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VIA ELECTRONIC FILING

Mr. Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop S.E.
Lacey, WA 98503

Re: AWEC's Comments on *Investigation into Renewable Natural Gas Programmatic Design and Pipeline Safety Standards*
Docket U-190818

The Alliance of Western Energy Consumers ("AWEC") appreciates the opportunity to provide these comments to the questions the Washington Utilities and Transportation Commission ("Commission") posed as part of its Investigation into Renewable Natural Gas Programmatic Design and Pipeline Safety Standards. AWEC is a trade association representing commercial energy consumers in the Pacific Northwest. AWEC members include diverse commercial and industrial interests, including food processing, pulp and paper, wood products, electric generation, aluminum, steel, chemicals, electronics, aerospace, and healthcare providers. The association provides an informational service to its members and participates in various regulatory matters that affect member interests.

The Commission's questions are restated below, followed by AWEC's response.

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RNG Program Structures

1. What level of guidance is needed from the Commission related to the following elements of E3SHB 1257, Sections 13 and 14:
    - General program structure of each section (13 and 14)
    - Eligibility of particular environmental attributes
    - Procedures to approve, bank, or transfer environmental attributes

    How should that guidance be provided? For example, Policy Statement? Rule? Other?

    Because the widespread development of renewable natural gas ("RNG") and the programs contemplated by Section 13 and 14 of E3SHB 1257 are new, AWEC suggests initial guidance be in the form of a Policy Statement so that there can be some flexibility in what will likely be a rapidly evolving industry. Once the industry develops more and the pros and cons of various standards and procedures are better understood, the Commission could engage in a more formal rulemaking to provide more certainty for how these programs will be administered.

    Until a more formal rulemaking takes place, with the guidance of a Policy Statement, the local distribution companies ("LDCs") could file tariffs consistent with that Policy Statement that include the programs contemplated by Section 13 and 14 and procedures to approve, bank, or transfer environmental attributes.

2. For Section 14 programs, should subscribers be required to pay all costs of RNG, or should any under-collection of section 14 costs be credited toward the RNG program charge authorized by Section 13?

    While AWEC is concerned with having Section 14 RNG customers subsidized by other non-participating core customers, requiring Section 14 RNG customers to shoulder the entire cost of such service may make it cost prohibitive. The section 14 RNG subsidy, if there is one, should be considered an RNG-related cost. Accordingly, at least in the short term, any under-collection of Section 14 costs could be absorbed by the RNG program charge authorized by Section 13, so long as the charge to retail customers is not increased by more than 5 percent considering both Section 13 and Section 14 costs.

3. What methods should the Commission consider to calculate the 5 percent limit on customer charges for RNG programs authorized in Section 13?

    AWEC recommends that the 5 percent limit contained in Section 13 be calculated based on the gross revenues received from core customers, including the cost of gas.

4. How should renewable hydrogen be treated in RNG programs?

Renewable hydrogen should be encouraged and recognized in the RNG program, while acknowledging the different characteristics between renewable natural gas and renewable hydrogen. Sections 13 and 14 give the Commission the authority to approve other sources of gas if those sources are produced without consumption of fossil fuels, and renewable hydrogen satisfies that requirement.

RNG Supply and Markets

5. What barriers are there, if any, to accessing and investing in the RNG market, and how can the Commission or regulated utilities address such barriers?

For the past several years, low and stable conventional natural gas prices resulting from shale has left RNG far above market prices for conventional natural gas. Because of those low prices, traditional least cost planning has prevented RNG from being purchased on a large scale by regulated utilities.

In order to remove barriers to RNG development, the Commission could expand on line extension policies to make the connections to RNG sources while ensuring that the costs of interconnection are shared between the producer, utilities, and customers. To the extent utilities develop RNG projects and/or make related capital investments, such costs should be considered in a general rate case.

6. Is there an adequate supply of RNG in the current market? Please describe the current market for RNG supply both in and outside Washington state.

AWEC is not aware of a surplus of RNG that is currently available for natural gas utilities. AWEC is aware that RNG is becoming more common in the transportation market as there are significant credits and/or incentives for such end uses.

7. What is the range of price premiums for RNG and how it compares to prices for conventional natural gas in the current market?

AWEC does not have specific information on the price premium for RNG.

8. What gas quality standards do companies currently require for interconnection of RNG to their distribution system?

AWEC will defer to the Washington LDCs for this question but notes that Northwest Pipeline LLC is developing RNG standards in a tariff for gas transported on its system. It would be appropriate for the Washington LDCs to adopt similar standards.

RNG Quality Standards

9. Should the Commission consider adopting uniform standards or provide general guidance for RNG quality? If so, what standards or guidance should the Commission adopt?

   AWEC recommends the Commission adopt a minimum standard for RNG quality but allow each utility to develop their own standards through a tariff approved by the Commission.

   Low quality gas should not be accepted in any gas distribution system because serious damage could be done to equipment from contaminants and clogging agents.

Thank you for considering these comments, and we look forward to participating in the upcoming workshop.

Sincerely,

Chad M. Stokes