



October 31, 2019

Mark Johnson, Executive Director
State of Washington Utilities and Transportation Commission (WA UTC)
621 Woodland Square Loop SE
Lacey WA 98503
360-664-1160

RE: Investigation into Renewable Natural Gas Programmatic Design and Pipeline Safety Standards, Docket U-190818

Dear Mr. Johnson:

As the American Biogas Council (ABC), we wanted to take the opportunity to respond to your notice as it relates to WA 1257 legislation, Docket U-190818 and the RNG workshop on Tuesday. While we know the deadline for formal comments has passed and ABC was only recently made aware of the notice and its questions, we hope that the information and responses supplied can serve as informal information for your staff. Below are specific comments from ABC as they pertain to the specific questions of the notice.

If you're not familiar with the American Biogas Council, since 2010, our mission has been to create jobs, environmental sustainability, and energy independence by growing the U.S. biogas industry. We represent the entire breadth of biogas businesses across the United States, including more than 200 organizations in the renewable energy, agricultural, waste and wastewater management, recycling and transportation industries, facility owners /operators, manufacturers of tanks, engines, and other equipment, engineering firms, project developers, legal and accounting firms, educational organizations and institutions, utilities, financiers and lenders, and local and regional governments. We want to ensure that renewable energy like biogas and renewable natural gas (RNG) receives the same favorable treatment under federal and state laws as fossil energy, and that all forms of renewable energy are treated equally to each other as well.

Question 1 Responses

Regarding your questions relating to WA 1257 Section 13 (1), the ABC thinks it does not make sense to place a 5% limit on the additional charge for RNG for a retail customer. Doing so will significantly limit either the amount of gas that utilities can buy (because gas producers will want to sell to customers who are willing to pay market value) or the amount of RNG that a customer can actually use (because 5% will buy very little). In British Columbia (BC), there is a nominal cost for the administration of the renewable natural gas (RNG) program that is spread over all the utility's gas customers. The retail customer also has an option for a voluntary nomination of 10-100% of their natural gas purchased to be RNG. Most of the RNG volumes sold in BC are commercial customers buying 100% RNG and they pay more than double what they would have paid for conventional natural gas. I understand Vermont's program is similar.

Regarding your questions relating to WA 1257 Section 14 (2), ABC recommends a maximum carbon intensity as the definition of RNG. FortisBC and Vermont use <25 CO₂e/MJ. The California ARB LCFS program as well as the federal RFS program has put particularly onerous values to food waste carbon intensities, negatively impacting RNG production from food waste and diversion from landfills—it is the hope of ABC that the WA UTC can find a balance between carbon index scoring and desire to address food waste/diversion concerns for the state.

ABC emphasizes that WA UTC should not feel the need to reinvent the procedures to approve RNG, with existing programs, such as the EPA's QAP certification program being an example of an existing program that works well. Utilities will, however, need a substantial bank for environmental attributes, especially as the program starts up. The WA UTC should allow a large surplus to start, then set goals to allow each utility to close their demand / supply gap incrementally over time. The ABC recommends caution on allowing the utility to transfer significant environmental attributes out of state, as experience shows that this is one of the quickest ways to harm or kill a program. The guidance should be provided as clearly as possible using the current channels between the utilities and the WA UTC. More flexibility is needed early and then restrictions can be added, if necessary once actual use patterns are evident.

Question 2 Responses

ABC suggests that the WA UTC program would be the strongest if as much cost as possible is carried by the RNG purchasers as utility customers of limited means generally do not want to pay for such types of programs. RNG prices should also not change over the year, so users can fix their budgets. Credits or surpluses should roll over into the following year, with the goal of minimizing these credits/surpluses over time.

Question 3 Response

As discussed in the question 1 responses above, the 5 percent limit on customer charges is too stringent. Most people will want to pay nothing or nearly nothing and for the 2-10% of customers that want to buy RNG, they are mostly likely to want to buy 100%. The UTC should not limit the ability for aggressive customers to buy more. It's better for all participants in the program.

Question 5 Response

It is very important that costs borne by utilities related to their regular business of receiving and distributing gas are spread amongst their rate base for RNG projects, just like for conventional natural gas. Costs incurred by utilities to determine the feasibility and cost of RNG connections should also be spread amongst their rate base for RNG projects, just like for conventional natural gas. Investments in RNG projects themselves should be part of each utility's unregulated arms.

Question 6 Response

The ABC believes the intent of this program should be to stimulate RNG supply generation in Washington State. As far as the state of the market, the ABC has some materials on this already and is welcome to having calls between the WA UTC and the ABC's RNG Committee in order to better inform the WA UTC of new materials and data/information.

Question 7 Response

The WA UTC is of course already well versed in natural gas pricing forecasts. For RNG prices, there is a fair amount of this in the public domain as well as could be attained with assistance from ABC and other entities, however the WA UTC has to be careful to look only at the prices RNG producers actually get for their RNG, not the gross RIN or gross LCFS prices.

Question 8-9 Response

We are pleased that the WA UTC is already versed in existing RNG quality standards as well as the recent work from the Northeast Gas Association and ABC. ABC is always available to supply additional material on RNG quality recommendations as they become available in the public domain.

We hope these comments can assist the WA UTC as it builds its knowledge base and we look forward to assisting the WA UTC in any manner we can. Please do not hesitate to contact us at any time.

Sincerely,



Patrick Serfass, Executive Director