June 25, 2020

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

RE: Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Interconnection Tariff

To Whom It May Concern:

The Coalition for Renewable Natural Gas (RNG Coalition)[1] offers this letter in response to the proposed tariffs and standards for interconnection of Renewable Natural Gas (RNG) facilities (Utility Proposal) submitted by CenterPoint Energy (Utility), currently under consideration by the Minnesota Public Utilities Commission (Commission) in Docket 20-434.

RNG Coalition is the trade association for the RNG industry in the United States and Canada. Our diverse membership is comprised of leading companies across the RNG supply chain. Together we advocate for the sustainable development, deployment and utilization of RNG, so that present and future generations have access to domestic, renewable, clean fuel and energy in Minnesota and across North America.

Currently our organization primarily focuses on RNG derived from biologic wastes (sometimes called biomethane or biogas that has been upgraded to meet pipeline specifications). RNG is a direct substitute for conventional natural gas that can be introduced to the gas system in significant volumes safely and quickly. This type of renewable gas deserves significant near-term attention because the primary method of generating biomethane today—anerobic digestion (AD)—is a well-proven cost-effective technology available at commercial scale.

There is significant opportunity for Minnesota to benefit from the introduction of renewable natural gas (RNG) into the state's pipeline system, a process in which the implementation of the proposed tariff and standards will play a fundamental role. Our comments here address the benefits of RNG development and use in Minnesota, the potential for RNG from in-state resources, and our position on the Utility Proposal.

Environmental and Economic Benefits of RNG Development and Use

The vast majority of RNG available commercially today is created by capturing and processing raw biogas generated at sites with aggregated organic matter — such as landfills, wastewater treatment plants, and agricultural operations — and then upgrading this gas to meet pipeline quality standards. In the absence of the RNG project this biogas is often flared, or worse, is uncollected and escapes fugitively into the atmosphere as a short-lived climate pollutant (methane) that, according to the Intergovernmental Panel on Climate Change, is 84 times as potent a greenhouse gas (GHG) as carbon

[1] For more information see: http://www.rngcoalition.com/

dioxide.[2] In addition to the potential for GHG emissions reduction, implementation of RNG projects can provide other environmental benefits. For example, improved manure management practices in agricultural operations can result in potential water quality benefits. In all cases, RNG production and utilization helps to create a circular economy, increasing the sustainability of organic waste processing systems.

There are also substantial economic benefits realized with increased development, deployment and utilization of RNG — including millions of dollars in capital investment per project and creation of thousands of clean energy sector jobs.[3] Clarification of gas quality and interconnection standard issues for RNG in Minnesota has the potential to unlock this RNG opportunity for the region.

RNG Potential in Minnesota

A recent study by the consulting firm ICF estimates that Minnesota's potential to produce RNG from anaerobic digestion sources (landfills, animal manure, wastewater treatment, and food waste) is on the order of 12.412-22.847 tBtu/year.[4] This work reinforces the fact that Minnesota can deploy a significant amount of RNG and that supporting the growth of proven technologies like RNG as part of the state's climate change mitigation strategy will help to position Minnesota as a leader in decarbonization.

General Positions on Gas Quality and Interconnection Standards

RNG Coalition advocates for gas quality standards that are scientifically based and incorporate a thorough understanding of variations in RNG feedstock, production processes, and end-product constituents. If not properly designed, gas quality standards can be a hinderance to RNG project development. For example, gas quality standards for RNG should never be set more stringently than those in place for conventional natural gas.

Furthermore, while we understand and support the conceptual goal of developing standards applicable to all RNG supply—to ensure there are not unintended barriers to RNG projects—we also strongly recommend allowing for maximum flexibility for collaboration between the project developer and pipeline utility on a project-by-project basis, including taking into consideration the pipeline capacity at the point of proposed interconnect, properly accounting for local dilution effects, and incorporating reduced testing for constituents that are unlikely to be present from certain feedstocks.

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[2] Intergovernmental Panel on Climate Change Fifth Assessment Report estimate of the Global Warming Potential of methane over a 20-year time horizon. See: Myhre et al. *2013: Anthropogenic and Natural Radiative Forcing. In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*.
https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf

[3] ICF, *Economic Impacts of Deploying Low NOx Trucks fueled by Renewable Natural Gas*, 2017
https://static1.squarespace.com/static/53a09c47e4b050b5ad5bf4f5/t/59077544ebbd1ad192d13ff6/1493660998766/ICF_RNG+Jobs+Study_FINAL+with+infographic.pdf

[4] American Gas Foundation, *Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment*, 2019
https://gasfoundation.org/wp-content/uploads/2019/12/AGF-2019-RNG-Study-Full-Report-FINAL-12-18-19.pdf

Specific Comments on the Proposed CenterPoint Standards and Testing Requirements

With the above caveats, RNG Coalition does not oppose adoption of the proposed standards and testing requirements in the Utility Proposal.

The standards in the Utility Proposal are largely taken from the examples given in the Gas Technology Institute's Final Report for the Northeast Gas Association dated August 2019, entitled *Interconnecting Guide for Renewable Natural Gas in New York* (GTI/NGA Report).[5] RNG Coalition participated in and contributed to the GTI/NGA process, and appreciated the dialogue between project developers and utilities in that forum. The document was intended as an educational guidance—a tool to bring utilities and developers together, to discuss the specific needs of their pipeline and project based on the capacity and point of interconnect.

While we do not support adoption of the example gas standards in the GTI/NGA document "as is" in all regions (without any jurisdictional-specific independent reasoning or support), we believe that the Utility Proposal properly selects values within the ranges presented by the GTI/NGA document that represent reasonably obtainable gas quality parameter boundary limits.

However, the GTI/NGA work also emphasizes that their example standards should serve "as a starting place for discussions between the pipeline operator and the developer."[6] Further to that dialogue, the GTI/NGA document contains many important recommendations that could be better clarified in the Utility Proposal. For example:

- If a constituent of concern (COC) is not reasonably expected to be found above background levels in flowing gas supplies at the point of interconnect, then testing for that COC should not be required.[7]
- The Gas Sales and Interconnect Agreement should offer a process to request a project-specific exception or modification to specific gas quality requirements (especially heating value).[8]
- Blending strategies, or other potential mechanisms to eliminate impacts to downstream customers, should be allowed where and when they can be justified.[9]
- The Utility should better justify selection of values within the range presented by GTI/NGA. For example, the Utility should further justify selecting a more stringent siloxane standard (0.01 mg Si/m^3) relative to the value proposed by GTI/NGA (0.5 mg Si/m^3) and selecting from the middle of the range of possible Oxygen specifications in the GTI/NGA work (0.2%) rather than the upper end of the range (0.4%). Adjusting these standards to be more lenient would be more conducive to lower-cost RNG projects. In the absence of any utility-specific information as to why such strict standards are needed, we recommend they be adjusted to be more permissive.

[5] https://www.northeastgas.org/pdf/nga_gti_interconnect_0919.pdf

[6] GTI/NGA Report, page 14-15

[7] GTI/NGA Report, page 13.

[8] For an example of such a Pipeline Blending Exception process, see the proposed Joint Utility Renewable Gas Interconnection Rule proposed by the California gas utilities: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M319/K526/319526436.PDF

[9] GTI/NGA Report, page 12.

The Method Used to Establish Interconnect Pricing is Not Transparent

We question the method used to establish interconnect pricing in the Utility Proposal and believe that the $7,500 monthly basic charge and a receipt charge of $0.15 per therm will likely exceed the Utility's true costs for interconnecting and moving gas from RNG projects. Further, the material provided in the Utility Proposal is not sufficiently transparent to demonstrate the appropriateness of such charges.

For a reasonably sized landfill producing 750,000 dekatherms per year, this would add $1.125 million in costs per year and $22.5 million over 20 years.[10] We believe these costs are very high in relation to the services provided by the Utility when interconnecting RNG projects.

The Utility's filing initially states that many of these costs are "associated with the need to monitor RNG to ensure it meets the Company's proposed RNG Quality Standards,"[11] but the data presented in Exhibit E (see Table 3) implies that the primary source of the large per-therm cost is actually driven by assumptions related to costs for laying additional utility-owned pipeline to reach a theoretical location of RNG projects (assumed to be on the order of three miles per project). This does not match industry experience with RNG development elsewhere.

We are concerned this may represent single-issue ratemaking which attempts to compensate the utility for movement of RNG on its system but doesn't account for the reduction in operating expenses on its system or the actual cost of service. For example, CenterPoint requests recovery of odorant costs, but does not account for the fact that it will be odorizing less gas on other parts of the system as the retail customer will reduce its purchases of gas delivered from other sources.

We request greater transparency in these calculations and greater optionality for the project developer. For example, one method to add flexibility would be to target the use of the proposed tariff toward smaller projects that are likely to receive both Low Carbon Fuel Standard and Renewable Fuel Standard revenue (e.g., agricultural projects). For larger projects, we suggest allowing for either a negotiated interconnection fee (based on the actual cost of service along with transportation services and meter fees charged at the prevailing utility rates) or the ability pay to build interconnection lines and install necessary equipment directly in order to avoid all, or a portion, of the interconnection monthly customer charge (should it prove cost-effective for a project to do so).

If such flexibility is not included, and these charges are in fact artificially high, RNG producers will be forced to unnecessarily increase the price charged for their product to recoup these expenses. Such artificial barriers to RNG development should be avoided.

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[10] This estimate doesn't even take into account the monthly meter charge and proposed interconnection fee.

[11] Petition by CenterPoint Energy to Introduce a Renewable Natural Gas

Interconnection Tariff, Page 8.
https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={602AA971-0000-C211-984D-735162519CD1}&documentTitle=20204-162405-01

We Support Additional Work on an RNG Sales Program

The Utility Proposal makes reference to CenterPoint's efforts to provide RNG to its customers in Minnesota. We are strongly supportive of such efforts. The Commission denied without prejudice the Utility's Petition in Docket No. G-008/M-18-547 to provide a renewable natural gas green tariff program but encouraged the Utility to propose a modified proposal.

RNG Coalition supported the green tariff proposal in the prior docket and continues to do so. Expanding demand for RNG is just as critical as ensuring market access through well-designed interconnection tariffs and standards and this important work should be restarted as soon as possible and conducted in parallel with efforts to increase local RNG supply.

Conclusion

RNG Coalition appreciates the opportunity to participate and provide comment in this proceeding. Our members look forward to investing in and constructing new methane-capturing and RNG production facilities that create clean energy sector jobs in Minnesota. We thank the Authority for their leadership on this issue as such dialogue benefits the environment and the economy, ratepayers, utilities and policymakers interested in RNG across North America.

Sincerely,

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