



February 5, 2016

Washington Utilities and Transportation Commission (UTC)
1300 S. Evergreen Park Dr. SW,
Olympia, WA 98504-7250

RE: Puget Sound Energy Proposed Tariff as It Relates to Washington Biomethane Injection into Shared Pipelines; Docket UG-152164

Dear Chairman Danner and Commission Members:

Recently, in UTC Docket 152164 Puget Sound Energy (PSE) proposed a new tariff for injection of renewable natural gas (RNG, biomethane, or upgraded biogas) into pipelines, recommending use of standards similar to those adopted by the State of California, which has been the subject of broad-based criticism within California, has blocked RNG development in California, and is therefore likely to be reformed in the near future.

The PSE proposal is potentially consequential, with important policy and precedent-setting implications for Washington State and the nation, as we attempt to reduce carbon emissions and support renewable energy production. We urge the Commission to deny this proposal at this time to allow for the careful consideration and revision required to achieve a thoughtful outcome; one that could help put Washington State in the forefront of low carbon fuel producers.

As a developer of RNG, Promus Energy was founded on the opportunity to supply to the energy market this ultra-low carbon intensity (CI) drop-in transportation fuel, which has compelling environmental, economic, and community benefits. We also have learned, the hard way, the hurdles that stand in the way of broader production and distribution of RNG. One of the principal hurdles is pipeline access.

We have five principal concerns regarding the PSE RNG injection proposal, which is:

1. Based on a) a flawed model (California) and b) a worst case approach:
 - a. Restrictive California pipeline injection law (from the 1970s) and policies have virtually eliminated RNG development in the state; noting the powerful carbon reduction opportunities associated with dairy-derived RNG (assumed CI below -100)¹, the California Air Resources Board has advanced a strategy to address pipeline injection impediments for RNG;

¹ See California Air Resources Board draft Short-Lived Climate Pollutant Reduction Strategy, September 2015, esp. page 46. <http://www.arb.ca.gov/cc/shortlived/shortlived.htm>

- b. The PSE standard appears to be designed to protect against the worst case, in which RNG is injected into the end of a distribution system without the benefit of blending with ambient gas, instead of a standard that provides greater flexibility where blending occurs.
2. Discriminatory vis-à-vis fossil natural gas: setting standards for RNG that are more restrictive than those for fossil natural gas or ambient gas already in their pipelines.
3. Unfair to RNG producers who should be entitled to the valuable environmental attributes for this ultra-low carbon fuel but would be at a severe disadvantage in negotiating pipeline access agreements with pipeline owners who can use a restrictive tariff as powerful leverage.
4. Precedent-setting and could help to eliminate development of RNG projects in Washington State and beyond:
5. Unduly burdensome in terms of costs for testing and monitoring, especially where measures, such as real-time gas chromatograph monitoring and automatic shut-off, provide gas quality protection.

We also have several general recommendations that would help encourage, rather than discriminate against, RNG production and injection:

1. Recognize the site-specific nature of RNG injection with a base tariff that incorporates broadly accepted standards (i.e., the RNG industry's proposed pipeline standards) where there is ample blending with ambient gas and no harm; and a non-discriminatory but more stringent standard where there is little if any blending and the potential for site-specific gas quality concerns.
2. Establish RNG injection policies that make Washington State a national leader in the production of RNG, with attendant carbon reduction, local air and water quality improvements, and economic benefits.
3. Support minor adjustments in several specific standards that can go a long way toward accommodating RNG injection: for example, increasing the .2% oxygen limitation to the more common .4% specification would significantly reduce the capital and operating costs for most dairy digester projects; establishing a siloxane standard for landfill projects that is not below detectable levels; and recognizing that RNG, which is essentially pure methane, will naturally have a heating value that is somewhat lower than fossil gas, which typically contains varying amounts of liquid petroleum gases (such as propane and butane) that boost heating value.

The principal question before the UTC is whether it will approve pipeline access standards that discriminate against RNG -- one of the cleanest and lowest CI energy sources available when Washington State is striving to do its part as a member of the Pacific Coast Collaborative to reduce greenhouse gas emissions - or whether it will adopt fair standards that make Washington State a leader in

the production of this sustainable fuel. We strongly urge the UTC to take the latter course.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Evans". The signature is fluid and cursive, with a prominent initial "D" and "E".

Dan Evans, Principal
Promus Energy LLC