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**WUTC**

RE: UG-210972 – Proposed Revisions to NW Natural Smart Energy Program

Dear Commission:

I oppose approval of NW Natural's (NWN) proposed Renewable Natural Gas tariff. NWN's proposal is illusory at best and potentially harmful to the environment at worst. You should not approve it without further information and development of adequate standards to meet the legislative intent of RCW 80.28.390.

As shown in the paper by Emily Grubert, 2020 *Environ.Res.Lett.* **15 084041** (<https://iopscience.iop.org/article/10.1088/1748-9326/ab9335/pdf>), in many cases, renewable natural gas systems are likely to be climate intensive. RNG, like fossil gas (most of which is fracked) is still methane, and methane is even more dangerous to the environment than CO<sub>2</sub>. Intentionally created methane, as in a bio-digester, adds methane to the environment rather than reducing it, and any leaked or wasted methane from such a system results in increased GHGs.

NWN's proposal lacks sufficient detail to determine its environmental effects. The NWN filing does not identify the specific project or projects it plans to use to generate RNG or address proposed environmental attributes. NWN stated in its tariff filing it had not yet signed a contract to purchase RNG. The tariff filing merely states the RNG will be produced in a facility "in the western region of the United States" without further information. NWN now says it has signed a contract with Wasatch Resource Recovery, a bio-digesting facility in Salt Lake City, UT. Even assuming a completed contract with the Wasatch facility, the WUTC and the public still do not know if the RNG will be produced in a facility that actually reduces overall GHGs.

UTC Policy Statement U-190818 requires each utility to report, verify and track the carbon intensity (CI) of RNG supplied in compliance with RCW 80.28.390, but NWN does not state how the environmental benefit (i.e., GHG reduction) will be certified. While NWN states it will quantify the GHG units through the M-RETS system, M-RETS only tracks and retires RTCs, but does not certify the facility.

"M-RETS® will not determine eligibility for state or voluntary programs. Each individual state will be responsible for determining whether or not a particular generating unit qualifies for a state program or not. However, the State Commissions may use the information collected and verified by M-RETS® to conduct this determination. M-RETS® will issue reports on activity within the system."

(<https://www.mrets.org/about/mission-vision-values/>)

As noted in the quotation above taken from the M-RETS website, M-RETS tracks environmental attributes only by facilities considered renewable by any state. In a discussion on March 2 with representatives of NWN and the WUTC, all seemed to be under the impression that RTCs tracked by M-RETS were also certified by M-RETS. That is not consistent with what M-RETS says. “Each state is responsible for determining whether a particular generating unit qualifies ... or not.”

Under Policy Statement U-190818(43), “RTCs required for compliance with RCW 80.28.385 and RCW 80.28.390 must be issued, monitored, accounted for, and transferred through M-RETS or a comparable system, *and approved by the Commission*” (emphasis added). Thus, it is up to the WUTC to verify and confirm that the RTCs claimed by Wasatch Resource Recovery meet Washington’s requirements. At the least, this involves NWN providing the WUTC with verified CI accounting. Policy Statement, *Id.*, at 38.

Until NWN confirms in writing to the WUTC that it has contracted with a facility and that facility meets the requirements of RCW 80.28.390, its proposed tariff should not be approved.

The tariff is also defective because it does not address environmental attributes. The RNG tariff statute, RCW 80.28.390, requires that “The voluntary renewable natural gas service must include delivery to, or the retirement on behalf of, the customer of all environmental attributes associated with the renewable natural gas.” *This assumes there will be environmental attributes from the utility’s tariff.* An environmental attribute is something which contributes to the avoidance of emissions causing global warming, i.e., an overall reduction of GHGs. Thus, NWN cannot meet the tariff requirement simply by delivering RNG or RTCs. It must show that the RNG reduces emissions. As noted by Grubert, in many cases, production of RNG results in an increase in methane emissions, particularly from an intentional methane source. (*See also*, GHG Management Institute/Stockholm Environment Institute, *Carbon Offset Guide*, “Avoiding Low-Quality Offsets, Medium-Risk Project Types, Renewable energy, small scale, Gasification and/or combustion of municipal solid waste; <https://www.offsetguide.org/sticking-to-lower-risk-project-types/medium-risk-project-types/>.)

Policy Statement U-190818((36) discusses the concern stated in some comments that the CI of RNG may vary, and is not necessarily lower than fossil fuel gas. Clearly RNG which has a higher CI than the fossil gas in NWN’s system does not have environmental attributes as assumed by the legislature. Until the UTC has set a CI standard, this proposed tariff should not be approved. Either NWN should be required to resubmit its proposal with sufficient information for the UTC and the public to conclude that the RTCs for Wasatch Resource Recovery consist of methane with a lower CI than the fossil gas normally delivered to NWN customers, or WUTC should place a moratorium on approval of any programs under RCW 80.28.390 until it has determined and set a CI standard for all utilities. In setting that standard, the UTC should also consider whether the methane being used is captured waste methane or intentionally produced methane, and whether any intentionally produced methane has environmental attributes.

Washington consumers deserve to be certain that if they are purchasing “smart energy” their extra costs are actually producing an environmental benefit, not a falsely named product. NWN has not provided enough information, in particular an independent audit by a recognized agency of a specific production facility (as required by the UTC Policy Statement), to show it can deliver true environmental benefits through its proposed program.

NWN submitted additional redacted information with its Attachment A to the proposed tariff. However, since the information was redacted, the public cannot review or comment on it. The Commission should not rely on confidential information provided by NWN in its Attachment A for decision-making purposes, as such secret information avoids public scrutiny.

NWN's filing further is misleading. WUTC should not approve the tariff because it is misleading. NWN claims "enhancing its existing successful Smart Energy program to include RNG provides a unique opportunity for participants to **purchase** RNG in a manner that allows for the mitigation of the greenhouse gas emissions associated with their total natural gas usage while controlling costs" (emphasis added). The implication is that Smart Energy subscribers will be replacing the fracked fossil gas they ordinarily purchase with a more climate friendly commodity. However, in reality, NWN will not actually be providing its Smart Energy customers with RNG. What Smart Energy customers will really be purchasing, at an increased cost, is just another form of fossil gas offsets.

NWN states it should be allowed to start charging customers as early as July 2022, even though there is no realistic expectation it will be able to purchase RNG RTCs by then, or at any time, or that the cost per therm will really be what they predict. WUTC staff has indicated they have reviewed the Wasatch Resource Recovery contract and determined the projected costs of the program are "prudent". The public deserves to know that a thorough analysis has been conducted to conclude that the increased price NWN wants to charge them is reasonable. This cannot be done without disclosure of the contract pricing and other details used to reach that conclusion.

Until NW Natural presents a specific plan, based on existing RNG production from a plant certified by the state to provide genuine environmental attributes, a promise to customers that they are paying for greener energy is illusory – i.e., false. Under this proposed tariff, Smart Energy customers are being asked to pay more, in advance, for a product that does not yet exist. You should not allow NWN to claim to meet its statutory obligation without showing concrete evidence supporting its proposal.

Sincerely,

s/

Peter Fels