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March 1, 2019

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

VIA E-FILING

RE: Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program
Docket No. G-008/M-18-547

Dear Mr. Wolf:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, ("CenterPoint Energy" or the "Company") respectfully submits the following *Reply Comments* in the matter of its Petition to introduce a Renewable Natural Gas ("RNG") Sales Pilot program.

Please contact Nick Mark at (612) 321-4613 (Nick.Mark@CenterPointEnergy.com) or Amber Lee at (612) 321-4625 (Amber.Lee@CenterPointEnergy.com) with any questions regarding this filing.

Sincerely,

/s/ Amber S. Lee

Director Regulatory Affairs

C: Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Dan Lipschultz
Matt Schuerger
Katie Sieben
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Vice Chair
Commissioner
Commissioner
Commissioner

In the Matter of a Petition by
CenterPoint Energy to Introduce a
Renewable Natural Gas Sales Pilot Program

Docket No. G-008/M-18-547

REPLY COMMENTS

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, (“CenterPoint Energy” or the “Company”) respectfully submits these *Reply Comments* in response to Comments filed by:

- the Office of Attorney General – Residential Utilities and Antitrust Division (“OAG”),¹
- the Department of Commerce, Division of Energy Resources (“Department”),²
- Fresh Energy, Minnesota Center for Environmental Advocacy, and the Sierra Club (referred to collectively as “Fresh Energy”),³
- the City of Minneapolis,⁴ and
- the Center for Resource Solutions (“CRS”).⁵

¹ *In the Matter of a Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Comments of the Office of Attorney General (Jan. 8, 2019) (“OAG Comments”).

² *In the Matter of a Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Comments of the Minnesota Department of Commerce Division of Energy Resources (Jan. 9, 2019) (“Department Comments”).

³ *In the Matter of CenterPoint Energy’s Petition to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Initial Comments of Fresh Energy, Minnesota Center for Environmental Advocacy, and the Sierra Club, (Jan. 8, 2019) (“Fresh Energy Comments”).

⁴ *In the Matter of CenterPoint Energy’s Petition to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Comments regarding the proposed CenterPoint Energy pilot program for renewable natural gas (“RNG”) (Oct. 15, 2018) (“Minneapolis Comments”).

⁵ *In the Matter of CenterPoint Energy’s Petition to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Comments of Center for Resource Solutions (CRS) on CenterPoint Energy Minnesota Gas Petition to Introduce a Five-Year Renewable Natural Gas Pilot Program (Dec. 14, 2018) (“CRS Comments”).

In addition, the Company appreciates the time and attention of all the commenters including the supportive comments submitted by:

- the Partnership on Waste and Energy,
- Energy Vision,
- the Coalition for Renewable Natural Gas, and
- the Bioeconomy Coalition of Minnesota.

In these *Reply Comments* the Company responds to the issues raised in initial comments and provides additional information as requested by the Department. Before responding to specific issues, the Company sets out its overall RNG strategy below, including proposed modifications to the proposed RNG Sales Program Pilot (“Pilot”) in this docket, and the Company’s plans to proceed with the development of an RNG interconnection offering.

I. The Company’s RNG Objectives

CenterPoint Energy believes it is important to provide our customers choice and control over their energy consumption. As an enterprise we strive to provide innovative products and services that give customers greater insights into their energy use and its associated effects. To these ends, and in response to customer and local government interest⁶ in energy and environmental policy, the Company is pursuing initiatives to integrate RNG into its fuel supply.

Not only would the proposed Pilot allow the Company to offer customers a choice over their fuel sources, it would also lower the carbon intensity of customers’ natural gas supply. RNG can be used interchangeably with traditional natural gas, providing fossil fuel displacement benefits across a range of industries and end uses. Natural gas customers, from individual home owners to major corporations, are increasingly interested in reducing their environmental impact. RNG allows natural gas users to reduce the impact of their gas consumption and allows customers to complement existing renewable electricity offerings with a renewable gas product. Incorporating RNG into natural gas supply provides an opportunity to reduce greenhouse gas (“GHG”) emissions while utilizing the existing natural gas distribution system. Replacing traditional natural gas with RNG in many cases provides a greater climate benefit than the electrification of end-uses.

To facilitate these objectives, and in light of the ratemaking concerns for non-participating customers raised by the Department and OAG, the Company proposes to (1) modify its Pilot proposal; and (2) develop an RNG interconnection process through which the Company could interconnect local RNG production sources and allow them access to local and national markets. Each of these proposals is introduced below.

⁶ The City of Minneapolis, itself a CenterPoint Energy customer, has filed *Comments* in support of the Pilot. Minneapolis is one of at least 54 cities in CenterPoint Energy’s Minnesota service territory that has public sustainability goals.

A. Modifications to Proposed Pilot

In general, the Department appreciates CenterPoint Energy's efforts to provide an opportunity for its customers who are concerned about reducing GHG emissions and encouraging domestic energy use. The Department raises concerns, however, related to the impacts on non-participating customers. The OAG also raised concerns regarding non-participant impacts.⁷

In response to these concerns, the Company proposes to modify its Pilot so that non-participating customers do not bear the risk for any program costs. Instead, the Company will undertake to bear any costs that are not recovered from participating customers. Along these lines, the Company withdraws its request for a shareholder incentive and it no longer requests deferred accounting for program costs. The Company believes the Pilot will benefit customers by providing an opportunity for those who are concerned about reducing GHGs and encouraging domestic energy use, and the proposed Pilot is one component of the Company's overall RNG objectives.

B. RNG Interconnection

The Company agrees with the principles advanced by some commenters that the production and use of local RNG is preferable to sourcing RNG from out-of-state facilities, both from an economic and environmental perspective. Facilitating the consumption of RNG in Minnesota through its proposed Pilot is an incomplete strategy to spur the development of the RNG market within the state. There is great potential for RNG development in Minnesota; the Company has received more than a dozen requests from customers or potential customers to interconnect RNG production facilities to CenterPoint Energy's Minnesota distribution system. Therefore, the Company is working to develop an interconnection process through which the Company can receive and transport locally-sourced RNG. These efforts are currently underway and the Company hopes to file a proposal for an interconnection program for Commission approval in the next few months. As was demonstrated by the *Comments* filed by the City of Minneapolis and the Bioeconomy Coalition of Minnesota, many CenterPoint Energy Minnesota customers are eager to find solutions for the carbon emissions related to natural gas use and to expand the use and production of RNG in this state. The Company is proud to partner with these stakeholders and begin this important effort.

II. **Environmental Benefits of RNG**

A. Decarbonization of Non-Electric Fuels

⁷ The OAG also seems to argue that the Commission lacks statutory authority to approve any natural gas green-tariff proposal, even if non-participants are not affected, asserting that "the exclusion of natural gas utilities from offering green tariffs was a conscious decision by the Legislature, rather than a mere oversight," and suggesting that because in 2001 natural gas utilities were not required to offer voluntary RNG tariffs, they are prohibited from doing so in 2019. *OAG Comments* at 11 and 18. CenterPoint Energy points out that the sources cited by the OAG, Minnesota Statute § 645.19 and *Maytag Co. v. Commissioner of Taxation*, 218 Minn. 460 (1944), support the conclusion that while Minnesota natural gas utilities were never required to offer green-tariff programs, but they not are forbidden from doing so.

RNG can offer a double climate benefit – it replaces fossil fuels with renewable fuels but it also can stop methane from leaking into the atmosphere from sources such as livestock and landfills. Methane is a powerful greenhouse gas — 21 times more potent than carbon dioxide over 100 years, according to the U.S. Environmental Protection Agency.⁸ It accounts for 16 percent of global emissions,⁹ with 60 percent of that coming from human activities like industry, agriculture, and waste management.¹⁰ Capturing methane for use as an energy source helps avoid these impacts. Using RNG rather than conventional natural gas in a home or business reduces total supply chain GHG emissions by between 44 to more than 100 percent, depending on the source of RNG. For a typical CenterPoint Energy residential customer using approximately 858 therms of conventional natural gas each year, a 100 percent reduction in GHG emissions from natural gas equates to 4.5 metric tons of avoided carbon dioxide each year and a 44 percent reduction equates to 2.0 metric tons of avoided carbon dioxide.¹¹ CenterPoint Energy has included a graphical representation of the emissions reduction as Attachment D. This graphic is intended to help explain how RNG reduces GHG emissions and why GHG emissions depend on the source of RNG.

Although the individual GHG emissions reductions deriving from any particular customer participating in the Pilot might be small, the Pilot aims to start a broader effort to increase utilization of RNG resources and reduce the environmental impact of natural gas use. Commenters have not disputed that the Pilot has potential environmental benefits. Nevertheless, Fresh Energy opposes the proposed Pilot, in part, because it wishes to discontinue investment in natural gas infrastructure.

The future that Fresh Energy envisions – a decarbonized electric grid and complete transition of natural gas end uses to electricity within the next ten years – is speculative. Not only would electrification of Minnesota’s considerable natural gas load be an enormous¹² and expensive undertaking,¹³ but there is presently no state policy calling for electrification of natural gas end

⁸ U.S. Environmental Protection Agency, Atmospheric Lifetime and Global Warming Potential Defined, <https://www.epa.gov/climateleadership/atmospheric-lifetime-and-global-warming-potential-defined> (last visited Mar. 1, 2019).

⁹ U.S. Environmental Protection Agency, Global Greenhouse Gas Emissions Data, <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data> (last visited Mar. 1, 2019).

¹⁰ The National Oceanic and Atmospheric Administration, NOAA Research News, <https://research.noaa.gov/article/ArtMID/587/ArticleID/2332/New-National-Academies-report-lays-out-path-forward-for-methane-research> (last visited Mar. 1, 2019).

¹¹ The U.S. Energy Information Administration states that natural gas emits 117.00 pounds of carbon-dioxide per MMBtu. See U.S. Energy Information Administration, Carbon Dioxide Emissions Coefficients, https://www.eia.gov/environment/emissions/co2_vol_mass.php. Thus a 100 percent reduction in GHG emissions from natural gas in a home using 858 therms or approximately 85.8 MMBtu would equal 85.8 multiplied by 117 which is 10,039 pounds or approximately 4.6 metric tons.

¹² During the recent polar vortex, CenterPoint Energy’s Minnesota Gas distribution system supplied more than 20,000 megawatts of power at peak load to customers in Minnesota. That is more power delivered than all generating units in Minnesota could produce.

¹³ A study completed by Navigant for SoCalGas estimated that a strategy of replacing 100% of California natural gas appliances with electric appliances at burnout would cost between \$92 to \$103 billion in consumer utility and appliance cost increases between 2018 and 2030. The study also concluded that the same GHG emission reductions could be achieved more cost effectively using RNG. Navigant, *Analysis of the Role of Gas for a Low-Carbon California Future*, p. xvi – xviii (July 24, 2018).

uses. Conversely, it is the policy of the state of Minnesota that 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025.¹⁴ The proposed Pilot directly supports this goal. Full decarbonization of Minnesota's energy mix is likely to require RNG pipeline distribution even if Minnesota were committed to an aggressive electrification strategy, simply because electrical power cannot satisfy the energy needs of many industrial and manufacturing sectors.¹⁵

It would be unwise to reject carbon reduction strategies that could generate environmental benefits in the near term on the grounds that those strategies might eventually conflict with the future that Fresh Energy imagines. Fresh Energy cites reports by the Intergovernmental Panel on Climate Change ("IPCC") in support of its positions. While supporting urgent action to mitigate climate change, the IPCC has not issued a blueprint for exactly which strategies communities across the world should follow. In fact, the IPCC has explicitly stated that no single strategy will be sufficient¹⁶ that additional technological and other innovation is needed,¹⁷ and that some paths towards mitigating global warming include the decarbonization of non-electric fuels.¹⁸

The IPCC has also emphasized the importance of limiting methane emissions,¹⁹ which the Pilot has potential to do, quite directly. Fresh Energy argues in favor of an alternative solution in which biogas is used for electric generation, and concludes that the value of RIN credits drives the production of renewable natural gas for transportation fuel over the use of biogas to generate electricity.²⁰ While this is partially true, Fresh Energy overlooks the effect of low solar and wind costs on the economics of using biogas for electric generation. With such low costs for other sources of renewable generation, it is unclear why electric utilities would want to take on the challenge of effectively using biogas resources. Fresh Energy presents a false choice between a program with clear and relatively near-term environmental benefits and an idealized future in which other policies have taken care of all of the problems this Pilot is attempting to address.

¹⁴ Minn. Stat. § 216C.05.

¹⁵ The California Energy Commission recently commissioned a study to evaluate different long-term scenarios for reaching California's aggressive decarbonization targets. Even in the "High Electrification" scenario, researchers continued to expect "reliance on biomethane in the pipeline to serve mainly industrial end uses." Amber Mahone, et al., *Deep Decarbonization in a High Renewables Future*, Energy and Environmental Economics, Inc. (June 2018), available at https://www.ethree.com/wp-content/uploads/2018/06/Deep_Decarbonization_in_a_High_Renewables_Future_CEC-500-2018-012-1.pdf.

¹⁶ Intergovernmental Panel on Climate Change, *Climate Change 2014 Synthesis Report*, p. 26, available at <https://www.ipcc.ch/report/ar5/syr/>.

¹⁷ Intergovernmental Panel on Climate Change, *Special Report: Global warming of 1.5°C*, Summary for Policy Makers, D.5.5 (Oct. 6, 2018) <https://www.ipcc.ch/sr15/chapter/summary-for-policy-makers/>.

¹⁸ Intergovernmental Panel on Climate Change, *Special Report: Global warming of 1.5°C*, Chapter 2, executive summary, <https://www.ipcc.ch/sr15/chapter/2-0/>.

¹⁹ Intergovernmental Panel on Climate Change, *Special Report: Global warming of 1.5°C*, Summary for Policy Makers, C.1.2 (Oct. 6, 2018) <https://www.ipcc.ch/sr15/chapter/summary-for-policy-makers/>.

²⁰ *Fresh Energy Comments*, pp. 10-11. Indeed, some biogas-fueled electric generators in Minnesota have already experienced difficulty selling their electricity due to price competition from other renewable electricity sources.

As is the case for electricity, it will be difficult to fully decarbonize natural gas distribution, and technological innovation will be needed.²¹ This Pilot program will both create nearer-term environmental benefits and, the Company hopes, can represent a first step towards decarbonizing the natural gas system.

B. Cost Impact

The OAG notes that purchasing RNG is not the most cost-effective way to obtain reductions in GHG emissions. The Company agrees, but this does not mean that a customer's choice to participate in the Pilot is "relatively meaningless."²² For one thing, RNG may in fact be the most cost-effective mitigation strategy for some emissions.²³ Additionally, GHG reductions are not the only benefit of RNG. As was highlighted by the Comment of the Partnership on Waste and Energy, developing markets for RNG has potential to support improved waste management, such as organics recycling programs. Similarly, anaerobic digestion can improve management of manure at Confined Animal Feeding Operations.²⁴ Investing in RNG also produces new revenues streams for municipal wastewater operations and agriculture. More fundamentally though, the goal of this Pilot is not to drive major GHG emissions reductions – or any other specific environmental or economic benefit – solely through individual Pilot participation. The goal of this program is to answer customer demand for renewable options for their homes and businesses and to start a broader effort to increase utilization of RNG resources and reduce the environmental impact of natural gas use.

In addition, by developing an interconnection process, CenterPoint Energy hopes to use existing and further develop new sources of RNG supply within the state. An interconnection tariff should provide the Company more options for sourcing, and as a result, the Company hopes to be able to purchase smaller quantities of RNG than are currently available via RNG brokers, for example. Over time the increased supply should also lower prices, especially if the Company is able to enter into longer-term contracts that would provide stability to suppliers dependent on the California Low Carbon Fuel Standard ("LCFS") and federal Renewable Fuel Standard ("RFS") pricing structures and their attendant regulatory risk.

C. Local Environmental Benefits

²¹ A promising new source of RNG is the generation of synthetic methane using renewable electricity and carbon capture. Fresh Energy makes the point that the "utilization of synthetic methane will never achieve the net reduction in carbon emissions that harvesting biogas from diverted waste streams achieves." *Fresh Energy Comments*, p. 8. While it is true that biogas is unique among renewable options for the possibility of net negative carbon emissions, so-called power-to-gas technologies can provide zero-carbon energy via natural gas distribution. National Renewable Energy Laboratory, NREL and Southern California Gas Launch First U.S. Power-to-Gas Project, <https://www.nrel.gov/esif/partnerships-southern-california-gas.html>.

²² *OAG Comments* at 7.

²³ See *supra* note 13.

²⁴ Great Plains Institute, *Spotlight on Biogas: Policies for Utilization and Deployment in the Midwest*, p. 34 (Aug. 2010), available at <https://www.betterenergy.org/blog/spotlight-biogas-policies-utilization-deployment-midwest/>.

One of the arguments made by Fresh Energy in opposition to the proposal is that the Pilot will not reduce GHG emissions from Minnesota sources or provide solutions for Minnesota water quality or waste management.²⁵ To clarify, the Company does not plan to exclude Minnesota produced RNG from the program. To test availability, the Company could first issue an RFP for RNG produced in Minnesota and it is possible that the RNG purchased for the Pilot will be produced within the state.²⁶

Regarding GHG emissions, climate change is a global problem, and the benefits of reducing emissions are not dependent upon the location of the mitigation. But perhaps more importantly, the support of commenters such as the Partnership on Waste and Energy and the Bioeconomy Coalition of Minnesota underscore the potential for programs such as the one proposed by CenterPoint Energy to move Minnesota and the country in the right direction. These parties recognize that the proposal is “a critical first step”²⁷ to developing and growing an industry with significant environmental and economic potential for Minnesota. As discussed above, the Company’s efforts to develop an interconnection process will also spur and facilitate the development of a local RNG market, and the attendant environmental benefits, within the state.

III. Procurement, Verification and Tracking of RNG and Associated GHG Emissions Reductions

The Department, OAG, CRS, Fresh Energy, and the City of Minneapolis emphasized the importance of developing tracking and certification systems to ensure that the RNG purchased by the Company is authentic and sold only to the Company. CenterPoint Energy agrees that it will be critical to establish tracking and verification systems so that subscribing participants can be confident they are purchasing authentic RNG and to ensure that the program is supporting new RNG development as promised.

CenterPoint Energy intends to contact a variety of RNG supply sources to solicit bids for RNG supply to meet customer demand in the Pilot. RNG supply is currently available from a number of landfill and digester projects in Canada and the United States. Today, there is no central marketplace for RNG suppliers and buyers to trade RNG commodity contracts. RNG buyers transact with individual producers or projects or work through RNG brokers to acquire RNG supply. The Company will use standard industry contracts to procure RNG supply. These contracts will require the RNG supplier to certify the renewable attributes and that CenterPoint Energy has full and sole ownership of those attributes. RNG suppliers will also be required to

²⁵ *Fresh Energy Comments*, pp. 5-7.

²⁶ Fresh Energy may assume that, because CenterPoint Energy was not proposing, at the time it filed the *Petition*, to interconnect RNG producers, there are no producers in Minnesota from which the Company could theoretically purchase RNG for the Pilot. This is not correct. As Department mentioned in its Comments, there is one RNG producer currently interconnected to the Company’s system. In addition, several CARB fuel pathways are approved for Minnesota RNG producers, suggesting that there are at least a few producers operating in the state. Approved pathways are listed at <https://www.arb.ca.gov/fuels/lcfs/fuelpathways/pathwaytable.htm>.

²⁷ *In the Matter of a Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Bioeconomy Coalition of Minnesota, Comments on Docket No. G-008/M-18-547 (Dec. 21, 2018).

allow the Company independent verification of the production and transactions related to the Company's RNG supply volumes.

The Company is committed to transparency, and the integrity of this innovative Pilot is essential to its success. Toward that end, no step is more essential than the verification of the renewable claims of the Company's RNG supply. In approving Vermont Gas Systems' ("VGS") RNG Sales program the Vermont Public Utilities Commission reinforced the importance of this commitment and ordered VGS to:

Annually verify that the RNG was produced by a renewable gas production facility, that VGS is the exclusive owner of any environmental attributes associated with RNG it sells under the program, that it acquired the RNG from its transferor and sold it at retail, and that the RNG has not been sold twice at any point between RNG production and sale to VGS, whether by sales into carbon offset markets or otherwise. This verification will be based on certifications of VGS's suppliers and of an independent third party retained by VGS for this purpose.

CenterPoint Energy agrees it may be beneficial to engage a third-party auditor to review the Company's RNG purchases and documentation.²⁸ The Company will consider engaging an auditor to assess the program, particularly if it appears that credible third-party verification is not likely to be available during the early stages of the Pilot's operation.²⁹ The Company is participating in efforts to establish third-party tracking and verification systems, working with both CRS and the Midwest Renewable Energy Tracking System ("M-RETS"), and hopes that these systems will be available within the first year of the Pilot.³⁰

Regardless of the verification and tracking methodologies used, the Company will commit to verifying the renewable claims for all supply used in its Pilot in its Annual Program Evaluations. The verification will include:

- 1) Confirmation of the renewable fuel feedstock;
- 2) Confirmation of the renewable fuel production process;
- 3) Review of fuel flow measurement and quality monitoring process and equipment;
- 4) Review of contracts and affidavits governing the transfer of the RNG from the original source to the end user; and

²⁸ See *CRS Comments*, p. 3.

²⁹ Lack of third-party verification and tracking should not, however, lead the Commission to reject or delay approval of the Pilot, because other mechanisms can be used to track and verify Pilot supply in the interim. See *In the Matter of a Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Reply Comments of the Coalition for Renewable Natural Gas, pp. 1-2 (Feb. 11, 2019).

³⁰ CRS (verification) and M-RETS (tracking) have announced that they expect to have developed systems for RNG within the next fifteen months. See *CRS Comments*, p. 2, Benjamin L. Gerber, *Renewable Natural Gas Credit Tracking System*, presented at National Association of Regulatory Utility Commissioners 2019 Winter Policy Summit, page 47 of pdf, available at <https://pubs.naruc.org/pub/D648136E-A209-784A-1392-CA03B9D72F5E>.

- 5) Review of evidence confirming the existence of a physical path (common carrier pipeline) for RNG transfer and distribution to end user.

In addition, as discussed below, the Company will require suppliers to provide information that will allow the Company to estimate the GHG impact of the Pilot.

IV. Customer Communications, Program Parameters and Accounting Mechanisms

A. Customer Communications

CenterPoint Energy is committed to clearly and accurately communicating to customers about the Pilot parameters and associated environmental benefits. The Company will endeavor to ensure all marketing and program materials include accurate descriptions of RNG and the specific environmental benefits derived from each customer's selection of RNG. We envision a program that educates customers on the availability, costs, and benefits of RNG resources.

CenterPoint Energy intends to make very clear to customers how much RNG they can expect to receive for their chosen level of participation. Under the proposed Pilot, customers will have the opportunity to participate in the program by voluntarily electing to purchase RNG. Customers will select the dollar value of the portion of their usage they wish to be renewable.³¹ CenterPoint Energy disagrees with the OAG and Department that its proposed pricing structure, asking customers how much extra they want to pay, is less transparent than available alternatives. On the contrary, the proposal maximizes transparency about the effect on the customer's actual bill, which is where it matters most. The Company agrees, however, that the price per therm is also critical to communicate; the Company wants participating customers to enter the program fully informed.

The Company is preparing a draft enrollment webpage and introductory marketing piece and will file those materials with the Commission within the next few weeks.³² Though the Company has not finalized its plans for the enrollment page it anticipates framing customer selections in terms of average residential appliance natural gas use. For example, the Company may provide options such as "\$9/month – RNG to cook my food" or "\$58/month – RNG to heat my water."³³ The Company believes that this approach offers high transparency about the cost of the RNG the customer is selecting while also putting the quantity of gas in terms a customer is more likely to understand.

³¹ Much like renewable electricity that is comingled in the electric grid, RNG is comingled with conventional natural gas supply in the pipeline system. Customers who choose to participate in the Pilot will purchase the environmental attributes of RNG; they may not directly burn an RNG molecule.

³² The Company will also file new revised tariffs, reflecting the modifications made to the proposed Pilot in these *Reply Comments*.

³³ Figures are based on a \$35/Dth price for RNG and 2015 average natural gas use in the Midwest West North Central regions from the Residential Energy Consumption Survey conducted by the U.S. Energy Information Administration. See <https://www.eia.gov/consumption/residential/data/2015/c&e/pdf/ce5.4.pdf>.

B. Program Commitment Terms

The Company appreciates the OAG's concern regarding customer term commitments. The proposed pilot is not meant to penalize customers for choices made to advance environmental objectives, and in the event customers face hardships after enrollment they should be allowed to opt out of the program. Therefore, the Company will modify its proposal so that residential customers can subscribe to the program on a month-to-month basis, or choose to un-enroll from the Pilot upon their next billing cycle. Because of the longer-term commitments necessary to procure supply for larger customers, the Company proposes that commercial and industrial customers commit to a one-program-year term.

C. Program Accounting

The Company's modifications to its proposed Pilot shift all cost recovery risk away from non-participating ratepayers, and onto participating customers and the Company's shareholders. The Company will undertake to bear any costs that are not recovered from participating customers, including marketing and administrative costs not recovered through program fees, originally proposed to be deferred for recovery in future rate cases, and the commodity costs for RNG, originally proposed to be included in the Purchased Gas Adjustment ("PGA") mechanism.³⁴

Upon implementation of the Pilot, the Company will track program participation, expense and revenues and will report them to the Commission via annual Pilot evaluation reports. Only incremental costs (those costs not included in base rates) will be allocated to the Pilot program. Separate accounts will be used to track incremental Pilot expenses. See Exhibit 2 to this filing for an explanation of the Company's proposed Pilot accounting methodologies.³⁵

The Company continues to request that the Pilot operate for an initial term of five years. During that time, if new policies or legislation emerge to encourage the development of the RNG industry in Minnesota, the Company may petition the Commission to recover Pilot costs as a ratepayer expense. Similarly, if under-recovered program costs become unreasonable or if Pilot participation does not materialize as expected, the Company may stop Pilot enrollment and seek to terminate the program before the end of the five-year pilot period.

D. Annual Program Evaluations

As described in the *Petition*,³⁶ the Company proposes to file annual reports with the Commission for each year of the Pilot program. The annual Pilot Evaluations will include:

³⁴ The Company may satisfy general non-Pilot gas requirements with excess RNG purchased, but does not propose to include the full commodity cost of the RNG in the PGA. Instead, if RNG is used for general (non-Pilot) supply, the Company will charge customers the non-RNG weighted average cost of gas ("WACOG") for each RNG Dth used.

³⁵ In the Petition for an RNG interconnection offering, the Company will discuss the interplay between interconnect revenues and the proposed sales Pilot.

³⁶ *In the Matter of a Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program*, Docket No. G-008/M-18-547, Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Pilot Program, p. 17 (Aug, 23, 2018) ("*Petition*").

- 1) An accounting of the balance of Pilot payments received and expenses incurred in the program year;
- 2) Statistics on Pilot participation in terms of number of customers and dekatherms (“Dths”) sold;
- 3) A description of any mismatch between verified RNG supply and Pilot purchases; and
- 4) A description of any substantial changes in marketing approach or customer outreach.

In addition, in response to concerns by Fresh Energy and the City of Minneapolis about the GHG emissions reduction that will be realized, CenterPoint Energy will also work to estimate the GHG impacts of the program by working with RNG suppliers. The Company proposes to include these estimates in its annual Pilot Evaluation reports. The LCFS and RFS both quantify the GHG impact of RNG from particular facilities, so RNG suppliers are likely to already have determined their GHG emissions effect using RFS or LCFS principles. CenterPoint Energy believes that, working with suppliers, it will not be unduly difficult to make some minor adjustments to the federal Environmental Protection Agency (“EPA”) and California Air Resources Board (“CARB”)³⁷ methods for quantifying the GHG emissions effects of RNG use (e.g. assuming that the RNG is substituting for natural gas rather than gasoline) and estimate the GHG reduction of the particular RNG CenterPoint Energy chooses to purchase. The Company proposes to describe the method it has used to quantify GHG emissions effect in its annual Pilot Evaluation reports.

V. Interaction with the Conservation Improvement Program (“CIP”)

The Department suggested that the Company might consider operating the proposed Pilot as a Conservation Improvement Program (“CIP”) project. The Company believes that the Pilot should be operated independently of CIP. Although, as the Department notes, the CIP statute allows for biomethane purchases through CIP,³⁸ the amount of CIP funding that can be used in this way is limited to five percent of the required minimum CIP spending. In CenterPoint Energy’s case this equates to approximately \$200,000 per year, which would be inadequate funding for this Pilot at current RNG prices. Moreover, it is the Company’s understanding that in recent years the Department has sought to move renewable energy spending out of CIP to maintain CIP’s focus on energy efficiency.

VI. Affiliate Interests

In its *Comments*, the Department requested that CenterPoint Energy “fully discuss the realized and potential credit awards and benefits that have been or may be granted to it, or any of its affiliates, in prior, current and future years, from the use of natural gas as vehicle fuel issued from its Minnesota located CNG fueling station.”³⁹ CenterPoint Energy does not purchase RNG for its CNG fueling station and has no plans to begin purchasing RNG for its fueling station at

³⁷ The California Air Resources Board is the state agency responsible for administering California’s LCFS.

³⁸ Minn. Stat. § 216B.241, subd 5b.

³⁹ *Department Comments*, p. 24.

this time.⁴⁰ Conventional natural gas from CenterPoint Energy's distribution system is used at the fueling station. Conventional natural gas is not eligible for federal RIN credits because it is not a renewable fuel; LCFS credits are only available for the use of alternative fuels in California. Accordingly, no RIN or LCFS credits are awarded to CenterPoint Energy, its affiliates, or any other person in relation to CenterPoint Energy's CNG fueling station.⁴¹

VII. Other Utility RNG Sales Programs

The Department requested that the Company compare the proposed Pilot to similar existing and required RNG programs. The Company is aware of only one other program in the United States that it would consider to be similar to the proposed Pilot: the VGS program. The Department also references a DTE Gas Company program multiple times in its *Comments*. The Company discusses each of these programs in Exhibit 4.⁴²

VIII. Conclusion

CenterPoint Energy's proposed Pilot includes appropriate mechanisms for periodic reporting and verification of program activities. With the program modifications proposed in this filing non-participating customers will not be affected by the program and instead the program costs will be borne by customers who voluntarily participate and the Company's shareholders. The market for RNG use in buildings is in its infancy and the Pilot represents a meaningful first step in encouraging customer interest to stimulate RNG supply into the market. The program should evolve with the RNG markets and the Company's RNG interconnection and other initiatives in the near-term and over the course of the next several years. The Company endeavors to help develop the RNG market so that meaningful progress can be made toward achievement of the state's renewable energy goals. CenterPoint Energy requests the Commission approve the Pilot as proposed herein.

Submitted by:

Nick Mark

Erica Larson

Amber S. Lee

⁴⁰ The RNG CenterPoint Energy purchases from its one interconnected RNG producer is purchased without environmental attributes and therefore could not be used by the Company to generate RIN or LCFS credits even if it were used as vehicle fuel.

⁴¹ While developing its response to this question, the Company realized it had made an error in its response to the Department's Information Request No. 6. CenterPoint Energy Services, Inc., an unregulated affiliate of CenterPoint Energy, is not yet a RIN generator, but has applications pending before the EPA to become a RIN generator for several facilities. The Company's response to Department IR No. 6 and its supplemental response correcting the original response are included in this filing as Exhibit 3.

⁴² SoCalGas filed an RNG green-tariff program with the California Public Utilities Commission on February 28, 2019. CenterPoint Energy has not reviewed SoCalGas's proposal in detail. See SoCalGas Seeks to Offer Renewable Natural Gas to Customers, <https://sempra.mediaroom.com/index.php?s=19080&item=137608>.

Graphical Representation of RNG GHG Reductions

The graphic on the following page shows the “best case” scenario for GHG reductions from RNG and the “worst case.”

The best case is possible in a situation such as a dairy farm, where, unless it is being used for the production of RNG, cow manure may be left in a manure lagoon. These lagoons emit methane, a very potent GHG, directly into the atmosphere. In such a case, capturing the methane to create RNG represents a more than 100 percent reduction in lifecycle GHG emissions.

On the other extreme, landfills also generate methane, but, in many cases landfills collect and flare the methane they produce, resulting in carbon dioxide emissions. Carbon dioxide is a less potent GHG than methane. Conditioning landfill methane to create RNG eliminates these carbon emissions from the flaring and approximately halves supply chain GHG emissions.

BASE CASE

BIO-GAS: Livestock CASE

>100% reduction in
life-cycle greenhouse
gas emissions

CO₂

CH₄

CO₂

Burn
20 MCF

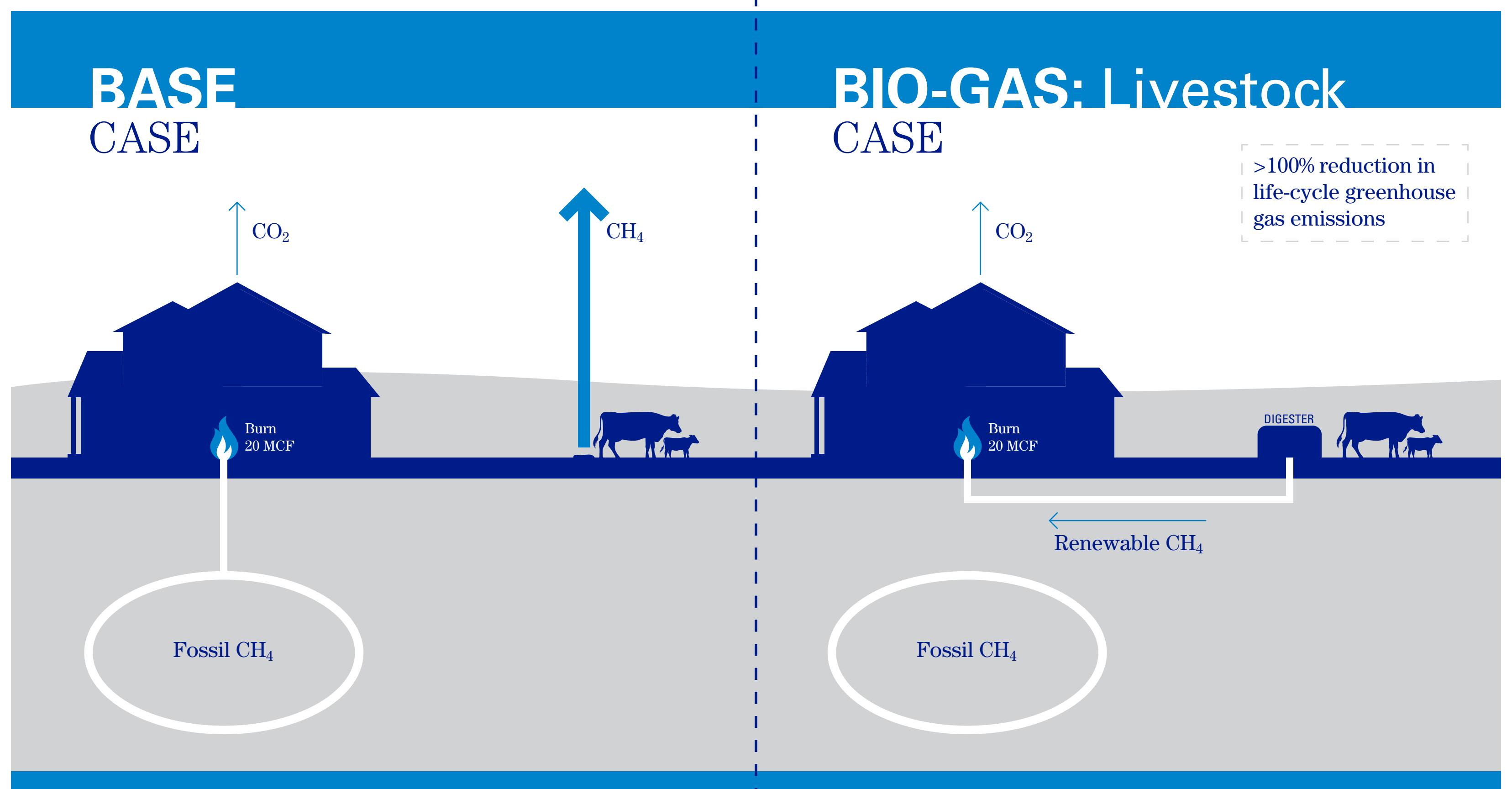
Burn
20 MCF

DIGESTER

Fossil CH₄

Fossil CH₄

Renewable CH₄



BASE CASE

BIO-GAS: Landfill CASE

44% reduction in
life-cycle greenhouse
gas emissions

CO₂

CO₂

CO₂

Burn
20 MCF

LANDFILL

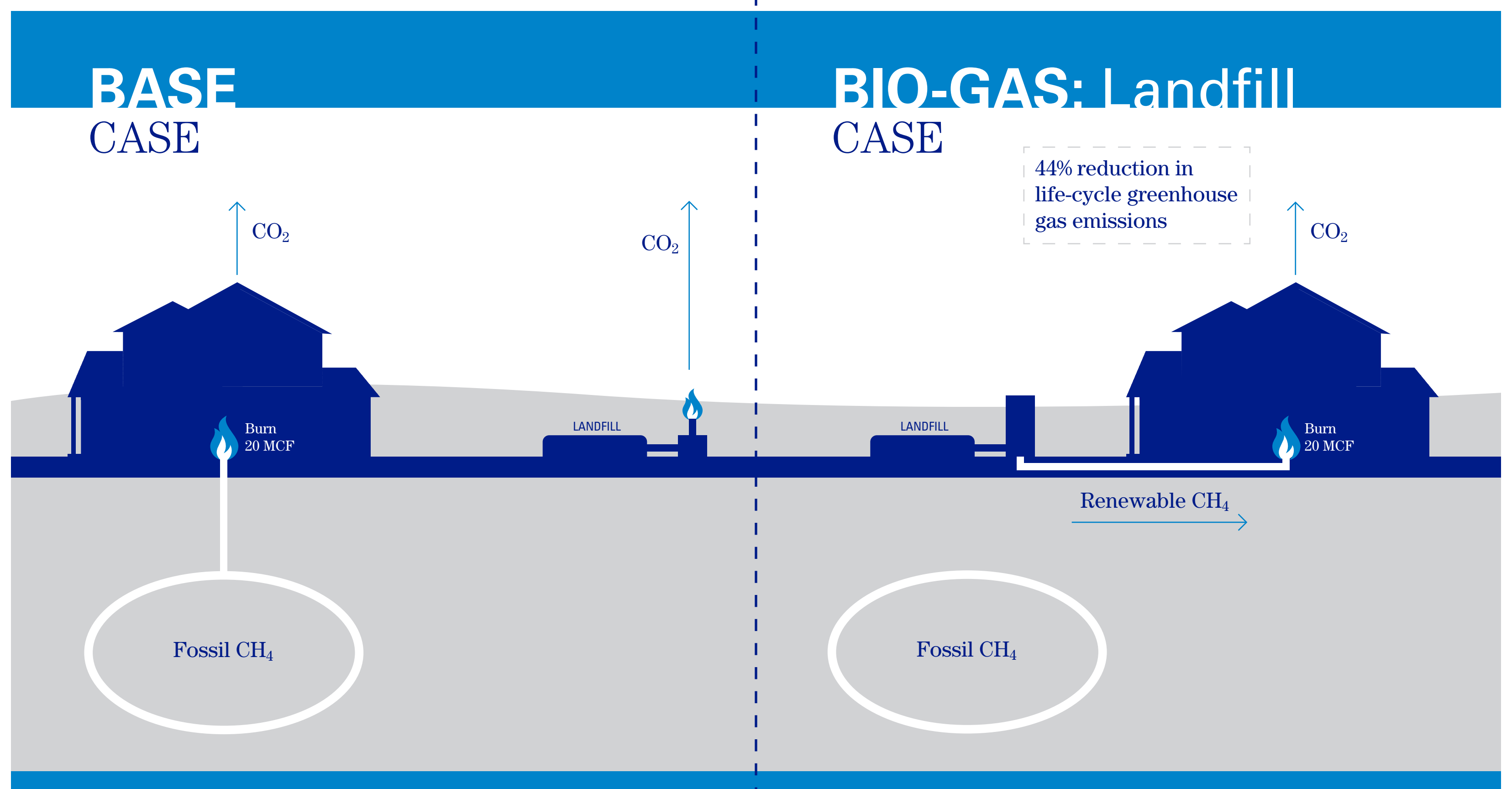
LANDFILL

Burn
20 MCF

Renewable CH₄

Fossil CH₄

Fossil CH₄



Additional Information about Pilot Accounting

The final page of this Exhibit shows the proposed accounting treatment of revenues and expenses associated with the Pilot including FERC accounts and SAP general ledger account information. The treatment of gas costs shown replaces the treatment described in Attachment D to the *Petition*. Where new general ledger accounts will be created for the Pilot program, the ending digits of the account will not be determined until account creation and are shown in this Exhibit as a series of Xs.

The accounting information is shown in two scenarios. In the first scenario, the Company has purchased more commodity RNG than program participants have subscribed for in a particular month. In the second scenario, the Company has purchased less commodity RNG than participating customers have subscribed for in a particular month. This information is represented below in table 1.

Table 1: RNG Purchases and Sales in Each Scenario (Dth)

	Scenario 1	Scenario 2
RNG Commodity Purchases	2500	2500
Pilot Sales	2400	2700

In both scenarios, it is assumed that the current commodity cost of RNG is \$35/Dth and the full Pilot Charge (including the Program Charge for marketing and administrative expenses) is \$38.89/Dth. It is also assumed that the price of conventional natural gas is \$3.00/Dth in the current month. This information is represented below in table 2.

Table 2: Commodity Costs and Pilot Charge in Each Scenario (\$/Dth)

	Scenario 1	Scenario 2
Current RNG Commodity Cost	\$35.00	\$35.00
Pilot Charge	\$38.89	\$38.89
Conventional Gas Cost	\$3.00	\$3.00

In both scenarios, the RNG commodity expense for the current month is equal to RNG Commodity Purchases multiplied by the Current RNG Commodity Cost. It is assumed in each scenario that the Company has incurred \$32,500 in marketing and administrative expenses in the current month. The amount billed to participating customers is equal to the Pilot Charge multiplied by Pilot Sales. 90% of what is billed to participating customers is to offset RNG commodity expenses. 10% of what is billed to participating customers offsets administrative and marketing expenses. Table 3 shows the applicable figures for each scenario.

Table 3: Expenses and Revenues in Each Scenario

	Scenario 1	Scenario 2
RNG Commodity Expense	\$87,500	\$87,500
Marketing & Administrative Expenses (\$)	\$32,500	\$32,500
Billed to Customers	\$93,336	\$105,003
Billed to Customers for RNG Commodity	\$84,000	\$94,500
Billed to Customers for Administrative and Marketing Expenses	\$9,336	\$10,503

The final page of this Exhibit shows the proposed accounting treatment of revenues and expenses for both scenarios described above. In each scenario, expenses and revenues are assigned to the appropriate general ledger and FERC accounts. Unique SAP general ledger accounts will be created for program costs and revenues so that they will be separated from other Company activity. Some specific details about the accounting in each scenario are described below.

In the first scenario, the Company has purchased 100 Dth more of RNG than it has sold to program participants in that month. Accordingly, that 100 Dth is used instead to satisfy the natural gas needs of non-participant customers. The Purchase Gas Adjustment (“PGA”) mechanism includes \$300 for the RNG, representing 100 Dth multiplied by the non-RNG weighted average cost of gas.⁴³ The remaining cost of the surplus RNG (\$3,200) is expensed and borne by shareholders. \$23,164⁴⁴ in unrecovered marketing and administrative costs is also expensed and borne by shareholders.

In the second scenario, \$21,997⁴⁵ in unrecovered marketing and administrative costs are expensed and borne by shareholders. No RNG costs are expensed to shareholders because the Company has purchased 200 Dth less of RNG than it has sold to program participants. The Company will use 200 Dth of conventional natural gas to make up the difference for customers participating in the Pilot. The Company will credit the PGA mechanism \$600, representing 200 Dth multiplied by the non-RNG weighted average cost of gas. If the Company has not recently experienced a surplus of RNG (like scenario 1) and is unable to purchase extra RNG in a later

⁴³ The Company proposes to use the monthly non-RNG WACOG each month and not to “true-up” the cost for the small amounts of RNG to be included in the PGA at the non-RNG WACOG as part of its Annual Automatic Adjustment of Charges report. The Company believes that it would be complex to incorporate these volumes into its calculation of a true-up factor and the dollar amount consequences of excluding these volumes would be trivial.

⁴⁴ This figure equals \$32,500 in total administrative and marketing costs less \$9,336 recovered from customers participating in the Pilot.

⁴⁵ This figure equals \$32,500 in total administrative and marketing costs less \$10,503 recovered from customers participating in the Pilot.

month,⁴⁶ it will refund participating customers at the end of a program year.⁴⁷ The amount refunded to customers would be the program charge (\$38.89) less the WACOG of non-RNG gas (\$3.00) multiplied by the shortage volumes (200 Dth), which equals \$7,178. The refund amount is expensed and borne by shareholders

⁴⁶ Participant purchases can be matched with RNG supplied at any point in the same calendar year, within six months prior to the start of the calendar year or within the three months following the calendar year. *See Petition*, p. 13.

⁴⁷ Refunds will be calculated and paid at the end of a program year for any previous months of shortage for which the time has elapsed to satisfy participant purchases.

Exhibit 2

FERC Account	8042	2320	48XX	1641	8042	1421	1641	8042	9200/9210	2320	8050	2420/1860
	RNG Gas Cost 50XXXX	RNG Gas Payable - 203XXX	RNG Revenue 400XXX	Commodity Gas - Inventory 137010	Withdrawal - Gas 505032	Customer A/R 121020	RNG - Inv 137XXX	RNG Other Gas Cost 50XXXX	A & M Cost (IO) 50XXXX	A & M Payable 20XXXX	COG - RNG OU 50XXXX	O/U CY Gas True Up 221143/147015
Scenario 1												
Beginning Balance		\$ -		\$ 10,000		\$ -	\$ -			\$ -		
Purchase RNG w Transport		\$ (87,500)					\$ 87,500					
Bill Customer	\$ 84,000		\$ (93,336)			\$ 93,336	\$ (84,000)		\$ -	\$ -		
A&M Costs / Payable												
Inventory Commodity				\$ 300			\$ (3,500)	\$ 3,200	\$ 32,500	\$ (32,500)		
NonParticipant Gas Use				\$ (300)	\$ 300							
Gas flows to PGA at NonRNG price											\$ (300)	\$ 300
Total	\$ 84,000	\$ (87,500)	\$ (93,336)	\$ 10,000	\$ 300	\$ 93,336	\$ -	\$ 3,200	\$ 32,500	\$ (32,500)	\$ (300)	\$ 300
Income Statement Impact	\$ 84,000		\$ (93,336)		\$ 300			\$ 3,200	\$ 32,500		\$ (300)	
Scenario 2												
Beginning Balance		\$ -		\$ 10,000		\$ -	\$ -			\$ -		
Purchase RNG		\$ (87,500)					\$ 87,500					
Bill Customer	\$ 94,500		\$ (105,003)			\$ 105,003	\$ (94,500)		\$ -	\$ -		
A&M Costs / Payable												
Inventory Commodity				\$ (600)			\$ 7,000	(6,400)	\$ 32,500	\$ (32,500)		
NonParticipant Gas Use				\$ 600	(600)							
Gas flows to PGA at NonRNG price											\$ 600	\$ (600)
Total	\$ 94,500	\$ (87,500)	\$ (105,003)	\$ 10,000	\$ (600)	\$ 105,003	\$ -	\$ (6,400)	\$ 32,500	\$ (32,500)	\$ 600	\$ (600)
Income Statement Impact	\$ 94,500		\$ (105,003)		\$ (600)			\$ (6,400)	\$ 32,500		\$ 600	

**Response to Department Information Request No. 6 and Supplemental Response to
Department Information Request No. 6**

**State of Minnesota
Department of Commerce**

Utility Information Request

Docket Number: G-008/M-18-547

Date of Request: 9/21/2018

Requested From: CenterPoint Energy Minnesota Gas

Response Due: 2/22/2019

Analyst Requesting Information: Dorothy Morrissey/Sachin Shah

Type of Inquiry: Other

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
DOC 006 P S	<p>Topic: RNG Affiliation</p> <p>Please explain and disclose any and all affiliations that CenterPoint Energy has with any existing or in-progress renewable natural gas operations.</p> <p>Response:</p> <p>CenterPoint Energy Resources Corp.'s, d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") has designated selected information in this response as trade secret. The information meets the definition of trade secret in Minn. Stat. § 13.37, subd. 1(b), as follows: (1) the information was supplied by the Company, the affected organization; (2) the Company has taken all reasonable efforts to maintain the secrecy of the information, including protecting it from disclosure in this proceeding; and (3) the information includes the name of a CenterPoint Energy gas supplier, which derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use.</p> <p>One RNG producer, [Trade Secret Information Begins Here] ... [Trade Secret Information Ends Here], is currently interconnected with CenterPoint Energy's distribution system. The Company purchases the RNG, without the associated environmental attributes, from the producer. Because the purchase agreement is only for the gas commodity and does not include the transfer of associated environmental attributes to the Company, this RNG would not be eligible to supply the proposed program without a modification to the terms of the purchase agreement. A few other</p>

Response By: Erica Larson
 Title: CIP Regulatory Analyst
 Department: Regulatory
 Telephone: 612-321-4334

producers or potential producers have expressed interest in interconnecting with the Company's distribution system.

CenterPoint Energy Services, Inc., an unregulated affiliate of the Company, is a provider of competitive energy services. It is the Company's understanding that CenterPoint Energy Services, Inc. has made various arrangements with renewable natural gas producers and is a certified RIN generator.

Supplemented February 25, 2019

CenterPoint Energy Resources Corp.'s, d/b/a CenterPoint Energy Minnesota Gas ("CenterPoint Energy" or the "Company") erroneously stated in its original response that its unregulated affiliate, CenterPoint Energy Services, Inc., is a certified RIN generator. The Company has subsequently learned that CenterPoint Energy Services, Inc., has applied to become a RIN generator for several RNG projects, but its applications have not yet been approved by the Environmental Protection Agency.

Comparison to DTE and Vermont Gas's Programs

Vermont Gas Systems

Overview

Vermont Gas Systems ("VGS") began to operate a renewable natural gas sales tariff program very similar to the proposed CenterPoint Energy Pilot in 2018. VGS customers may choose to receive all or a portion of their natural gas from RNG. Participating customers are charged an "RNG Adder" that represents the difference between the RNG commodity cost and the commodity cost of conventional natural gas. Unlike CenterPoint Energy's proposed program, customers select a percentage of use (customers may select 10%, 25%, 50% or 100%) rather than specifying a dollar commitment.

This analysis relies on the VGS Renewable Natural Gas Manual.⁴⁸

Administrative and Operational Complexity

VGS's program appears to have similar administrative and operational complexity to the program CenterPoint Energy has proposed. One difference between the proposed program and the operating VGS program is that VGS may substitute carbon offsets for RNG in the case where the program is undersupplied. This may make the program simpler to administer in the case where there is undersupply. However, CenterPoint Energy expects its program to be oversupplied throughout the proposed five-year Pilot.

Administrative and Operational Costs

It is difficult to compare VGS's estimated administrative and operational expenses with CenterPoint Energy's with the information available. CenterPoint Energy estimates its first year marketing expense as \$226,600. VGS forecasted its 2018 marketing expenses as \$50,000 not including "co-marketing with ongoing VGS marketing and efficiency campaigns."⁴⁹ From the limited information CenterPoint Energy has on VGS's plans, it appears that VGS may not have planned to market their RNG program as extensively as CenterPoint Energy plans to market the proposed Pilot. For example, it appears that VGS planned to send only one bill insert to customers whereas CenterPoint Energy contemplates sending multiple bill inserts. CenterPoint Energy estimated one-time technical operations costs of \$98,550 for billing system and website upgrades. CenterPoint Energy could not find a VGS estimate for similar costs.

Educational Ease of Program to Potential Participants

⁴⁸ VGS Renewable Natural Gas Program Manual, Version 1.01, Vermont Gas Systems, April 26, 2018, available at <http://www.vermontgas.com/wp-content/uploads/2018/09/VGS-RNG-Manual-Final-V-1.01.pdf> (VGS Program Manual).

⁴⁹ VGS Program Manual, p.139.

VGS's program appears to be similar to CenterPoint Energy's proposed program with regard to educational ease of the program for potential participants. VGS has undertaken efforts to educate customers about what RNG is and its environmental value.

Customer Service Representative Training Ease

VGS's program appears to be similar to CenterPoint Energy's proposed program with regard to ease of training customer service representatives. Like VGS, CenterPoint Energy plans to use web resources to reduce the burden on call service personnel.

Ease in Consumer Understanding of Related-Billing Changes

CenterPoint Energy believes that its proposed program would be more transparent with regard to customer bill impact than VGS's proposed program in two ways. First, VGS includes an "RNG Adder" on customer bills representing the difference between RNG commodity costs and conventional natural gas costs. The "RNG Adder" does not reflect the full cost of the RNG, but the cost of the RNG less conventional gas prices. CenterPoint Energy proposes instead to separate participating customer's gas costs into two components: conventional gas purchases and RNG purchases. Thus participating customers will be able to see the full price per therm of RNG on each bill and easily compare it to the price of conventional natural gas. Second, VGS requires customers to select a participation level as a percentage of use. CenterPoint Energy proposes to have customers select a dollar amount RNG purchase. CenterPoint Energy believes that asking customers to select a dollar amount RNG purchase will provide the maximum transparency about bill impacts. Like VGS, CenterPoint Energy plans to provide resources to customers to ensure they understand the RNG premium.

Minimum Program Pilot Period

VGS's program is not a pilot.

Complexity of Periodic Regulatory Filings and Review

VGS's program may be somewhat more complicated than CenterPoint Energy's with regard to periodic filings and regulatory review.

As with CenterPoint Energy's proposal, VGS has an approved tariff for its RNG program and seeks Vermont Public Utilities Commission ("PUC") approval for modifications to that tariff. In addition, VGS plans to file annual program reports and a "comprehensive review" after three years of implementation. The information to be included in the annual reports and "comprehensive review" seems similar to the information that CenterPoint Energy proposes to include in its annual reports and Pilot evaluation.

Unlike in CenterPoint Energy's proposal, VGS files supply contracts for RNG with its PUC before entering into them. VGS also updates RNG rates quarterly, whereas CenterPoint Energy has proposed to update rates only annually. VGS sets participant charges for RNG by blending current commodity costs with a five-year forecast of declining RNG prices, rather than charging for the commodity costs actually incurred, as CenterPoint Energy has proposed. In addition,

VGS will seek recovery for Pilot program costs in a future Vermont PUC rate proceeding. These items do not have a parallel in CenterPoint Energy's Pilot proposal, as modified in these *Reply Comments*.

DTE

Overview

DTE Gas Company ("DTE") operates a program, called BioGreenGas, that allows customers to contribute \$2.50 per month to support RNG development. Only residential and small business customers are eligible to participate in the program. DTE uses customer contributions to purchase RNG from a Michigan landfill. DTE then resells the landfill RNG without environmental attributes. While DTE's program is laudable in that it aims to reduce methane emissions and encourage development of RNG resources, it does not appear designed to help develop a market for RNG analogous to markets that exist for renewable electricity. In CenterPoint Energy's view, a customer contribution to DTE's RNG program is more similar to a charitable donation than to a subscription in a green-tariff program.

This analysis relies on the following documents, which are attached:

- DTE's 2012 petition to offer the RNG program as a pilot;⁵⁰
- The 2012 order approving DTE's pilot program;⁵¹
- DTE's 2013 report on the pilot program;⁵²
- DTE's 2014 petition to make the RNG program a permanent offering;⁵³
- The 2015 order approving DTE's petition for a permanent offering;⁵⁴
- DTE's RNG program webpage.⁵⁵

Administrative and Operational Complexity

DTE's program is likely simpler to administer and operate than CenterPoint Energy's proposed program. DTE does not have options for customers to contribute different amounts of money,

⁵⁰ *In the matter of the request of Michigan Consolidated Gas Company seeking authority to implement a BioGreen Gas Pilot Program*, Case No. U-16975, Ex Parte Application (Feb. 21, 2012).

⁵¹ *In the matter of the application of Michigan Consolidated Gas Company seeking ex parte approval for authority to implement a BioGreen Gas Pilot Program*, Case No. U-16975, Order (Apr. 17, 2012).

⁵² *In the matter of the request of Michigan Consolidated Gas Company seeking authority to implement a BioGreen Gas Pilot Program*, Case No. U-16975, Report (Apr. 17, 2013).

⁵³ *In the matter of the request of DTE Gas Company seeking authority to implement a Permanent BioGreen Gas Program and associated accounting practices*, Case No. U-17628, Ex Parte Application (Sept. 11, 2014).

⁵⁴ *In the matter of the application of DTE Gas Company seeking authority to implement a permanent BioGreen Gas Program and associated accounting practices*, Case No. U-17628, Order (Apr. 23, 2015).

⁵⁵ <https://www.newlook.dteenergy.com/wps/wcm/connect/dte-web/home/service-request/residential/renewables/biogreen-gas> (last visited Jan. 30, 2019).

requirements around how much supply DTE must purchase, or a requirement to match program demand with supply.⁵⁶

Administrative and Operational Costs

DTE's program also likely has lower administrative and operational costs due to the reduced program complexity. In its 2013 pilot program report, DTE stated that its first-year marketing expense was \$90,801. DTE did not provide details on what marketing efforts were undertaken. CenterPoint Energy estimates its first-year marketing expense as \$226,600. However, CenterPoint Energy is aiming for more participation than DTE has achieved and so may have more ambitious marketing plans. DTE has not provided an estimate of information technology or other administrative costs in its public filings. CenterPoint Energy estimated one-time technical operations costs of \$98,550 for billing system and website upgrades and ongoing administrative costs of \$65,000 per year.

Educational Ease of Program to Potential Participants

DTE's program may have less educational value for participants. Because DTE charges participants only \$2.50 a month, and sources all RNG from a single Michigan landfill, the program may not be as effective in helping DTE's customers to understand the cost of RNG or its available sources. In addition, if DTE's marketing efforts are not as robust as the efforts planned by CenterPoint Energy, DTE's program may not be as effective at educating customers generally about RNG and its benefits.

Customer Service Representative Training Ease

DTE's program may require less customer service training, because customers may only pay \$2.50 a month in support of the program rather than being able to select a contribution amount. Lower participation may also result in a reduced need for customer service training.

Ease in Consumer Understanding of Related-Billing Changes

DTE's program and CenterPoint Energy's proposed program are likely similar with regard to ease of understanding the impact on customer bills. Both programs charge participants a specified dollar amount. DTE's program charges all customers \$2.50. CenterPoint Energy's proposed Pilot would charge customers an amount of their choosing.

Minimum Program Pilot Period

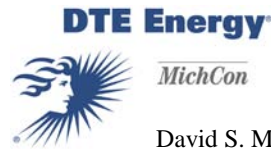
⁵⁶ In its 2014 petition to make the BioGreenGas program permanent DTE stated that it would purchase enough RNG to cover the projected consumption of the program participants. CenterPoint Energy staff contacted DTE BioGreenGas program staff in preparation for this filing to inquire whether they still purchase enough RNG for 100% of participants' consumption, and DTE staff clarified that they are no longer able to do so because of the increased price of RNG. As in CenterPoint Energy's proposed program, DTE purchases as much RNG as it can with the monetary contributions from participating customers.

DTE originally proposed its program as an 18-month pilot, but the pilot was made a permanent program in 2015.

Complexity of Periodic Regulatory Filings and Review

DTE does not make any periodic filings about its RNG program and it is unclear whether there is any regular regulatory review. DTE does have a tariff for its program and would likely file with its Commission if any tariff changes were required.

DTE's 2012 Petition to Offer its RNG Program as a Pilot



David S. Maquera
Attorney
(313) 235-3724

February 21, 2012

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 15
Lansing, MI 48909-7721

Re: In the matter of the request **of Michigan Consolidated Gas Company** seeking
authority to implement a BioGreen Gas Pilot Program
Case No. U-16975

Dear Ms. Kunkle:

Attached for electronic filing in the above-captioned matter, please find Ex-Parte Application of Michigan Consolidated Gas Company Seeking Authority to Implement a Green Gas Program with Supporting Affidavits. Also attached is a Proof of Service.

Very truly yours,

David S. Maquera

DSM/lah
Attachments
cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of **Michigan**)
Consolidated Gas Company seeking authority)
to implement a BioGreen Gas Pilot Program)
_____)

Case No. U-16975
(Paperless e-file)

**EX PARTE APPLICATION OF MICHIGAN CONSOLIDATED GAS COMPANY
SEEKING AUTHORITY TO IMPLEMENT A GREEN GAS PROGRAM**

Michigan Consolidated Gas Company (hereinafter “Applicant”, “Company” or “MichCon”), files this Application requesting authority from the Michigan Public Service Commission (hereinafter “Commission” or “MPSC”) to implement a Natural Gas Renewable Resource Pilot Program (“BioGreenGas”). MichCon intends at this time to offer the BioGreenGas program as a voluntary pilot program, where only customers making an affirmative choice to participate would be assessed a surcharge to recover the cost of the landfill gas premium. In support thereof, Applicant states as follows:

1. MichCon is a subsidiary of DTE Energy Company, a Michigan corporation with its principal offices located at One Energy Plaza Detroit, Michigan, 48226. MichCon is a public utility subject to the jurisdiction of the Michigan Public Service Commission and is engaged in the acquisition, storage, transportation, distribution and sale of natural gas and other related services to approximately 1.2 million residential, commercial and industrial customers within the State of Michigan.

2. MichCon is currently providing service to its retail natural gas transportation, storage and distribution customers under rates, terms and conditions established in the

Commission's June 3, 2010 Order in Case No. U-15985. MichCon implemented the rates approved in Case No. U-15985 for all services rendered on and after June 4, 2010.

3. Recently, MichCon conducted product feasibility studies to, (a) assess the general attitude toward renewable natural gas, (b) gauge the level of customer interest in a renewable natural gas product, and (c) understand customer expectations, preferences, and aversions to a renewable natural gas product offering. Forty percent (40%) of research participants expressed interest in subscribing to a renewable natural gas product offering from the Company. MichCon's customers' described values and reasons to participate included: (a) help sustain the environment, (b) use a resource already produced, (c) support alternative energy initiatives, (d) reduce emissions, pollutants and greenhouse gases, (e) support alternative energy initiatives to help lower costs in the long-term.

4. Based on its research result, MichCon is seeking in this Application, as supported by the attached Affidavits, the Commission's *Ex Parte* approval to implement the BioGreenGas pilot program. BioGreenGas will be marketed as a voluntary program to residential customers (Gas Cost Recovery) where they elect to pay a renewable resource premium to support the consumption and development of natural gas generated from renewable biogas resources.

5. MichCon proposes to market BioGreenGas as a pilot program for a period of up to 18 months. If customer acceptance of BioGreenGas is determined favorable, then MichCon may file a revised *Ex Parte* Application for Commission approval to expand BioGreenGas and extend the program's duration and or scope. If the Company determines that a revised filing is necessary, then MichCon expects to make such a filing during the pilot period so that pilot subscribers will not experience an interruption between the end of the pilot and the beginning of the modified program. If BioGreenGas is undersubscribed during the 18-month period, then the

program will be capped at month 19. If capped, then current subscribers participating in the pilot at month 19 can remain on the program until the revenue receipts equal the landfill gas premium, which will not exceed a 24-month period. Under this scenario at month 25, MichCon would officially close the program and subscribers would be notified of the termination.

6. The cost of the gas for this program will not be included in the GCR cost of gas sold, and therefore this program will have no effect on MichCon's GCR customers who do not elect to enroll in the pilot.

7. MichCon will ensure that it is clear in the Company's GCR filings that none of the BioGreenGas costs are included in the booked cost of gas sold. Specifically, when landfill gas is purchased for this pilot program, the costs of the purchase will be recorded to account 813, Other Gas Supply Expenses. When that gas is sold, as described in the affidavit of Eric W. Clinton, the dollars received from that sale will be credited to account 813. A unique sub-account within account 813 will be established to capture the costs from the BioGreenGas program to ensure they are excluded from costs included in the GCR. The difference between the original purchase and the re-sale into the market represents the premium paid for the environmental benefits of the landfill gas. The revenue received from customers participating in the BioGreenGas program will be credited to account 495, Other Gas Revenues. The program is designed such that the revenue billed will cover the landfill gas premium, with no profit or loss, the total revenue accumulated in account 495 for the life of the pilot program is expected to equal the net expense booked to account 813. Any income or loss resulting from actual results differing from the plan design, are expected to be immaterial.

8. Additional details and support for the BioGreenGas pilot program are provided by the accompanying affidavits of Ms. Marca M. Brown, Mr. James A. Brunell, Mr. Eric W. Clinton, and Mr. Peter M. Ryneerson attached to this Application.

9. The BioGreenGas pilot program details are contained in a proposed tariff sheet, Standard Contract Rider No. 1 “Pilot BioGreenGas Program, attached to the affidavit of James A. Brunell as Exhibit JAB-1.

10. At this time, MichCon is not requesting any change in the rates or cost of service to any customers other than those that voluntarily choose to participate in the BioGreenGas pilot program. Further, the accounting authority requested in this Application does not preclude parties in future general rate cases from challenging the recovery resulting from such accounting authority. Thus, the approval of the voluntary BioGreenGas pilot program tariff, may be authorized by the Commission without notice or hearing as provided by MCL 460.6a; MSA 22.13(6a).

WHEREFORE, Applicant requests that this Commission and enter an ex parte final order that:

- A. Accepts for filing this *Ex Parte* Application and the accompanying Standard Contract Rider No. 1 “Pilot BioGreenGas Program.”;
- B. Approves Applicant’s BioGreenGas pilot program proposal as described in this Application and the attached affidavits of Ms. Marca M. Brown, Mr. James A. Brunell, Mr. Eric W. Clinton, and Mr. Peter M. Ryneerson;
- C. Approves MichCon’s attached Standard Contract Rider No. 1 “Pilot BioGreenGas Program”;

- D. Authorize Applicant to amend its Schedule of Rates to include the attached Standard Contract Rider No. 1 “Pilot BioGreenGas Program”;
and
- E. Grant Applicant such further additional relief and authority, as the Commission may deem necessary, suitable and appropriate.

Respectfully submitted,

MICHIGAN CONSOLIDATED GAS COMPANY

By: _____
Richard P. Middleton (P41278)
David S. Maquera (P66228)
One Energy Plaza, 688 WCB
Detroit, Michigan 48226
(313) 235-3724

Dated: February 21, 2012

In the matter of the request of
MICHIGAN CONSOLIDATED GAS COMPANY
 for authority to implement a BioGreenGas pilot
 program

[illegible]

1. I am a Marketing Program Manager in Gas Sales & Marketing for Michigan Consolidated Gas Company (MichCon or Company). I graduated from Michigan State University with a Bachelor of Science in Engineering Arts. I also graduated with a Master of Business Administration (MBA) from the University of Michigan Business (Ross School of Business). Upon earning my MBA, I worked for Masco Corporation in various marketing capacities (including management) for 9 years. Following Masco Corporation I joined Visteon Corporation, where I held various customer-facing marketing positions, including Customer Marketing Manager and Senior Manager of Market Development. In July 2011, I joined MichCon as a Marketing Program Manager responsible for

creating the framework, formal structure and strategic planning process for the Gas Sales & Marketing organization. In January 2012, my role expanded and I assumed marketing responsibility for the residential market.

2. As Marketing Program Manager for MichCon, I am responsible for developing value-added programs and services for the residential market segment.
3. With this Filing, MichCon is seeking the Michigan Public Service Commission's (Commission) Ex Parte approval to implement a Natural Gas Renewable Resource Pilot Program (BioGreenGas). BioGreenGas will be marketed as a voluntary program to residential customers (Gas Cost Recovery) where they elect to pay a renewable resource premium to support the consumption and development of natural gas generated from renewable biogas resources.
4. MichCon conducted product feasibility studies to (a) assess the general attitude toward renewable natural gas, (b) gauge the level of customer interest in a renewable natural gas product, (c) understand customer expectations, preferences, and aversions of a renewable natural gas product offering. The research concluded that 40% of research participants expressed interest in subscribing to a renewable natural gas product offering from the Company. Customer described value and reasons to participate include (a) help sustain the environment, (b) use a resource already produced, (c) support alternative energy initiatives, (d) reduce emissions, pollutants and greenhouse gases, (e) support alternative energy initiatives to help lower costs in the long-term.

5. Customers enrolled in the BioGreenGas pilot program will pay a fixed price of \$2.50/month and can withdraw from the program following one complete billing period. The pilot will be limited to the first 2,000 customers that elect to participate. Incoming revenue from customer payments will be utilized to recover the cost of the landfill gas premium. The landfill gas premium represents the cost of the environmental attributes associated with landfill gas which does not include the cost of the actual natural gas commodity. All additional costs to administer the pilot program including Marketing, and Information Technology development estimated at \$100,000, will be absorbed by the Company. Therefore, the pilot, as designed, is financially unfavorable and will lose money.
6. Favoring Michigan-based facilities, MichCon will seek the procurement of the renewable landfill gas from a local source.
7. It is expected that the pilot program will be marketed for a period up to 18 months. If customer acceptance of BioGreenGas is determined favorable, then MichCon may file a revised Ex Parte Application for Commission approval to appropriately modify the BioGreenGas program. The potential filing would occur during the pilot period so that pilot subscribers will not experience an interruption between the pilot and modified program. If BioGreenGas is undersubscribed during the 18-month period, then the program will be capped at month 19. If capped, then current subscribers participating in the pilot at month 19 can remain on the program until the revenue receipts equal the landfill gas premium,

which will not exceed a 24-month period. At month 25, the program will officially close and subscribers will be notified of the program termination.

8. The above representations are true and accurate to the best of my knowledge and belief. Commission approval of the BioGreenGas pilot program that I have described above will not cause alteration or amendment to MichCon's rates or rate schedules for any non-participating MichCon customers.

Marca M. Brown

Subscribed and sworn to before me
this 21st day of February, 2012.

Marilyn Y. Oliver, Notary Public
Wayne County, Michigan
My Commission Expires: 3-26-2015

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)
MICHIGAN CONSOLIDATED GAS COMPANY)
for authority to implement a BioGreenGas pilot)
program)
_____)

Case No. U-16975
(Paperless e-file)

AFFIDAVIT OF James A. Brunell

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)

James A. Brunell, being first duly sworn, deposes and says:

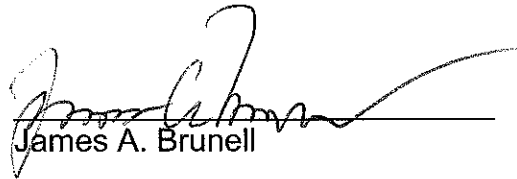
1. I am a consultant in Regulatory Affairs department at DTE Energy Corporate Services, LLC. I graduated from the University of Massachusetts. I began my career at DTE Energy in 2000 as a Senior Regulatory Strategist in the Regulatory Policy and Operations Department. In 2001, I began working as a Consultant in the Federal Regulatory group, which is a subset of the Regulatory Policy and Operations department, where my focus was transmission rates and transmission rate design. I also managed the Company's Market Based Rates (MBR) filings before the Federal Energy Regulatory Commission (FERC). In 2008, I began the transition from working on predominantly

Federal electric issues to working on cases for Michigan Consolidated Gas Company (MichCon) before the Michigan Public Service Commission (Commission).

2. In my current role, I manage MichCon's Gas Cost Recovery (GCR) cases before the MPSC.
3. With this filing, MichCon is seeking the Commission's ex parte approval of its request to implement the BioGreenGas pilot program, which is described in the affidavit of Marca M. Brown.
4. Participation in the BioGreenGas pilot program will be voluntary. Customers will have to make an affirmative election in order to be enrolled. Upon enrollment, each participating customer will be charged two dollars and fifty cents per month. Enrolled customers will be able to cancel their participation following one complete billing period. This pilot program's enrollment will be capped at 2,000 customers. If the program is successful, a new application may be made with the Commission to expand and or extend the pilot. If the program is not expanded, it will either be terminated at the earlier of full recovery of BioGreenGas pilot program's landfill gas purchase premium or at the end of the twenty-fourth month operation. The BioGreenGas pilot program details are contained in a proposed tariff sheet, attached to this affidavit as exhibit JAB-1
5. The cost of the gas for this program will not be included in the GCR cost of gas sold, and therefore this program will have no effect on MichCon's

GCR customers who do not elect to enroll in the pilot. The accounting for the gas costs of this project are described in the affidavit of Peter M. Ryneerson. The Company will submit an informational filing after each twelve months of program operation and upon program termination detailing customer count, and program revenue by month.

6. The above representations are true and accurate to the best of my knowledge and belief. Commission approval of the BioGreenGas pilot program described in this Application and attached affidavits will not cause alteration or amendment to MichCon's rates or rate schedules for any non-participating MichCon customers.



James A. Brunell

Subscribed and sworn to before me
this 21st day of February, 2012.

Marilyn Y. Oliver, Notary Public
Wayne County, Michigan
My Commission Expires: 3-26-15

In the matter of the request of
MICHIGAN CONSOLIDATED GAS COMPANY
for authority to implement a BioGreenGas pilot
program

STATE OF MICHIGAN)
COUNTY OF WAYNE) ss.

1. I am employed by Michigan Consolidated Gas Company ("MichCon" or "the Company") as a Principal Analyst in the Gas Supply and Planning Organization. I received a Bachelor of Business Administration degree in Finance in May 1999 from the University of Michigan - Flint. In addition, I have completed several courses and seminars related to utility accounting, economics, finance, and ratemaking.
2. As a Principal Analyst, my primary responsibilities include analyzing North American and global natural gas markets to develop appropriate gas supply strategies, administering MichCon's fixed price program, and developing long and short-term supply and interstate pipeline

transportation strategies. I am also responsible for the preparation of testimony and exhibits in Gas Cost Recovery ("GCR") plan and reconciliation proceedings for MichCon. In addition, I am directly involved in executing spot and term purchases of physical fixed price and indexed natural gas supply. Finally, I will be responsible for securing gas supply for the BioGreenGas pilot program.

3. The source of the natural gas supply for MichCon's BioGreenGas program will be a landfill located in the State of Michigan. MichCon plans to purchase 10,000 dekatherms (Dth) of natural gas from the landfill gas producer (LPG) at a price of \$10 per Dth totaling \$100,000.
4. Landfill gas requires a premium to the market price of natural gas as it is a renewable energy source with environmental attributes.
5. MichCon will immediately sell the 10,000 Dth of landfill gas purchased from the LPG into the market, but the sale will not include the environmental attributes, which will be retained by MichCon. For illustrative purposes only, assuming a market price of natural gas at \$3 per Dth, the resulting market sale will generate \$30,000. Therefore, the landfill gas purchase cost of \$100,000 less the amount resulting from the subsequent market sale of \$30,000 equals \$70,000 which is the realized landfill gas premium. The \$70,000 landfill gas premium represents the cost of the environmental attributes associated with landfill gas which excludes the cost of the actual natural gas commodity.
6. Based on the \$3 per Dth market price, the estimated landfill gas premium of \$70,000 will be recovered as MichCon collects revenue from

customers who are enrolled in the BioGreenGas Pilot Program.

7. The above representations are true and accurate to the best of my knowledge and belief.


ERIC W. CLINTON

Subscribed and sworn to before me
this 21st day of February, 2012.

Marilyn Y. Oliver, Notary Public
Wayne County, Michigan
My Commission Expires: 3-26-2015

In the matter of the request of **Michigan Consolidated Gas Company** seeking authority to implement a BioGreenGas Pilot Program

1. I am Controller of Michigan Consolidated Gas Company (MichCon or Company) and other energy gas subsidiaries of DTE Energy. I graduated from Wayne State University in 1986 with a Bachelor of Arts in Business Administration and a major in accounting. I also graduated with a Master of Business Administration from the University of Michigan Business School (Ross School of Business) in 2010.
2. As Controller of MichCon, I am responsible for all areas of accounting and financial reporting including budgeting, forecasting, financial planning, project analysis, regulatory support and accuracy of financial statements.
3. With this Filing, and as is more fully described in the affidavit of Marca M. Brown, MichCon is seeking the Michigan Public Service

Commission's (Commission) ex parte approval of its request to implement the BioGreenGas pilot program.

4. The Company proposes to record the revenues and related cost of purchased gas for the pilot program in accounts that are not included in the GCR. As a result, the BioGreenGas pilot program will have no affect on the GCR cost of gas sold. Costs to administer the pilot are expected to be immaterial and will be expensed to Operations and Maintenance as incurred.
5. When landfill gas is purchased for this pilot program, the costs of the purchase will be recorded to account 813, Other Gas Supply Expenses. When that gas is sold, as described in the affidavit of Eric W. Clinton, the dollars received from that sale will be credited to account 813. A unique sub-account within account 813 will be established to capture the costs from the BioGreenGas program to ensure they are excluded from costs included in the GCR. The difference between the original purchase and the re-sale into the market represents the premium paid for the environmental benefits of the landfill gas.
6. As explained in the affidavit of Marca M. Brown, based on the results of the pilot, MichCon may choose to expand the program. Should an expansion occur, MichCon could request accounting authority to defer the landfill gas premium and amortize it over the related revenue collection period.
7. The revenue received from customers participating in the BioGreenGas

program will be credited to account 495, Other Gas Revenues. The program is designed such that the revenue billed will cover the landfill gas premium, with no profit or loss, the total revenue accumulated in account 495 for the life of the pilot program is expected to equal the net expense booked to account 813. Any income or loss resulting from actual results differing from the plan design, are expected to be immaterial.

8. The above representations are true and accurate to the best of my knowledge and belief. Commission approval of a BioGreenGas pilot program as described in this application and attached affidavits will not cause alteration or amendment to MichCon's rates or rate schedules for any non-participating MichCon customers.


PETER M. RYNEARSON

Subscribed and sworn to before me
this 21st day of February, 2012.

Marilyn Y. Oliver, Notary Public
Wayne County, Michigan
My Commission Expires: 3-26-2015

M.P.S.C. No. 5 – Gas
Michigan Consolidated Gas Company

Original Sheet No. D-21.00

Standard Contract Rider No. 1

Pilot BioGreenGas Program

Availability:

Participation in the pilot BioGreenGas program is voluntary. Rider No. 1 is available on a first come first served basis to GCR customers taking service under Rates A or AS. Customers who elect Rider No 1. (will pay a monthly premium to promote the consumption of landfill gas that might otherwise be vented into the atmosphere. This program's enrollment will be capped at 2,000 customers at any one time. Participation in this pilot will be available for a period of up to twenty-four months from the effective date of this sheet. Customers must make an active election to participate in Rider No. 1. Individual Rider No. 1 customers will be able to terminate their participation at any time, effective with their next customer bill if notification is made more than fifteen days prior to the beginning of the next month.

Rate:

Rider Surcharge: \$2.50 per Customer per month

Minimum Term:

The minimum term available to residential customers is one complete billing month extending thereafter from month to month until terminated by the customer or termination of the BioGreenGas program, whichever occurs earlier.

Issued _____, 2012
D. G. Brudzynski
Vice President
Regulatory Affairs

Detroit, Michigan

Effective for service rendered on
and after _____, 2012

Issued under authority of the
Michigan Public Service Commission
Dated _____, 2007
In Case No. U-116975

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of **Michigan**)
Consolidated Gas Company seeking authority)
to Implement a BioGreen Gas Pilot Program)
_____)

Case No. U-16975
(Paperless e-file)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

Marilyn Y. Oliver, being duly sworn, deposes and says that on the 21st day of February, 2012, a copy of the Ex-Parte Application of Michigan Consolidated Gas Company Seeking Authority to Implement a Green Gas Program with Supporting Affidavits in the above captioned matter was served upon the persons on the attached service list via e-mail.

Marilyn Y. Oliver

Subscribed and sworn to before
me this 21st day of February 2012

Lorri A. Hanner, Notary Public
Wayne County, Michigan
My Commission Expires: 4-20-13
Acting in Wayne County

MPSC Case No. U-16975
SERVICE LIST

Steve Hughey
Assistant Attorney General
Michigan Public Service Commission
6545 Mercantile Way, Suite 15
Lansing, MI 48911
hugheys@michigan.gov

2012 Order Approving DTE's RNG Pilot Program

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
MICHIGAN CONSOLIDATED GAS COMPANY)	
seeking <i>ex parte</i> approval for authority to implement)	Case No. U-16975
a BioGreenGas Pilot Program.)	
_____)	

At the April 17, 2012 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Orjiakor N. Isiogu, Commissioner
Hon. Greg R. White, Commissioner

ORDER

On February 21, 2012 Michigan Consolidated Gas Company (Mich Con) filed an application seeking approval to implement an experimental natural gas renewable resource pilot program (BioGreenGas) rider (Rider).

Mich Con's application describes the pilot program Rider as a voluntary option for up to 2,000 Gas Cost Recovery (GCR) customers to obtain their natural gas from renewable natural gas sources.

Mich Con's BioGreenGas pilot program will be marketed as a voluntary program to residential customers who may elect to pay a renewable resource premium of \$2.50 per month to support the consumption and development of natural gas generated from renewable biogas resources. Participation in this pilot will be available for a period of up to twenty-four months from

the effective date of the approved tariff. Customers will be able to terminate their participation in the program at any time.

The Commission has reviewed the application and concludes that approval is reasonable and in the public interest. Because the BioGreenGas program will not result in a rate increase for any other customer, *ex parte* approval is appropriate.

THEREFORE, IT IS ORDERED that:

A. Michigan Consolidated Gas Company's application is approved.

B. Michigan Consolidated Gas Company shall file with the Commission, within 30 days of the date of this order a tariff sheet substantially similar to that attached to this order as Exhibit A.

C. Michigan Consolidated Gas Company shall file with the Commission in this docket, within 12 months of the date of this order, a report on participation levels and cost of marketing its BioGreenGas program.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Orjiakor N. Isiogu, Commissioner

Greg R. White, Commissioner

By its action of April 17, 2012.

Mary Jo Kunkle, Executive Secretary

M.P.S.C. No. 5 – Gas
Michigan Consolidated Gas Company

Original Sheet No. D-21.00

Standard Contract Rider No. 1**Pilot BioGreenGas Program****Availability:**

Participation in the pilot BioGreenGas program is voluntary. Rider No. 1 is available on a first come first served basis to GCR customers taking service under Rates A or AS. Customers who elect Rider No 1. (will pay a monthly premium to promote the consumption of landfill gas that might otherwise be vented into the atmosphere. This program's enrollment will be capped at 2,000 customers at any one time. Participation in this pilot will be available for a period of up to twenty-four months from the effective date of this sheet. Customers must make an active election to participate in Rider No. 1. Individual Rider No. 1 customers will be able to terminate their participation at any time, effective with their next customer bill if notification is made more than fifteen days prior to the beginning of the next month.

Rate:

Rider Surcharge: \$2.50 per Customer per month

Minimum Term:

The minimum term available to residential customers is one complete billing month extending thereafter from month to month until terminated by the customer or termination of the BioGreenGas program, whichever occurs earlier.

Issued _____, 2012
D. G. Brudzynski
Vice President
Regulatory Affairs

Detroit, Michigan

Effective for service rendered on
and after _____, 2012

Issued under authority of the
Michigan Public Service Commission
Dated _____, 2007
In Case No. U-116975

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-16975

County of Ingham)

Mignon Middlebrook being duly sworn, deposes and says that on April 17, 2012 A.D. she served a copy of the attached Commission Order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Mignon Middlebrook

Subscribed and sworn to before me
This 17th day of April 2012

Gloria Pearl Jones
Notary Public, Ingham County, MI
My commission expires June 5, 2016
Acting in Eaton County

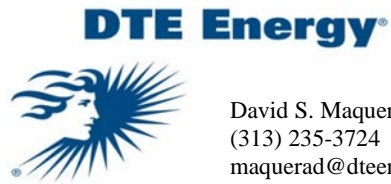
Service List U-16975

David S. Maquera
Corporate Counsel
DTE Energy
1 Energy Plaza #688-WCB
Detroit MI 48226

Michigan Consolidated Gas Company
Sandra K. Ennis
One Energy Plaza
Detroit MI 48226

2013 Report on DTE's RNG Program

DTE Gas Company
One Energy Plaza, 688 WCB
Detroit, MI 48226-1279



David S. Maquera
(313) 235-3724
maquerad@dteenergy.com

April 17, 2013

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 15
Lansing, Michigan 48909-7721

Re: In the matter of the request of **Michigan Consolidated Gas Company**
seeking authority to implement a BioGreenGas Pilot Program
Case No. U-16975

Dear Ms. Kunkle:

Attached for electronic filing in the above-referenced case is DTE Gas Company's¹ report for the BioGreenGas Pilot program detailing participation levels and the cost of marketing.

Very truly yours,

David S. Maquera

DSM/lah
Attachments
cc: Service List

¹ Effective January 1, 2013 Michigan Consolidated Gas Company changed its legal name to DTE Gas Company. Because this case was originally captioned under the legal name of Michigan Consolidated Gas Company and will conclude subsequent to the legal name change to DTE Gas Company, both names are used throughout this document.

Michigan Public Service Commission

Case No.: U-16975

DTE Gas Company

BioGreenGas Pilot Program

Report on Participation Levels and Marketing Expense as of March 31, 2013

Line

1	Program Enrollment		1,307
2	Program Marketing Expense	\$	90,801

STATE OF MICHIGAN

In the matter of the request of **Michigan Consolidated Gas Company** seeking authority to Implement a BioGreen Gas Pilot Program)
)
)

PROOF OF SERVICE

STATE OF MICHIGAN)
) s s
COUNTY OF WAYNE)

MARILYN Y. OLIVER, being duly sworn, deposes and says that on the 17th day of April, 2013, a copy of the DTE Gas Company¹'s report for the BioGreenGas Pilot program in the above captioned matter was served upon the persons on the attached service list via e-mail.

MARILYN Y. OLIVER

Subscribed and sworn to before
me this 17th day of April, 2013

Lorri A. Hanner, Notary Public
 Wayne County, Michigan
 My_Commission Expires: 4-20-13
 Acting in Wayne County

¹ fn: Effective January 1, 2013 Michigan Consolidated Gas Company changed its legal name to DTE Gas Company. Because this case was originally captioned under the legal name of Michigan Consolidated Gas Company and will be concluded subsequent to the legal name change to DTE Gas Company, both names are used throughout this document.

MPSC Case No. U-16975
SERVICE LIST

Steve Hughey
Division Chief
Department of Attorney General
Public Service Division
6520 Mercantile Way, Suite 1
Lansing, MI 48911
hugheys@michigan.gov

DTE's 2014 Petition to Make its RNG Program a Permanent Offering

DTE Gas Company
One Energy Plaza, 688 WCB
Detroit, MI 48226-1279

DTE Energy®



RICHARD P. MIDDLETON
Attorney
(313) 235-3647

September 11, 2014

Ms. Sally L. Wallace
Executive Secretary
Michigan Public Service Commission
4300 W. Saginaw Highway
PO Box 30221
Lansing, MI 48909

Re: In the matter of the request of DTE Gas Company seeking authority to implement
a Permanent BioGreenGas Program and associated accounting practices
Case No. U-17628

Dear Ms. Wallace:

Attached for electronic filing in the above-captioned matter is DTE Gas Company's Ex Parte Application along with supporting testimony and exhibits. Also attached is a Proof of Service.

Very truly yours,

Richard P. Middleton

RPM/kbk
Attachments
cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)	
DTE Gas Company seeking authority)	Case No. U-17628
to implement a Permanent BioGreenGas)	paperless e-file
<u>Program and associated accounting practices</u>)	

**EX PARTE APPLICATION OF DTE GAS COMPANY SEEKING AUTHORITY TO
IMPLEMENT A PERMANENT GREEN GAS PROGRAM**

DTE Gas Company (hereinafter “Applicant”, “Company” or “DTE Gas”), files this Application requesting authority from the Michigan Public Service Commission (hereinafter “Commission” or “MPSC”) to implement a permanent Natural Gas Renewable Resource Pilot Program (“BioGreenGas”). DTE Gas intends at this time to offer the BioGreenGas program as a voluntary permanent program, where only customers making an affirmative choice to participate would be assessed a surcharge to recover the cost of the landfill gas premium. In support thereof, Applicant states as follows:

1. DTE Gas Company is a subsidiary of DTE Energy Company, a Michigan corporation with its principal offices located at One Energy Plaza Detroit, Michigan, 48226. DTE Gas is a public utility subject to the jurisdiction of the Michigan Public Service Commission and is engaged in the acquisition, storage, transportation, distribution and sale of natural gas and other related services to approximately 1.2 million residential, commercial and industrial customers within the State of Michigan.

2. DTE Gas is currently providing service to its retail natural gas transportation, storage and distribution customers under rates, terms and conditions established in the Commission’s December 20, 2012 and April 16, 2013 Orders in Case No. U-16999. DTE Gas

implemented the rates approved in Case No. U-15985 for all services rendered on and after January 1, 2013 and May 1, 2013 respectively.

3. On March 31, 2014 in Case No. U-17590 DTE Gas Company sought Commission approval to extend its current pilot BioGreenGas program for up to 12 months while the Company developed its permanent BioGreenGas program. On April 15, 2014 the Commission issued its order approving the extension of the pilot program. With this application, DTE Gas seeks Commission approval of a permanent BioGreenGas program as described further in this application and the attached testimony and exhibits.

4. As explained in the testimony supporting this application the BioGreenGas pilot program met all pre-defined key indicator targets defined as (a) reach target participation level of 2,000 customers, (b) customers hold a high opinion of the program offering, and (c) program offering helps enhance the perception of DTE Energy. Additionally, after being marketed for approximately 130 days, the program successfully obtained over 3,000 applications and has over 100 people on a waitlist.

5. DTE Gas proposes to retain the original pilot program design. This means DTE Gas will market the permanent program as a voluntary program to residential and small-medium business customers. Customers will elect to pay a renewable resource premium to support the development and consumption of natural gas generated from renewable biogas resources. Customers that have an affinity toward environmental causes will be initially targeted, followed by customers that are neutral toward the environment.

6. Under the permanent BioGreenGas program customers will be charged a fixed monthly price of \$2.50. Specifically, GCR residential customers taking service under rates A or AS, and small to medium business customers taking service under rates GS-1 or GS-2 will be

eligible to participate. The cost of the gas for this program will not be included in the GCR cost of gas sold, and therefore this program will have no effect on DTE Gas's GCR customers who do not elect to enroll in the program. The pilot was capped at 2,000 participants, and the Company is requesting that this cap be removed as part of the permanent program.

7. Based on customer participation during the pilot program and telepanels conducted by the Company across its service territory, it is apparent certain customers within the eligible customers classes find the BioGreenGas program beneficial because among other things it recovers methane that is currently released without benefit and applying it to good use, and reduces greenhouse gas emissions. In addition, the fixed price provides a limited and predictable expense for business customers who already have an environmental focus that is easier to manage than a cost structure tied to their actual business' monthly usage.

8. The source of the natural gas supply for DTE Gas's BioGreenGas Program will be a landfill located in the State of Michigan. DTE plans to purchase this pipeline quality biomethane from the landfill gas producer and then sell the commodity back into the market. Landfill gas requires a premium to the market price of natural gas as it is a renewable energy source with environmental attributes. Currently, DTE has purchased 10,000 Dth for the period April 2014 through March 2015 to meet program gas supply requirements.

9. To insure that the costs of the BioGreenGas program remain separate from GCR DTE Gas the Company proposes to record the revenues and related cost of purchased gas for this program in accounts that are not included in the GCR. As a result, the BioGreenGas program will have no effect on the GCR cost of gas sold. Furthermore, the costs to administer the program are expected to be immaterial and will be expensed to Operations and Maintenance as incurred. To accomplish these goals DTE Gas proposes to implement the following accounting

procedures. When landfill gas is purchased for this program, the costs of the purchase will be recorded to account 813, Other Gas Supply Expenses. When that gas is sold, the dollars received from that sale will be credited to account 813. A unique sub-account within account 813 will be established to capture the costs from the BioGreenGas program to ensure they are excluded from costs included in the GCR. The difference between the original purchase and the re-sale into the market represents the premium paid for the environmental benefits of the landfill gas.

10. Additional details and support for the BioGreenGas pilot program are provided by the testimony of Ms. Marca M. Brown, Ms. Dawn M. Levitt, Ms. Barbara J. Tuckfield, and the testimony and exhibit of Ms. Deborah C. Hayes, that are attached to this Application.

11. The BioGreenGas program details are contained in a proposed tariff sheet, Standard Contract Rider No. 1 “Pilot BioGreenGas Program”, attached to the testimony of Ms. Deborah C. Hayes as Exhibit A-1.

12. At this time, DTE Gas is not requesting any change in the rates or cost of service to any customers other than those that voluntarily choose to participate in the BioGreenGas program. Further, the accounting authority requested in this Application does not preclude parties in future general rate cases from challenging the recovery resulting from such accounting authority. Thus, the approval of the voluntary BioGreenGas program tariff, may be authorized by the Commission without notice or hearing as provided by MCL 460.6a(1).

WHEREFORE, Applicant requests that this Commission enter an ex parte final order that:

- A. Accepts for filing this *Ex Parte* Application and the accompanying Standard Contract Rider No. 1 “BioGreenGas Program”;
- B. Approves Applicant’s BioGreenGas permanent program proposal as described in this Application and the attached testimony and exhibit;
- C. Approves DTE Gas’s attached Standard Contract Rider No. 1 “BioGreenGas Program”;
- D. Authorize Applicant to amend its Schedule of Rates to include the attached Standard Contract Rider No. 1 “BioGreenGas Program”;
- E. Approves DTE Gas proposed accounting practices associated with the BioGreenGas program; and,
- F. Grant Applicant such further additional relief and authority, as the Commission may deem necessary, suitable and appropriate.

Respectfully submitted,

DTE GAS COMPANY

By: _____
Richard P. Middleton (P41278)
One Energy Plaza, 688 WCB
Detroit, Michigan 48226
(313) 235-3647

Dated: September 11, 2014

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)
DTE Gas Company seeking authority)
to implement a Permanent BioGreenGas)
Program and associated accounting practices)

Case No. U-17628

QUALIFICATIONS
AND
DIRECT TESTIMONY
OF
MARCA M. BROWN

DTE GAS COMPANY
QUALIFICATIONS OF MARCA M. BROWN

Line
No.

1 **Q. What is your name, business address and by whom are you employed?**

2 A. My name is Marca M. Brown. My business address is: One Energy Plaza, Detroit,
3 Michigan 48226. I am employed by DTE Gas within Gas Sales & Marketing,
4 currently serving as Marketing Program Manager supporting the residential market.

5

6 **Q. On whose behalf are you testifying?**

7 A. I am testifying on behalf of DTE Gas Company.

8

9 **Q. What is your educational background?**

10 A. I graduated from Michigan State University with a Bachelor of Science in
11 Engineering Arts. I also graduated with a Master of Business Administration
12 (MBA) from the University of Michigan, Ross School of Business.

13

14 **Q. What work experience do you have?**

15 A. I worked for Masco Corporation in various marketing capacities, including
16 management, from 1992-2001. My career started as an Administrator for the
17 Remodeler Market, responsible for establishing an industry network and developing
18 a contractor program. Additional positions held included Senior Analyst, Project
19 Manager and Category Manager where I was responsible for increasing
20 productivity and improving sales and profitability for the decorative plumbing
21 business unit. My final career promotion at Masco was Manager, Project Marketing
22 and I was responsible for developing business strategies to drive integrated product
23 planning across 23 divisions. Following Masco I joined Visteon Corporation,
24 where I held various customer-facing marketing positions from 2002-2008.
25 Starting as a Customer Marketing Manager supporting the Ford Customer Business

Line
No.

1 Unit, I was responsible for leading internal and external marketing activities
2 required for pursuing business. I was promoted to Market Development Manager,
3 supporting the DaimlerChrysler Customer Business Unit, where I devised global
4 strategies to secure new business. Soon thereafter I was promoted to Senior
5 Manager, Market Development where I managed the department responsible for
6 generating upstream business opportunities for the Chrysler, Ford, General Motors
7 and Nissan Customer Business Units.

8
9 **Q. What is your DTE Energy work experience?**

10 A. In July 2010, I joined DTE Gas as a Marketing Program Manager responsible for
11 creating the framework, formal structure and strategic planning process for the Gas
12 Sales & Marketing organization. In January 2012 my role expanded and I assumed
13 marketing responsibility for the residential market.

14
15 **Q. What is your current position?**

16 A. I am the Marketing Program Manager for the residential market segment and have
17 held that position since January 2012. My current duties include designing viable
18 products and services that deliver incremental throughput in addition to enhancing
19 the customer experience through various customer satisfaction initiatives for the
20 residential retail market. Developing and enhancing formal business processes, and
21 implementing process improvements also fall within the realm of my
22 responsibilities.

23
24 **Q. Have you previously been involved in DTE Electric/Gas Company filings?**

25 A. I have developed marketing affidavits to support the following: a) February 21,

Line
No.

- 1 2012 filing to implement the experimental Natural Gas renewable resource pilot
- 2 program entitled BioGreenGas, and b) March 31, 2014 filing to extend the
- 3 experimental Natural Gas renewable resource pilot program, BioGreenGas.

DTE GAS COMPANY
DIRECT TESTIMONY OF MARCA M. BROWN

Line
No.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony is to seek the Michigan Public Service Commission's
3 (Commission) approval to grant an expansion of the BioGreenGas pilot program
4 and to establish BioGreenGas as a permanent program offering within the DTE Gas
5 renewable energy product portfolio.

6

7 **Q. What are the measures of success from the pilot program that would warrant an**
8 **expansion of BioGreenGas?**

9 A. The BioGreenGas pilot program was determined successful as it met all pre-defined
10 key indicator targets defined as (a) reach target participation level of 2,000 customers,
11 (b) customers hold a high opinion of the program offering, and (c) program offering
12 helps enhance the perception of DTE Energy. Additionally, after being marketed for
13 approximately 130 days, the program successfully obtained over 3,000 applications
14 and has over 100 people on a waitlist.

15

16 **Q. How will the permanent program offer be structured?**

17 A. The program will retain the original design elements of the pilot program. Positioned
18 as voluntary, customers must actively elect to participate. Customers will be charged
19 a fixed price of \$2.50 per month and they can withdraw from the program following
20 one complete billing period. Similar to the pilot program, the cost of the gas for the
21 permanent program will not be included in the GCR cost of gas sold, and therefore the
22 program will not have an effect on DTE Gas GCR customers who do not elect to
23 enroll in the program.

24

25 **Q. Excluding the cost of the renewable natural gas, does the \$2.50 monthly**

Line
No.

1 **customer charge cover any additional Company expenses?**

2 A. Incoming revenue from customer payments will be utilized to recover the cost of
3 the landfill gas premium. The landfill gas premium represents the cost of the
4 environmental attributes associated with landfill gas which does not include the cost
5 of the actual natural gas commodity. All additional costs to administer the
6 permanent program including Marketing and Information Technology will be
7 absorbed by DTE Gas. Therefore, the program, as designed, is financially
8 unfavorable and will lose money.

9

10 **Q. What customers will be eligible to participate in the permanent program?**

11 A. GCR residential customers taking service under rates A or AS, and small to
12 medium business customers taking service under rates GS-1 or GS-2.

13

14 **Q. Were product feasibility studies conducted to support the expansion of a**
15 **permanent program offering to include small-medium business customers?**

16 A. Yes, telepanels were conducted across the state with members of DTE Gas business
17 customer Internet panel. The product feasibility studies were conducted to (a)
18 assess the general attitude toward renewable natural gas, (b) gauge the level of
19 customer interest in a renewable natural gas product, and (c) understand customer
20 expectations, preferences, and aversions of a renewable natural gas product
21 offering. Customer described value and reasons to participate include (a)
22 recovering methane that is currently released without benefit and applying it to
23 good use is appealing, (b) reducing greenhouse gas emission is significantly
24 appealing to business customers who already have an environmental focus, (c)
25 anticipated goodwill generated among their customer base could lead to increased

Line
No.

1 sales – demonstrates a clear potential for a return on investment (ROI), (d) offering
2 a fixed price scenario provides a limited and predictable expense that would be
3 easier to manage than a cost structure tied to their actual business’ monthly usage,
4 and (e) administering a monthly program charge below \$5 is appealing and would
5 generate the greatest number of interested subscribers.

6
7 **Q. How will the permanent program be marketed?**

8 A. BioGreenGas will be marketed as a voluntary program to residential and small-
9 medium business customers. Customers will elect to pay a renewable resource
10 premium to support the development and consumption of natural gas generated
11 from renewable biogas resources. Customers that have an affinity toward
12 environmental causes will be initially targeted, followed by customers that are
13 neutral toward the environment. The benefits of subscribing in the BioGreenGas
14 program will be that it (a) supports the preservation of the environment by
15 preventing harmful methane from escaping into the atmosphere, (b) replaces some
16 of the non-renewable natural gas that is consumed daily, and (c) supports local
17 landfill gas production with its development of renewable natural gas generated
18 from biogas resources. Various marketing channels will be utilized to promote and
19 communicate the value of the program including direct mail, email, targeted social
20 media campaigns, website, print media, eNewsletters and marketing events.

21
22 **Q. Why does DTE Gas want to make BioGreenGas a permanent product offering**
23 **within its renewable energy product portfolio?**

24 A. Supporting renewable energy development contributes to the sustainability of
25 communities in which DTE Gas serves and to the betterment of Michigan’s

Line
No.

1 environment. Establishing BioGreenGas as a permanent program offering will
2 reinforce positive goodwill in the community and support customer expectations of
3 the role DTE should play as a good corporate citizen.

4

5 **Q. Does this complete your direct testimony?**

6 A. Yes, it does.

In the matter of the request of **DTE Gas Company** seeking authority to implement a Permanent BioGreenGas Program and associated accounting practices

QUALIFICATIONS
AND
DIRECT TESTIMONY
OF
DAWN M. LEVITT

DTE GAS COMPANY
QUALIFICATIONS OF DAWN M. LEVITT

Line
No.

1 **Q. What is your name and business address?**

2 A. My name is Dawn M. Levitt. My business address is One Energy Plaza, Detroit,
3 Michigan 48226.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by DTE Gas Company as Senior Gas Supply & Planning Analyst in
7 the Gas Supply and Planning Organization.

8

9 **Q. What is your educational background?**

10 A. I received a Bachelor of Business Leadership degree in December 1998 from the
11 Baker College – Port Huron. In addition, I have completed several courses and
12 seminars related to utility accounting, economics, finance, and ratemaking.

13

14 **Q. What is your business experience?**

15 A. In 1994, I joined SEMCO Energy Services, Inc., (Energy Services) the former
16 unregulated marketing division of SEMCO Energy Inc., (SEMCO). While with
17 Energy Services, I moved through a series of positions of increasing responsibility
18 within the Marketing and Transportation areas, ending as Senior Transportation
19 Analyst. During that time, I was responsible for the delivery of gas to all utilities in
20 the State of Michigan and several other utilities in the states of Wisconsin, Illinois,
21 Indiana, Ohio, Pennsylvania, New Jersey, New York and Massachusetts, as well as
22 importing and exporting gas to and from several Canadian provinces.

23

24 In 1998, I became the Supervisor of Gas Control with SEMCO Gas Company. In
25 this position, I reported directly to the Manager of Gas Supply and was involved in

Line
No.

1 operational portions of system supply planning. It was in this position that I was
2 responsible for the day to day balancing of the system, load forecasting, system
3 requirements, and storage monitoring and maintenance among other activities.
4 After several years in this position, I moved into the position of Rates Analyst.
5 While acting as a Rate Analyst, I filed testimony in GCR plan cases and the general
6 rate case as well as assisting in the creation of SEMCO's Gas Customer Choice
7 Tariff.

8
9 After leaving SEMCO, I was employed by Alternative Gas Suppliers who supplied
10 gas for the Gas Customer Choice (GCC) programs operated in the States of
11 Michigan in Ohio. While employed by both Lakeshore Energy Services and
12 Foster/MyChoice Energy, I became very familiar with the GCC programs currently
13 in operation in both Michigan and Ohio.

14
15 In August 2013, I assumed my current position as Senior Gas Supply & Planning
16 Analyst in the Gas Supply and Planning organization at DTE Gas.

17
18 **Q. What are your responsibilities as Senior Gas Supply & Planning Analyst for**
19 **DTE Gas?**

20 A. As Senior Gas Supply & Planning Analyst, my primary responsibilities include
21 analyzing North American and global natural gas markets to develop appropriate
22 gas supply strategies, administering DTE Gas's fixed price program, and
23 developing long and short-term supply and interstate pipeline transportation
24 strategies. I am also responsible for the preparation of testimony and exhibits in
25 Gas Cost Recovery (GCR) plan and reconciliation proceedings for DTE Gas.

Line
No.

1 Lastly, I am directly involved in executing spot and term purchases of physical
2 fixed price and indexed natural gas supply.

3

4 **Q. Have you previously testified or submitted testimony in any regulatory**
5 **proceedings?**

6 A. Yes. I sponsored testimony in several cases with SEMCO Energy Gas Company.
7 These included U-13622 and U-13960, which were both GCR filings, and U-13575
8 which was a general Rate Case filing. Additionally, while I was in the employ of
9 Lakeshore Energy Services, I testified on behalf of the Michigan Gas Customer
10 Choice Association (MGCCA) via intervention in the Michigan Gas Utilities
11 (MGU) GCR filing U-16481 in regards to the Reservation Charge proposed for
12 implementation in that plan case.

DTE GAS COMPANY
DIRECT TESTIMONY OF DAWN M. LEVITT

Line
No.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony in this proceeding is to present the existing
3 BioGreenGas Program to become a permanent program.

4

5 **Q. Are you sponsoring any exhibits in this proceeding?**

6 A. No, I am not.

7

8 **Q. What is the purpose of the BioGreenGas Program?**

9 A. The purpose of the BioGreenGas Program is to purchase biomethane manufactured
10 from the decomposition of organic matter in landfills, sell that commodity back into
11 the market while retaining the environmental credits from the purchase.

12

13 **Q. How does the BioGreenGas Program operate?**

14 A. The source of the natural gas supply for DTE's BioGreenGas Program will be a
15 landfill located in the State of Michigan. DTE plans to purchase this pipeline
16 quality biomethane from the landfill gas producer and then sell the commodity back
17 into the market. Landfill gas requires a premium to the market price of natural gas
18 as it is a renewable energy source with environmental attributes. The difference
19 between the market price for natural gas and the price for landfill gas is the value of
20 the environmental credits associated with landfill gas. For example, if DTE
21 purchases the landfill gas for \$10 per Dth and sells the commodity for \$4 per Dth,
22 the landfill gas then has environmental credits worth \$6 per Dth.

23

24 Upon approval of this program being made permanent, DTE Gas will proceed to
25 market the BioGreenGas Program to DTE Gas Customers. DTE Gas will then

Line
No.

1 purchase the landfill gas volumes to cover the projected consumption of the
2 program participants for the coming plan year. DTE Gas will then immediately sell
3 the corresponding volume of gas on the open market, retaining the environmental
4 attributes which is the realized landfill gas premium. This landfill gas premium
5 represents the cost of the environmental attributes associated with the landfill gas
6 which excludes the cost of the actual natural gas commodity.

7

8 **Q. How much gas has DTE Gas purchased under the BioGreenGas Program for**
9 **delivery in the April 2014-March 2015 GCR Period?**

10 A. Currently, DTE Gas has purchased 10,000 Dth for the April 2014 through March
11 2015 requirements.

12

13 **Q. Does this complete your direct testimony?**

14 A. Yes, it does.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)
DTE Gas Company seeking authority)
to implement a Permanent BioGreenGas)
Program and associated accounting practices)

Case No. U-17628

QUALIFICATIONS
AND
DIRECT TESTIMONY
OF
BARBARA J. TUCKFIELD

DTE GAS COMPANY
QUALIFICATIONS OF BARBARA J. TUCKFIELD

Line
No.

1 **Q. Will you please state your name and business address?**

2 A. My name is Barbara J. Tuckfield. My business address is One Energy Plaza,
3 Detroit, MI 48226-1221

4

5 **Q. What is your present position with DTE?**

6 A. I am Controller of DTE Gas.

7

8 **Q. What is your educational background and business experience?**

9 A. I received a Bachelor of Arts Degree in Economics from the University of
10 Michigan, a Bachelor of Science Degree in Accounting from Lawrence
11 Technological University and a Master of Business Administration from Lawrence
12 Technological University. After graduating, I worked outside of the energy
13 industry from 1990-1996. From 1996 until 2001, I was employed by ANR Pipeline
14 Company (ANR) in the Rates and Regulatory Affairs department. While with
15 ANR, I worked on numerous rate proceedings and filings before the Federal Energy
16 Regulatory Commission (FERC). My responsibilities included writing tariff
17 language and designing rates for new services. In 2001, I joined CMS Generation
18 (a subsidiary of CMS Energy). My responsibilities included accounting,
19 forecasting, financial modeling and strategic planning for the Controller of the
20 Generation Business Unit. In 2003 I was hired by DTE Gas, a subsidiary of DTE
21 Energy, as a Principal Energy Analyst. I worked in positions of increasing
22 responsibility which included accounting and the creation and maintenance of the
23 short and long-term forecasts. I have also provided regulatory accounting support
24 for cases filed at the MPSC. Currently, working as Controller of DTE Gas, I am
25 responsible for all areas of accounting and financial reporting including budgeting,

Line
No.

1 forecasting, financial planning, project analysis, regulatory support and accuracy of
2 financial statements.

3

4 **Q. Have you previously testified or sponsored testimony in any regulatory**
5 **proceedings?**

6 A. Yes. I sponsored testimony in the following Detroit Edison cases:

7 U-15159 Reconciliation and True-up of the Regulatory Asset Recovery
8 Surcharge (RARS) (2007)

9 U-15002-R Reconciliation of the 2007 Pension Equalization Mechanism

10 U-14838 Reconciliation of the Choice Incentive Mechanism (2007-2008)

11 U-15806 Renewable Energy Plan (2009)

12 U-16780 Revenue Decoupling Mechanism (RDM) Reconciliation (2011)

13 U-16813 Choice Implementation Surcharge Reconciliation (2011)

DTE GAS COMPANY
DIRECT TESTIMONY OF BARBARA J. TUCKFIELD

Line
No.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of this testimony is to support the accounting for the BioGreenGas
3 program.

5 **Q. What affect will this program have on the Gas Cost Recovery Mechanism?**

6 A. The Company proposes to record the revenues and related cost of purchased gas for
7 this program in accounts that are not included in the GCR. As a result, the
8 BioGreenGas program will have no effect on the GCR cost of gas sold. Costs to
9 administer the program are expected to be immaterial and will be expensed to
10 Operations and Maintenance as incurred.

12 **Q. What affect will this program have on non-participating customers?**

13 A. This program will not cause alteration or amendment to DTE Gas customer rates or
14 rate schedules for any non-participating customers.

16 **Q. Please explain the accounting for the purchase and sale of BioGreenGas for
17 this program?**

18 A. When landfill gas is purchased for this program, the costs of the purchase will be
19 recorded to account 813, Other Gas Supply Expenses. When that gas is sold, the
20 dollars received from that sale will be credited to account 813. A unique sub-
21 account within account 813 will be established to capture the costs from the
22 BioGreenGas program to ensure they are excluded from costs included in the GCR.
23 The difference between the original purchase and the re-sale into the market
24 represents the premium paid for the environmental benefits of the landfill gas.

25

Line
No.

1 **Q. Please explain the accounting for the revenue associated with the BioGreen for**
2 **this program?**

3 A. The revenue received from customers participating in the BioGreenGas program
4 will be credited to account 495, Other Gas Revenues. The program is designed
5 such that the revenue billed will cover the landfill gas premium, with no profit or
6 loss, the total revenue accumulated in account 495 for the life of the program is
7 expected to equal the net expense booked to account 813.

8

9 **Q. Does this complete your direct testimony?**

10 A. Yes, it does.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)
DTE Gas Company seeking authority)
to implement a Permanent BioGreenGas)
Program and associated accounting practices)

Case No. U-17628

QUALIFICATIONS
AND
DIRECT TESTIMONY
OF
DEBORAH C. HAYES

THE DETROIT EDISON COMPANY
QUALIFICATIONS OF DEBORAH C. HAYES

Line
No.

1 **Q. Will you please state your name and business address?**

2 A. My name is Deborah C. Hayes. My business address is One Energy Plaza, Detroit,
3 MI 48226-1221

4
5 **Q. What is your present position with DTE?**

6 A. I am a Senior Business Financial Analyst in Regulatory Affairs.
7

8 **Q. What is your educational background and business experience?**

9 A. I received a Bachelor of Science degree from the University of Minnesota. I began
10 my career in 1998 at DTE Energy as an Administrative Assistant in the Electric
11 Choice Implementation Team at Detroit Edison and since then, have assumed roles
12 of increasing responsibility. I joined Regulatory Affairs in 2004 as a Case
13 Coordinator and was promoted to the Load Research group in 2006 as an Associate
14 Analyst, then Analyst in 2008. In that capacity I performed usage data analysis for
15 applications as varied as individual customer inquiries to class profile development
16 and analysis for use in Allocation Schedules, Cost of Service Calculations and Rate
17 Design. I moved to the Case Litigation area in 2012 as a Senior Project Manager
18 and in 2013 transitioned to my current position. I have a broad knowledge of the
19 utility industry including regulatory structure, deregulation, pricing, rate schedules,
20 customer usage patterns, tariff interpretation and case management.

DTE GAS COMPANY
DIRECT TESTIMONY OF DEBORAH C. HAYES

Line
No.

1 **Q. What is the purpose of your testimony in this proceeding?**

2 A. The purpose of my testimony is to describe the BioGreenGas program in broad
3 detail, attest that the cost of gas will not be included in the GCR cost of gas sold
4 and submit the proposed tariff sheet.

5

6 **Q. Are you sponsoring any exhibits in this proceeding?**

7 A. Yes. I am sponsoring the following exhibit:

<u>Exhibit</u>	<u>Description</u>
A-1	Proposed Tariff Sheet

10

11 **Q. Was this exhibit prepared by you or under your direction?**

12 A. Yes, it was.

13

14 **Q. Why is the Company submitting this Application?**

15 A. With this filing, DTE Gas is seeking the Commission's approval to make the
16 BioGreenGas program permanent, which is described in the testimony of Company
17 Witness Ms. Marca M. Brown.

18

19 **Q. Is participation in the program voluntary?**

20 A. Yes. Participation in the BioGreenGas program is voluntary. Customers have to
21 make an affirmative election in order to be enrolled. Upon enrollment, each
22 participating customer is charged two dollars and fifty cents per month. Enrolled
23 customers are able to cancel their participation, effective following one complete
24 billing period, subsequent to their request. The BioGreenGas program details are
25 contained in a proposed revised tariff sheet, Exhibit A-1.

Line
No.

1

2 **Q. Will this program affect the GCR cost of gas sold?**

3 A. No. The cost of the gas for this program will not be included in the GCR cost of gas
4 sold, and therefore this program will have no effect on DTE Gas's GCR customers
5 who do not elect to enroll in the program.

6

7 **Q. Will this program affect DTE Gas's rates or rate schedules for any non-**
8 **participating DTE Gas customers?**

9 A. No. The program described in this Application and the attached exhibits will not
10 cause alteration or amendment to DTE Gas's rates or rate schedules for any non-
11 participating DTE Gas customers.

12

13 **Q. Does this complete your direct testimony?**

14 A. Yes, it does.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)
DTE Gas Company seeking authority)
to implement a Permanent BioGreenGas)
Program and associated accounting practices)

Case No. U-17628

EXHIBIT

OF

DEBORAH C. HAYES

M.P.S.C. No. 1 – Gas
DTE Gas Company
(To Establish Permanent Program)

Second Revised Sheet No. D-21.00
Replaces First Revised Sheet No. D-21.00

STANDARD CONTRACT RIDER NO. 1

Pilot BioGreenGas Program

Availability:

Participation in the pilot BioGreenGas program is voluntary. Rider No. 1 is available on a first come first served basis to GCR customers taking service under Rates A; AS; GS-1; AND GS-2. Customers who elect Rider No 1. will pay a monthly premium to promote the consumption of landfill gas that might otherwise be vented into the atmosphere. Participation in this ~~pilot~~ **program** will be available from the effective date of this sheet. ~~until such time as the Commission approves this program on a permanent basis.~~ Customers must make an active election to participate in Rider No. 1. Individual Rider No. 1 customers will be able to terminate their participation at any time, effective with their next customer bill, if notification is made more than fifteen days prior to the beginning of the next month.

Rate:

Rider Surcharge: \$2.50 per Customer per month

Minimum Term:

The minimum term available to customers is one complete billing month extending thereafter from month to month until terminated by the customer or termination of the BioGreenGas program, whichever occurs earlier.

Issued _____
D.M. Stanczak
Vice President
Regulatory Affairs
Detroit, Michigan

Effective for service rendered on
and after _____

Issued under authority of the
Michigan Public Service Commission
dated _____ in Case No. **U-17628**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the request of)	
DTE Gas Company seeking authority)	Case No. U-17628
to implement a Permanent BioGreenGas)	paperless e-file
<u>Program and associated accounting practices</u>)	

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

Tamika Turner, being duly sworn, deposes and says that on the 11th day of September, 2014, she served a copy of DTE Gas Company's Ex Parte Application along with supporting testimony and exhibits and Proof of Service upon the person on the attached service list via electronic mail.

TAMIKA TURNER

Subscribed and sworn to before
me this 11th day of September, 2014.

Karyn B. Kazyaka, Notary Public
Macomb County, Michigan
My Commission Expires: 7-21-2017
Acting in Wayne County

SERVICE LIST U-17628

Steven D. Hughey
Assistant Attorney General
Michigan Public Service Commission
6520 Mercantile Way, Suite 1
Lansing, MI 48911
hugheys@michigan.gov

2015 Order Approving DTE's Petition for a Permanent RNG Program Offering

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
DTE GAS COMPANY seeking authority to implement)	
a permanent BioGreenGas Program and associated)	Case No. U-17628
accounting practices.)	
_____)	

At the April 23, 2015 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER

On September 11, 2014, DTE Gas Company (DTE Gas) filed an application seeking *ex parte* approval for authority to implement a permanent BioGreenGas program. After a successful pilot program, DTE Gas plans to offer the BioGreenGas program as a voluntary permanent program. The natural gas renewable resource program would allow DTE Gas to purchase biomethane processed from the decomposition of organic matter in a Michigan landfill and permit it to sell that commodity to its customers while retaining the environmental credits from the purchase. The program would be available to residential and small-to-medium business customers who choose to participate. Program participants will be assessed a surcharge to recover the cost of the landfill gas premium.

In its April 17, 2012 order in Case No. U-16975, the Commission authorized DTE Gas (then Michigan Consolidated Gas Company) to initiate a BioGreenGas pilot program for up to 2,000 residential customers. DTE Gas filed a report in the docket on April 17, 2013, detailing participation levels and the cost of marketing the program.

In its April 15, 2014 order in Case No. U-17590, the Commission approved DTE Gas' application requesting authority to extend the pilot program for up to 12 months while the company developed its permanent program.

DTE Gas states in its pending application that it plans to retain the original pilot program design and market it as a voluntary program. The pilot was capped at 2,000 customers and DTE Gas is requesting elimination of the program cap and expansion of the eligible customer class to include small-to-medium business customers as well as residential customers. DTE Gas is also requesting approval of accounting treatment for the program.

DTE Gas is not requesting any change in the rates or cost of service to any customers including the customers currently participating in the BioGreenGas pilot program.

The Commission has reviewed the application and concludes that approval is reasonable and in the public interest. Further, because the BioGreenGas program will not result in a rate increase for non-participating customers, *ex parte* approval is appropriate.

THEREFORE, IT IS ORDERED, that:

A. DTE Gas Company's application is approved.

B. DTE Gas Company shall file with the Commission, within 30 days of the date of this order, a tariff sheet substantially similar to that attached to this order as Exhibit A-1.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 West Saginaw Hwy, Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Greg R. White, Commissioner

Sally A. Talberg, Commissioner

By its action of April 23, 2015.

Mary Jo Kunkle, Executive Secretary

M.P.S.C. No. 1 – Gas
DTE Gas Company
(To Establish Permanent Program)

Second Revised Sheet No. D-21.00
Replaces First Revised Sheet No. D-21.00

STANDARD CONTRACT RIDER NO. 1

~~Pilot~~ BioGreenGas Program

Availability:

Participation in the ~~pilot~~ BioGreenGas program is voluntary. Rider No. 1 is available ~~on a first come first served basis~~ to GCR customers taking service under Rates A; AS; GS-1; AND GS-2. Customers who elect Rider No 1. will pay a monthly premium to promote the consumption of landfill gas that might otherwise be vented into the atmosphere. Participation in this ~~pilot~~ **program** will be available from the effective date of this sheet. ~~until such time as the Commission approves this program on a permanent basis.~~ Customers must make an active election to participate in Rider No. 1. Individual Rider No. 1 customers will be able to terminate their participation at any time, effective with their next customer bill, if notification is made more than fifteen days prior to the beginning of the next month.

Rate:

Rider Surcharge: \$2.50 per Customer per month

Minimum Term:

The minimum term available to customers is one complete billing month extending thereafter from month to month until terminated by the customer or termination of the BioGreenGas program, whichever occurs earlier.

Issued _____
D.M. Stanczak
Vice President
Regulatory Affairs
Detroit, Michigan

Effective for service rendered on
and after _____

Issued under authority of the
Michigan Public Service Commission
dated _____ in Case No. **U-17628**

DTE's RNG Program Webpage

BioGreenGas



Recycling Trash Into Renewable Natural Gas

BioGreenGas is a voluntary program supporting the local development of renewable natural gas by using the methane that arises naturally from landfills.

About BioGreenGas

[Back to top](#)



As organic matter decays in landfills, it creates methane, a harmful greenhouse gas. Capturing this methane and removing the impurities creates a renewable source of pipeline-quality natural gas. For \$2.50 per month, you can participate in the BioGreenGas program and join others in supporting renewable energy development to create a cleaner, more sustainable Michigan.

The Benefits of BioGreenGas

Prevents Harmful Methane From Escaping Into the Atmosphere

Landfills create methane, a harmful greenhouse gas. BioGreenGas not only prevents methane from reaching the atmosphere, it turns it into a clean-burning natural gas.

Renewable Source of Natural Gas

By capturing and refining methane and turning it into natural gas, programs like BioGreenGas offer the promise of reducing the reliance on other, less friendly energy sources.

Advancing Technology

Michigan is a worldwide leader in technological resourcefulness and innovation. Your help will ensure the development of this vital renewable energy source.

It's Easy to Make a Difference

Your support, added to your monthly utility bill, ensures that every month you will be helping to create a cleaner, more sustainable Michigan.

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Just \$2.50 a Month Can Make a Big Difference

Michigan is a beautiful place to live, work and play. Supporting the development of sustainable energy sources is a simple, but significant way to improve our state today and for future generations of Michiganders and tourists.

For just \$2.50 per month, you can participate in the BioGreenGas program. It's just one of many ways DTE Energy is committed to making a long-term investment in diversifying and strengthening Michigan's overall clean energy strategy.

[Enroll in BioGreenGas](#)

BioGreenGas in Your Community

DTE Energy is breaking new ground with BioGreenGas, an innovative program that captures methane from landfills and turns it into pipeline quality natural gas. For just \$2.50 per month, you can participate in this voluntary program and join a growing number of people and businesses who support renewable energy development. DTE Energy is proud to support this technology in Michigan and we look forward to partnering with you to expand our involvement with renewable energy. BioGreenGas is available to all DTE Energy **natural gas** customers.

BioGreenGas FAQs

What is renewable natural gas and how is it produced?

Renewable natural gas is generated from methane that is produced in landfills. When ordinary garbage decomposes, it produces methane gas. Capturing the methane gas and removing its impurities creates a renewable source of pipeline-quality natural gas.

Is renewable natural gas produced from fracking?

No. The biogas production process taps into the methane source by means of wells sunk into the landfill. The methane gas is then delivered to a facility where it is cleaned and converted to renewable, pipeline-quality natural gas.

How does the program enrollment process work?

The BioGreenGas program is voluntary. Customers elect to pay a premium of \$2.50 per month to support the development and advance the utilization of natural gas generated from biogas resources.

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Is DTE Energy offering the program because of a government mandate?

No government mandate has been imposed on DTE Energy. The company is offering BioGreenGas because of expressed customer interest in supporting a renewable natural gas program.

Who is eligible to participate in the BioGreenGas program?

DTE Energy natural gas customers whose account is in good standing can enroll in the BioGreenGas program.

How does the renewable natural gas get to my house?

The renewable natural gas is purchased by DTE Energy and delivered into a nearby pipeline system. There is no way to determine which of the gas molecules actually reach your home because the renewable natural gas is blended with gas supply from other traditional sources.

How much does it cost to enroll in the BioGreenGas program?

The monthly contribution is \$2.50.

I am already enrolled in a renewable energy program for \$2.50. Is this the same program?

DTE Energy offers two voluntary renewable energy programs. GreenCurrentsSM is for DTE Energy electric customers. BioGreenGas is for DTE Energy residential natural gas customers.

Natural gas is already abundant and clean. Why is DTE Energy offering a renewable natural gas program?

Methane is a destructive greenhouse gas. Capturing the methane gas generated by decaying landfills prevents it from releasing into the atmosphere. Using a landfill gas recovery system, this potentially harmful gas is turned into clean, pipeline quality natural gas, making it an environmentally conscious source of energy. Additionally, the BioGreenGas program is helping to build a cleaner, more sustainable Michigan.

How is DTE Energy benefiting by offering BioGreenGas?

Supporting renewable energy development contributes to the sustainability of our communities and to the betterment of Michigan's environment.

Note: All customers are required to pay the full applicable renewable energy surcharge necessary to facilitate compliance with Michigan's energy portfolio standard. Signing up for a monthly \$2.50 BioGreenGas premium is in addition to the renewable energy portfolio charge.

Learn More About BioGreenGas

Are you curious about BioGreenGas and its benefits? Email your questions to biogreengas@dteenergy.com.

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AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN)

Erica R. Larson, being first duly sworn on oath, deposes and says that she is an employee in the office of CenterPoint Energy, Minneapolis, Minnesota 55402, and that on the 1st day of March 2019, she delivered the enclosed notice of filing to those individuals and agencies listed on the attached pages, by:

 x placing such notice in envelopes, properly addressed with postage paid, and depositing the same in the United States Mail at Minneapolis, Minnesota, for delivery by the United States Post Office,

 personal service,

 express mail,

 delivery service,

 x electronic filing.

_____/s/ Erica R. Larson
Erica R. Larson

Subscribed and sworn to before me
This 1st day of March 2019.

_____/s/ Melodee Sue Carlson Chang
Melodee Sue Carlson Chang
Notary Public (Commission Expires January 31, 2024)

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