PARTNERSHIP ON
WASTE AND ENERGY
HENNEPIN | RAMSEY | WASHINGTON

July 10, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E. Suite 350
Saint Paul, MN 55101-2147

Re: Petition by CenterPoint Energy to Introduce a Renewable Natural Gas Interconnection Service
Docket No. G-008/M-20-434

Mr. Seuffert:

The Partnership on Waste and Energy (Partnership) submits this reply comment letter, supplementing the prior comments submitted June 25, 2020, to CenterPoint Energy's proposed renewable natural gas (RNG) interconnection service. The Partnership is a joint powers board including Hennepin County and the Ramsey/Washington Recycling & Energy Board. Through the Partnership, the counties collaborate in certain areas of waste and energy management.

Overall, the Partnership supports the CenterPoint Energy (CPE) Petition to introduce a Renewable Natural Gas (RNG) Interconnection Tariff for its system. RNG is derived from waste materials and has numerous environmental and economic benefits including: displacement of fossil natural gas, reduction in overall carbon emissions compared to fossil natural gas, and providing economic benefits for RNG producers through various state and federal programs.

RNG has the ability to reduce the carbon intensity and carbon footprint of natural gas transported and distributed by CPE. Lifecycle analysis (LCA) modeling is commonly done for RNG production facilities to determine a site-specific carbon intensity (CI) score, which can be compared to the CI score of fossil natural gas, approximately 79 gCO2e/MJ. RNG often can demonstrate a significant CI reduction, and many RNG production facilities can have a negative CI score, meaning the facility removes carbon emissions from the atmosphere. CI and LCA modeling are commonly completed for RNG and could be tracked by CPE to demonstrate the carbon impact for receiving RNG into its system. Common CI scores for RNG projects are:

- Landfill RNG: 30 to 55 gCO2e/MJ
- Wastewater Treatment RNG: 20 to 40 gCO2e/MJ
- Organics/Food Waste RNG: -60 to 30 gCO2e/MJ
- Swine Manure RNG: -100 to -300 gCO2e/MJ
- Dairy Manure RNG: -150 to -300 gCO2e/MJ

Receiving all forms of RNG will lower the carbon intensity of the natural gas with the CPE system.

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The Partnership has concerns with the costs outlined in the Petition. Charging a flat rate of $0.15 per therm, regardless of the RNG volumes injected or the infrastructure required for a facility, is problematic. Ideally, each facility would be analyzed individually instead of being grouped together with all RNG producers. For example, if a county in the Partnership constructs a new anaerobic digester and biogas upgrading facility to produce pipeline quality RNG that the facility has direct onsite access to a CPE natural gas pipeline, it should not be treated equally to a dairy digester project which would require five miles of new natural gas piping to connect to the CPE system.

Continuing with this example, if the Partnership county's AD system produces 1,000 MMBtu per day and the dairy digester facility produces 200 MMBtu per day, each entity would pay the following to CPE based on the proposed Interconnection Petition:

- Partnership county: assuming 1,000 MMBtu/day, 350 days/year, 10 years = 3.5 million MMBtu/dekatherms. At $0.15 per therm and $7,500 per month (charges from CPE to connect to its system) the Partnership county would pay CPE **$6,150,000** over the 10-year period.
- Dairy digester project (which requires more infrastructure to interconnect): assuming 200 MMBtu/day, 350 days/year, 10 years = 700,000 MMBtu/dekatherms. At $0.15 per therm and $7,500 per month, the dairy digester would pay CPE **$1,950,000** over the same 10-year timeframe.

The Partnership supports a methodology to pay for the CPE improvements required for its project rather than subsidize other RNG facilities which may have a higher return.

The Petition implies that most RNG is used as transportation fuel with high economic returns. This may be the case for certain types of RNG, but the trend for RNG derived from landfill gas, wastewater treatment plant biogas and food waste/organics biogas has trended away from transportation fuel markets to lower value, longer term fixed-price markets. While RNG sold into transportation fuel markets can see returns of $15 to $75 per MMBtu, RNG sold into fixed price markets may only see $9 to $12 per MMBtu returns. The CPE charge of $0.15 per therm ($1.50 per MMBtu), is a significant ongoing cost for these facilities and may deter RNG projects from moving forward.

Thank you for taking the Partnership's comments into consideration.

Commissioner Debbie Goettel, Chair
Partnership on Waste and Energy

c. Commissioner Victoria Reinhardt, Ramsey County
Commissioner Fran Miron, Washington County