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October 24, 2019

VIA ELECTRONIC FILING

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

RE: Docket U-190818—Ameresco, Inc. Comments Regarding the Investigation into Renewable Natural Gas Programmatic Design and Pipeline Safety Standards

Dear Mr. Johnson:

Ameresco, Inc. appreciates the opportunity to submit these comments in response to the September 30, 2019 Notice of Opportunity to File Written Comments regarding Renewable Natural Gas Programmatic Design and Pipeline Safety Standards, Docket U-190818.

Ameresco is a leading renewable energy and energy efficiency company, headquartered in Framingham, Massachusetts. Our company has offices in Renton and Spokane supporting Ameresco's business efforts in the Pacific Northwest. Ameresco is also a developer, owner and operator of three Renewable Natural Gas (RNG) production facilities at landfills and wastewater treatment plants in the U.S. These facilities inject RNG into the natural gas pipeline grid.

Our company sees market potential in Washington for RNG production facilities designed for pipeline injection, and we encourage the Commission to consider and implement policies that encourage the maximum potential for RNG production. Currently, RNG pipeline quality standards vary by utility (or pipeline operator) and this can present challenges for RNG developers seeking to connect RNG to the natural gas pipeline network. For these reasons, we support increased uniformity towards a common approach as we discuss further below.

Additionally, the Puget Sound Clean Air Agency has drafted a rule for a Clean Fuel Standard for the Agency's Board of Directors to consider for action in early 2020. The draft rule allows for the participation of RNG in the Standard as a low carbon transportation fuel. We believe the Commission's development of pipeline quality standards are timely and valuable as the Puget Sound Clean Air Agency considers a Clean Fuel Standard involving RNG.

Please find below Ameresco's written comments corresponding to the topic areas provided by the Commission in its notice. Ameresco is also a member of the Coalition for Renewable Natural Gas ("RNG Coalition"), and we support the Coalition's comments dated October 24, 2019 submitted under this Docket.

RNG Program Structure

Ameresco encourages the Commission to provide robust RNG program guidance that also allows for market flexibility. We support the ability to bank and transfer environmental attributes associated with RNG, provided that such flexibility does not diminish the incentive to increase RNG production over time. We support the RNG Coalition's comments regarding price-certainty versus volume-certainty for voluntary tariffs available to residential customers. We agree that assigning a dollar-value model to this program can help provide market certainty to RNG project developers as they consider the economic viability of developing new RNG projects.

Ameresco also supports the consideration of renewable hydrogen in the RNG program design. Renewable hydrogen has the potential for multiple end-use applications involving natural gas pipeline infrastructure including transportation, Power-to-Gas applications and natural gas blending. While the U.S. market for renewable hydrogen is emerging, we are increasingly seeing research and development projects by utility and other companies.

RNG Supply and Markets

Project economics are the most significant barrier to RNG development, in addition to accessing project financing. RNG production facilities require substantial capital investment, and it typically takes at least 24-36 months to develop and construct a RNG facility. Ameresco has invested between $25 million to $40 million to construct each its three operational RNG plants in Arizona, Michigan, and Texas. We are currently in the substantial development phase of three additional RNG projects at landfills in Texas and California, and we have evaluated the potential for RNG development opportunities in Washington.

Currently, RNG cannot be produced or sold at a cost that is competitive with fossil natural gas. Most RNG facilities require the consideration of the economic value of environmental attributes associated with RNG from federal and state programs, foremost of which are Renewable Identification Numbers (RINs) under the Renewable Fuel Standard (RFS) program. It is important to note that the recovery of biogas and the production of RNG can provide multiple streams of economic and environmental value to landfill operators, municipal wastewater treatment plants and agricultural facilities.

While the current RNG market mainly serves the transportation fuel sector as CNG/LNG derived from biogas, Ameresco believes that increasing utility customer demand for low-carbon alternatives will increase market opportunities for RNG broadly across the U.S. power sector. Increasingly, utility companies are announcing voluntary and other initiatives to incorporate RNG into their pipelines. As an example, SoCal Gas announced a plan in 2019 to replace 20 percent of its traditional natural gas supply with RNG by 2030.

Utility incentives for RNG pipeline interconnection costs can support the economics of RNG projects. The State of California, as an example, provides financial reimbursements to offset up to 50 percent of eligible RNG pipeline interconnection costs, and up to $3 million to $5 million per project. While interconnection costs can vary by project location, we believe these type of incentives can help meaningfully defray RNG project development costs.

Today, there are more than 90 operational RNG production facilities in the U.S. according to the RNG Coalition's industry database, including three operational plants in Washington and an additional two plants in construction in

the state. We believe there is substantial technical potential for increased RNG production, particularly as the industry addresses RNG opportunities at wastewater treatment plants and agricultural facilities in the future.

A 2018 study by the Washington State University Energy Program and the Washington Department of Commerce reports that adequate opportunities exist for RNG production equivalent to 3 percent to 5 percent of current natural gas consumption in Washington. Nationally, a 2011 study by the American Gas Foundation (AGF) identified technical potential up to 10 percent of annual U.S. natural gas consumption. We understand the AGF is currently updating this study to a 2019 version.

RNG Quality Standards

RNG is a pipeline-compatible renewable resource that can utilize the existing natural gas distribution network to deliver RNG well beyond the point of production. As a result, we are observing increasing market awareness for RNG's sustainability benefits among large institutional and commercial customers.

Since 2010, Ameresco has worked with many local natural gas utility company partners and local distribution companies on RNG pipeline injection. The RNG industry is an established and growing market with more than 100 operational RNG facilities in North America as of 2019. As states formalize RNG quality standards, we encourage consistent approaches that satisfy and ensure the safety and reliability of the grid while allowing for the demonstrated technical feasibility of RNG production to date.

We are very supportive of the Commission establishing RNG quality standards as they can provide regulatory certainty and uniformity to the RNG industry. As states such as Washington develop standards, we believe a common standard approach would be most beneficial to industry. We support the recent 2019 report by the Northeast Gas Association which will serve as an interconnect guide for RNG in New York State. The guidance document is also intended to serve as a framework for other states and entities considering RNG interconnection standards, and we are supportive of its "*good science and common sense*" approach.

Ameresco appreciates the opportunity to provide comments to the Commission. If you have any questions or if I may be of assistance, please do not hesitate to contact me at mbakas@ameresco.com or by phone at (508) 661-2223.

Sincerely,

Michael T. Bakas
Executive Vice President, Distributed Energy Systems
Ameresco, Inc.