option 7:

7a. Require MERC to make a compliance filing within 30 days with the following items to be supplied by the interconnecting RNG producer at the interconnecting RNG producer's sole responsibility and expense each time MERC # 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 based on the Argonne GREET model as approved by the Commission in Docket No. G999/CI-21-566.

(MERC alternative)

If the Commission chooses Decision Option 7, rather than 7a, MERC proposes Decision Option 14.

### **Annual Reporting Requirements**

The Commission may choose 8, 8a, 9, or 9a. In addition to or in place of any of these options, the Commission may also choose Decision Option 12.

- 8. Require MERC to make a compliance filing annually by February 1 that includes total number of interconnected RNG producers, amount of RNG, and feedstocks, and to provide updates regarding any changes proposed to MERC's gas quality standards. To the extent an existing RNG producer changes feedstock or the expected amount of RNG to be produced, MERC agrees to provide updated information in its annual report. (MERC preferred)

OR, if the Commission concludes additional reporting to address the carbon intensity of interconnected RNG projects is necessary, MERC proposes the following alternative to Decision Option 8:

8a. Require MERC to make a compliance filing annually by February 1 that includes total number of interconnected RNG producers, amount of RNG, ~~and~~ feedstocks, and carbon intensity scores as defined by the California Air Resources Board provided by the RNG producers, and to provide updates regarding any changes proposed to MERC's gas quality standards. To the extent an existing RNG producer changes feedstock or the expected amount of RNG to be produced, MERC agrees to provide updated information in its annual report. (MERC alternative)

OR

9. Require MERC 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 MERC system in the previous calendar year.
  - B. The amount of RNG volumes taken onto the MERC system each year in total and from each of those producers.
  - C. The mix of feedstock used by RNG producers connected to MERC'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 MERC's system.
  - E. The estimated methane emissions associated with the total amount of RNG received on MERC'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 MERC's system in the previous calendar year in total and by primary feedstock compared to lifecycle emissions of geological natural gas on MERC'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.

(Department)

OR, if the Commission concludes that further information and analysis than Decision Option 8a is necessary, MERC proposes the following alternative to Decision Option 9:

9a. Require MERC to make a compliance filing annually by February 1 each year with the following items to be supplied by the interconnecting RNG producer at the interconnecting RNG producer's sole responsibility and expense:

- A. The total number of interconnected RNG producers supplying RNG to the MERC

- system in the previous calendar year.
- B. The amount of RNG volumes taken onto the MERC system each year in total and from each of those producers.
  - C. The mix of feedstock used by RNG producers connected to MERC'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 MERC's system.
  - E. The estimated methane emissions associated with the total amount of RNG received on MERC'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 based on the Argonne GREET model on ~~MERC's system in the previous calendar year in total and by primary feedstock compared to lifecycle emissions of geological natural gas on MERC'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.

(MERC alternative)

If the Commission chooses Decision Option 9, rather than 9a, MERC proposes Decision Option 14.

10. Require MERC to:

- A. Separately track the costs MERC incurs for each RNG producer or developer that interconnects with MERC's distribution system, and the total RNG received from each RNG producer or developer.
- B. Track and identify all customers added to lines built to accommodate interconnecting RNG developers, along with associated costs and revenues, and provide an analysis and discussion of these matters in MERC's next rate case.
- C. Continuously evaluate its gas quality standards in accordance with the best available science and to propose future updates, as appropriate, after consultation with the Minnesota Department of Commerce and Minnesota Office of Pipeline Safety. *(Not needed if the Commission approves Decision Option 3.C. or 3a.C)*
- D. If any affiliates of MERC 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.

(MERC preferred, Department)

### **GHG Accounting**

11. Require MERC 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 MERC 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.)*

### **Standardization of RNG Interconnection Reporting Requirements**

12. Delegate Authority to the Executive Secretary to open a docket to establish standardized reporting requirements for any gas utility providing RNG interconnection services. *(Staff proposed)*

NEW MERC: 13. Require MERC to submit a compliance filing within 30 days of the date of the Commission's order with tariff sheets, MERC's RNG Interconnection Agreement, and MERC's Natural Gas Purchase Agreement, consistent with the decisions in the Commission's order. (MERC)

*If the Commission is inclined to choose Decision Options 7 and/or 9 and/or 11, MERC requests that the Commission instead choose Decision Option 14.*

NEW MERC: 14. Deny approval of petition without prejudice. (MERC alternative)

**Commissioner Tuma proposed the following new decision options:**

**Tuma New 1.** Approve MERC's Interconnection Tariff, which allows for the establishment of a new RNG interconnection service, subject to the following modifications:

- A. Maintain on MERC's website the most up-to-date RNG quality standards and testing requirements for those injecting RNG into the distribution system under the company's RNG interconnection program.
- B. 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 (MNOPS).
- C. Notify the Commission when it changes its service quality standards.
- D. In its annual reports, report on any discussions with stakeholders and/or MNOPS on its gas quality standards.
- E. Require MERC to make a compliance filing within 30 days each time it accepts another producer's renewable natural gas into its system providing information on the producer feedstock, expected amount of RNG to be produced, the other anticipated programs and tax credits the producer will be participating in to improve the value of their RNG production and a description of the reporting requirements for the other programs. *(Replacement of decision option 6)*
- F. Require MERC to make a compliance filing annually by February 1 each year with the following items:
  - i. The total number of interconnected RNG producers supplying RNG to the MERC system in the previous calendar year.
  - ii. The amount of RNG volumes taken onto the MERC system each year in total and from each of those producers.
  - iii. The mix of feedstock used by RNG producers connected to MERC's system and volumes provided to the system broken out by primary feedstock for the previous calendar year.
  - iv. A description of the various programs or tax credits producers are participating in to improve the value of their RNG production.
  - v. Summary of the various reporting requirements for other programs MERC's RNG producers are participating in particularly whether there is any lifecycle greenhouse gas emissions reporting, methane emissions reporting or additional safety standard requirements.
  - vi. A comparison of the Platt's Inside FERC ("IFERC") Northern Ventura First-of-Month ("FOM") index price to the cost of gas identified in MERC's PGA over 12 months of the prior year of the report.

**Tuma New 4.** Approve MERC's corrected Natural Gas Purchase Agreement, filed in Reply Comments on February 16, 2024 with the following modifications:

- A. The agreement must be contingent upon any RNG interconnection or service being consistent with MERC's obligations to provide safe and reliable service and any

- applicable federal and state standards.
- B. Any particular month the payment is capped at 1.5 times the prior 12 months of the reported Platt's Inside FERC ("IFERC") Northern Ventura First-of-Month ("FOM") index price.
  - C. If no IFERC Northern Ventura FOM price is available or not reported, the price shall be the average of the reported Platt's Inside FERC ("IFERC") Northern Ventura First-of-Month ("FOM") index price for the prior 12 months.
  - D. The agreement must be contingent upon initially disclosing and updating all anticipated programs and tax credits the producer will be participating in to approve the value proposition of the production of there RNG along a requirement that MERC receive a carbon copy of reports required under these programs.