Service Date: December 16, 2020

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Investigation into Renewable Natural Gas Programmatic Design and Pipeline Safety Standards	DOCKET U-190818 REPORT AND POLICY STATEMENT ON INVESTIGATION OF RENEWABLE NATURAL GAS PROGRAMMATIC DESIGN AND PIPELINE SAFETY STANDARDS

I. INTRODUCTION AND PROCEDURAL BACKGROUND

1 On May 7, 2019, Washington legislature enacted Engrossed Third Substitute House Bill (E3SHB) 1257 concerning energy efficiency.[1] Among other things, the law encourages natural gas companies to develop programs to incorporate purchases of renewable natural gas (RNG), defined as "a gas consisting largely of methane and other hydrocarbons derived from the decomposition of organic material in landfills, wastewater treatment facilities, and anaerobic digesters,"[2] into their gas resource portfolios.

2 Specifically, Section 13 of E3SHB 1257 (codified as RCW 80.28.385) allows each natural gas utility to propose a program to replace a portion of its conventional natural gas supply with RNG for all retail customers, and Section 14 of E3SHB 1257 (codified as RCW 80.28.390) requires each natural gas utility to offer by tariff a voluntary RNG program that allows interested customers to replace any portion of the conventional natural gas that would otherwise be provided by the utility.

3 In September 2019, the Commission opened an investigation in this docket to examine the programmatic design and pipeline safety standards for utilities to purchase RNG as required by E3SHB 1257.

4 On September 30, 2019, the Commission issued a Notice of Opportunity to Submit Written Comments and a Notice of Workshop, set for October 29, 2019. The Commission received 14 comments in response to the Notice. Subsequently, the Commission received four additional comments from stakeholders addressing relevant issues related to RNG programs and pipeline safety standards. These comments are summarized in Section III of this Policy Statement.

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[1] Laws of 2019, Ch. 285.

[2] RCW 54.04.190.

5 Since September 2019, Commission staff has been gathering information related to RNG programs from industry groups and other government agencies, as well as through discussions with stakeholders and Washington investor-owned natural gas utilities to gain additional insight and increase its understanding of the various issues pertinent to the Commission's authority over the RNG programs defined in E3SHB 1257. This information helped inform the Commission's policy guidance related to the programmatic design and pipeline safety standards for RNG programs set out in this Policy Statement.

II. STATUTORY AND POLICY FRAMEWORK

6 Washington has a complex energy policy framework developed through a combination of legislative action, citizen initiative, and executive action intended to reduce the impact of climate change and promote strong environmental protections. Although most actions focus on electric generation, the statutory frameworks, administrative rules, and policies described below provide a foundation for understanding the ways in which RNG is compatible with the statewide goals of reducing greenhouse gas (GHG) emissions and promoting environmental stewardship.

7 Since 1998, the Washington legislature has enacted several laws and passed numerous budget programs to encourage investment in renewable resources and emerging technologies, diversify the renewable energy mix available to utility customers in the state, and strengthen utility planning requirements as they relate to renewable energy. These include:

- Voluntary programs for customers to offset their energy consumption with purchases of qualified alternative energy resources (2001);[3]
- Renewable energy production tax incentives (2005);[4]
- Emissions performance standards for future generation sources (2007);[5]
- Creation of the Clean Energy Fund that facilitates the development, demonstration, and deployment of clean energy technology, including grid modernization projects, electrification of transportation systems, research and development demonstration projects, and GHG reduction programs;[6]

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[3] *See* RCW 19.29A.090, Energy-Supply and Demand Management.

[4] *See* RCW 82.16.120, Renewable Energy Industries – Tax Credits.

[5] *See* Chapter 80.80 RCW. The legislature stated the intent of the law as follows: "encourage the development of cost-effective, highly efficient, and environmentally sound supply resources to provide reliability and consistency with the state's energy priorities."

[6] "Washington State Clean Energy Fund, "available at https://www.commerce.wa.gov/growing-the-economy/energy/clean-energy-fund/ (last accessed Nov. 16, 2020).

- Possible incentive rates of return for investor-owned utilities for certain electric vehicle infrastructure that benefits ratepayers (2015); [7]
- Opportunities for regulated utilities to develop transportation electrification plans that encourage and incentivize the deployment of electric vehicles, as well as transportation electrification infrastructure and programs (2019);[8] and
- The enactment and ongoing implementation of the Clean Energy Transformation Act (2019).[9]

8 Washington voters approved Initiative 937, the Energy Independence Act (EIA)[10] in 2006, which requires electric utilities serving at least 25,000 retail customers to meet specific benchmarks for using renewable energy and to provide energy conservation opportunities that are cost-effective, reliable, and feasible.[11]

9 In 2014, Governor Jay Inslee issued Executive Order 14-04 (EO 14-04), Washington Carbon Pollution Reduction and Clean Energy Action. EO 14-04 created a taskforce directed to provide recommendations on the design and implementation of carbon emission limits and market mechanism programs for Washington.[12] In response to EO 14-04, the Department of Ecology developed the Clean Air Rule in 2016 to cap and reduce Washington's greenhouse gas emissions from significant in-state sources,

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[7] *See* RCW 80.28.360. In the findings attached to the law, the legislature declared that "the legislature intends to provide a clear policy directive and financial incentive to utilities for electric vehicle infrastructure build-out."

[8] Electrification of Transportation. Laws of 2019, Ch. 109. The intent section of the law states that "state policy can achieve the greatest return on investment in reducing greenhouse gas emissions and improving air quality by expediting the transition to alternative fuel vehicles, including electric vehicles."

[9] Laws of 2019, ch. 288, §§ 1–13, 26. In the intent section of the law, the legislature found that "Washington must address the impacts of climate change by leading the transition to a clean energy economy," and further declared that "utilities in the state have an important role to play in this transition, and must be fully empowered, through regulatory tools and incentives, to achieve the goals of this policy."

[10] *See* Chapter 19.285 RCW.

[11] *See* RCW 19.285, Energy Independence Act. The legislature's Declaration of Policy is to "promote energy independence in the state and Pacific Northwest region," and thus "protect clean air and water, and position Washington state as a national leader in clean energy technologies."

[12] Executive Order 14-04, p. 2.

petroleum product producers, importers, distributors, and natural gas distributors operating within Washington.[13,14]

10 In 2018, Governor Jay Inslee issued Executive Order 18-01 (EO 18-01), State Efficiency and Environmental Performance. EO 18-01 requires state agencies to take steps to significantly reduce emissions from their operations. EO 18-01 finds that "increasing energy efficiency and accelerating the adoption of renewable energy strengthens Washington's economy in many ways, including: by promoting clean, home-grown energy over the burning of imported fossil fuels; by expanding employment in the construction trades; and by improving job growth and competitiveness in clean energy businesses and technologies in the state."[15]

11 Finally, in 2019, the legislature enacted E3SHB 1257, which encourages greater energy efficiency and provides for the use of renewable fuels to reduce greenhouse gas emissions in Washington. The law allows each natural gas utility to establish a renewable natural gas program, subject to Commission approval, to supply RNG for a portion of the natural gas the utility sells or delivers to all of its retail customers, and also requires utilities to establish a voluntary renewable natural gas program that is available to all customers.[16]

12 As RNG production and acquisition for direct use by retail customers is in a nascent state, the Commission determined that issuing policy guidance, rather than promulgating formal rules, is the appropriate regulatory path at this juncture. Such guidance will encourage the industry to continue to innovate and will provide a more flexible regulatory framework that will allow utilities to develop robust RNG programs that benefit customers.

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[13] *See* https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Closed-rulemaking/WAC-173-442-441-Overview (last accessed Nov. 16, 2020).

[14] In *Ass'n of Wash. Bus. v. Dep't of Ecology*,195 Wn.2d 1, 455 P.3d 1126 (2020), the Washington Supreme Court upheld the portions of the rule that applied to stationary sources, but held that the portions that applied to indirect sources, such as natural gas distributors and fuel suppliers, were invalid. The Supreme Court remanded the case to Thurston County Superior Court to determine how to separate the rule portions.

[15] *See* Executive Order 18-01, p. 1 (rescinded and superseded by Executive Order 20-01, containing the same language, signed by Governor Inslee Jan. 23, 2020).

[16] Energy Efficiency, Laws of 2019, ch. 285. The legislature states the intent of the law in section 1 as follows: "Establishes efficiency performance requirements for natural gas distribution companies, recognizing the significant contribution of natural gas to the state's greenhouse gas emissions, the role that natural gas plays in heating buildings and powering equipment within buildings across the state, and the greenhouse gas reduction benefits associated with substituting renewable natural gas for fossil fuels."

III. STATEMENT OF COMMISSION POLICY

13 In enacting E3SHB 1257, the Legislature intended that "the state … provide clear and reliable guidelines for gas companies that opt to supply renewable natural gas resources to serve their customers and that ensure robust ratepayer protections."[17] The Commission is an agency of the State of Washington vested by statute with the authority to regulate, in the public interest, the rates, practices, accounts and affiliated interests of public service companies, including gas companies.[18] Under the authority provided in RCW 34.05.240, the Commission adopts this statement of policy governing RNG program adoption and use by gas companies in Washington.

14 This Policy Statement identifies and addresses the following five broad policy categories related to RNG program adoption and use, which are discussed in greater detail below:

- General RNG utility program design,
- RNG quality standards and pipeline safety requirements,
- RNG environmental attributes,
- RNG attribute tracking and verification, and
- Banking criteria for RNG attributes.

15 This Policy Statement is intended to provide sufficient guidance to assist utilities with designing and implementing RNG programs that comply with applicable laws. This guidance is intended to provide companies with flexibility to respond to dynamic changes and advancements in RNG, while providing transparency to ratepayers with respect to costs and participation requirements.[19]

a. General Program Design

16 The guidance related to general program design applies to programs offered under RCW 80.28.385 (Renewable natural gas program) and RCW 80.28.390 (Voluntary renewable natural gas service). Further guidance is provided for each statutorily required program under section subheadings.

17 First, the Commission expects each natural gas company to acquire RNG resources at the lowest reasonable cost on behalf of all customers, and to demonstrate the prudence of costs associated with all RNG purchases. The Commission will approve tariff filings for each program in advance of its implementation, but will determine prudence for RNG

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[17] Laws of 2019 c 285 § 12.

[18] RCW 80.01.040(3); RCW 80.04.010(23).

[19] While this Policy Statement does not address the use or potential of hydrogen by the natural gas utilities, we are aware that utilities are currently looking at the potential of hydrogen. We expect to address the role of hydrogen and provide regulatory guidance about its use by regulated utilities in a future docket.

purchases retroactively, based on long-standing regulatory principles, in later general rate case proceedings.

Second, any RNG program tariff filed with the Commission must reflect all aggregate costs, including, but not limited to: the administrative costs of the program, costs associated with tracking and verification of environmental attributes, commodity costs, and infrastructure costs. The utility must also identify how costs will be tracked and from which customer classes they seek to recover those costs. Costs associated with programs developed under RCW 80.28.385 and RCW 80.28.390 must be tracked and classified separately to support cost recovery specific to each program.

18 Third, the Commission intends to apply the long-standing rate setting principle of cost causation, which assigns costs to those customers who cause the expense to occur. In applying this principle in utility general rate cases, the Commission requires utilities to conduct cost of service studies to provide support in determining the rates charged to each customer class based on the utility's authorized revenue requirement.

19 When a utility submits a cost-of-service study in the initial general rate case filing in which it seeks cost recovery of programs implemented pursuant to RCW 80.28.385 or RCW 80.28.390, the Commission encourages each utility to account for RNG-related costs within its cost-of-service study. In the absence of addressing RNG costs in a cost-of-service study, a utility must identify and classify all RNG costs that it seeks to recover through rates.

i. RCW 80.28.385 RNG Program

20 RCW 80.28.385, which allows each natural gas utility to propose a program to replace a portion of its conventional natural gas supply with RNG for all retail customers, permits regulated natural gas utilities to acquire RNG through purchased gas agreements or other Commission-approved contracts, and to recover those costs from all retail gas customers consistent with existing Commission rules and policies.

21 Many of the comments the Commission received related to general RNG program design focused on the language in RCW 80.28.385(1) that limits the customer charge for RNG to "five percent of the amount charged to retail customers for natural gas." Commenters expressed confusion about this limitation and recommended the Commission provide clarity, particularly regarding the types of costs that must be included in the five percent calculation.

22 The Coalition for Renewable Natural Gas and the Northwest Gas Association (NWGA) advocated for the 5 percent cost cap to be calculated against the total revenue requirement for all retail gas customers. The Alliance of Western Energy Consumers (AWEC) argued for the cost cap to be limited to 5 percent of the gross revenues received from core customers. Public Counsel recommended the 5 percent limit be calculated against the commodity cost for conventional natural gas provided to all retail customers.

23 The statute is ambiguous as to how the 5 percent limit should be calculated. As in every situation involving rate setting, the Commission is concerned about rate impacts to customers. Therefore, we view 5 percent of the total approved revenue requirement from the gas company's most recent general rate case as the maximum amount utilities should consider available for RNG program proposals under RCW 80.28.385. Utilities may include within the cost cap the incremental commodity costs, and costs of acquisition and delivery of RNG above and beyond the cost to supply an equivalent amount of conventional natural gas to all retail customers. RNG commodity costs may be recovered through the annual purchased gas adjustment mechanism, or alternative mechanisms as approved by the Commission.[20]

24 Utilities must develop and submit their method for calculating the 5 percent cost cap for Commission approval when submitting a program to the Commission to replace a portion of its gas supply with RNG.

25 We also note that the language in RCW 80.28.385(2) does not allow environmental attributes acquired under that section to be used for any other purpose, which we interpret to include the transfer or use for voluntary RNG programs under RCW 80.28.390.

ii. RCW 80.28.390 Voluntary Program

26 In addition to the general RNG program described above, RCW 80.28.390(1) requires natural gas companies to develop voluntary RNG programs for all retail customers. The Commission must approve proposed rate structures for the voluntary RNG programs required by RCW 80.28.390.

27 By and large, commenters recommended providing companies with flexibility to design the voluntary programs and purchase options that must be made available to customers. The Commission agrees that providing flexibility is appropriate at this early stage of implementation, and thus will evaluate each program proposal on a case-by-case basis.

28 Additionally, although we recognize that the statute allows utilities to place reasonable limits on program participation based on RNG availability, we expect utilities to communicate the rationale for any limits they choose to impose. Utilities must also include a separate, clearly identifiable charge on bills for customers who choose to participate in a voluntary RNG program.

29 Consistent with existing Commission and ratemaking policy related to cost causation, cross-subsidization and voluntary alternative energy offerings, all costs related to voluntary RNG programs must be borne by customers selecting such voluntary service. For example, RNG purchased for voluntary programs implemented pursuant to RCW

[20] WAC 480-90-233.

80.28.390 may not be included in the cost of providing or purchasing RNG for all customers through programs implemented to comply with RCW 80.28.385.[21]

b. RNG Quality Standards and Pipeline Safety

30 RNG quality and pipeline safety standards are an important component of any utility RNG program. The Commission expects natural gas companies to work collaboratively with industry, pipeline safety and other stakeholders, to develop and adopt best practices for quality and safety without unnecessarily limiting or delaying RNG program implementation.

31 The Commission received seven comments related to quality standards and pipeline safety. Northwest Natural, Impact Biology, NWGA, and Ameresco all recommended the Commission adopt uniform pipeline standards that provide regulatory certainty. AWEC recommends adopting minimum standards and allowing the utilities to develop their own standards through tariff filings.

32 In addition to comments received during the comment period, NWGA, on behalf of Avista Corporation (Avista), Puget Sound Energy (PSE), Northwest Natural Gas Company NW Natural, and Cascade Natural Gas Corporation (Cascade), submitted recommended biomethane quality standards. In response to NWGA's comments, the Renewable Natural Gas Coalition submitted a separate standard for consideration.

33 In response to these various recommended standards, we note that the pipeline operator should consider its Distribution Integrity Management Plan (DIMP) and Transmission Integrity Management Plan as a fundamental source of information for evaluating risks associated with pipeline failure when determining its Biomethane Quality Specifications. The DIMP rules adopted by the Pipeline and Hazardous Materials Safety Administration mandate each gas pipeline operator to prepare a plan that uses a risk-based approach to evaluate the safety conditions that affect its pipeline.[22] In each plan, the pipeline operator must document the characteristics of its natural gas system; identify, categorize, and assess system risks; employ risk mitigation measures addressed to each identified risk; and monitor the effectiveness of the program. The risk-management approach inherent in the DIMP rules recognizes that a natural gas pipeline operator must consider many factors when determining what measures are appropriate to maintain the safety, reliability, and integrity of a distribution system, including the quality and safety

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[21] *See In the Matter of Tariff Revisions Filed by Puget Sound Energy Offering Voluntary Long Term Renewable Energy*, Docket UE-160977, Order 01 (Sept. 28, 2016).

[22] 49 CFR Part 192, Subpart P; PHMSA published the final rule establishing integrity management (IM) requirements for gas distribution pipeline systems on December 4, 2009 (74 FR 63906).

standards for the injection of RNG into the operator's transmission and distribution system.

34 Additionally, the Commission recognizes that natural gas utilities may have existing tariffs approved by other regulatory bodies that contain pipeline quality and safety standards for RNG. The burden of identifying RNG quality and pipeline safety standards rests with the pipeline operators and the utilities. As such, we expect utilities to identify whether the RNG quality or pipeline safety standards proposed in the tariff filings required by RCW 80.28.385 and .390 are consistent with previously approved tariff(s) either by this Commission or other regulatory body, are consistent with an industry recommended standard, or if no binding precedent exists.

c. Environmental Attributes

35 Environmental attributes refer to all non-power attributes of RNG, including carbon intensity (CI), which refers to the specific environmental attribute associated with the global warming potential per dekatherm of gas provided to customers. The carbon intensity of RNG traditionally represents the full lifecycle of the RNG, including the production, transmission, and distribution. Different production sources may produce RNG with different CIs, and CI accounting provides transparency of those differences, allowing the purchaser to compare the CI value between two sources.[23]

36 The Commission received two comments specifically related to environmental attribute requirements for RNG. American Biogas Council recommends the Commission adopt a maximum allowable CI in the definition of RNG, while 3Degrees, Inc., (3Degrees) provides numerous recommendations, including considering full lifecycle greenhouse gas emissions, as well as creating a CI threshold for RNG lower than the CI threshold for fossil fuel natural gas that must be met to achieve intended greenhouse gas reduction goals.

37 Numerous regional and national regulatory programs have demonstrated that CI accounting is achievable. Such programs include:

- the Oregon Public Utilities Commission (OPUC) Renewable Natural Gas Programs Order Number 20-227;[24]
- Oregon Department of Environmental Quality (DEQ) Clean Fuels Program (CFP);[25]

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[23] *See* Oregon Public Utility Commission, Order No. 20-227, Docket # AR 632.
[24] *See* Oregon Public Utility Commission, Docket No: AR 632.

[25] "Oregon Clean Fuels Program, Calculating the Carbon Intensity of Electricity used in the CFP," available at https://www.oregon.gov/deq/aq/Documents/cfp-carbcalc.pdf (last accessed on Nov. 16, 2020).

- the California Air Resources Board (CARB) Clean Fuels Program Rules;[26]
- the United States Environmental Protection Agency (EPA) Renewable Fuels Program Rules;[27] and
- the Center for Resource Solutions' Green-E certification program for its proposed renewable fuels standards for Canada and the United States.[28]

38 Recognizing that RNG produced by different sources and at different locations will have distinct CIs, the Commission acknowledges that CI accounting provides the best comparator for valuing different sources of RNG and helps ensure regional consistency in the RNG marketplace in relation to the programs listed above. The Commission therefore expects all utilities to include the CI calculations of the gas the utility has the legal right to claim when tracking and verifying RNG environmental attributes acquired for these tariffed programs.

39 The Commission finds that, per RCW 80.28.385(2), environmental attributes may be unbundled and sold, delivered, or purchased separately from the RNG used in utility programs.[29] We further determine that treating environmental attributes in this manner is consistent with other regional RNG regulated programs and the anticipated future growth of a renewable thermal credit market in Washington state with the development of RNG programs as required by RCW 80.28.385 and .390.[30]

d. Attribute Tracking and Verification

40 Electronic tracking systems allow environmental attributes to be transferred among account holders. To avoid ownership disputes, renewable energy tracking systems assign a unique identification number to each credit, or unit of energy generated, in a particular region. A uniquely identified unit can only be in one tracking system account (*i.e.*, owned by one account holder) at a time.[31] Generators of electric renewable energy credits, or

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[26] "California Air Resources Board, LCFS Life Cycle Analysis Models and Documentation, "available at https://ww2.arb.ca.gov/resources/documents/lcfs-life-cycle-analysis-models-and-documentation (last accessed on Nov. 16, 2020).

[27] Title 40 Code of Federal Regulations § 80.1426, Renewable Fuel Standards.

[28] "Renewable Fuels, "available at https://www.green-e.org/docs/rf/Green-e%20Renewable%20Fuels%20Standard%20Draft%20083120.pdf (last accessed on Nov. 16, 2020).

[29] RCW 80.28.385(2) provides in part: "The commission must approve procedures for banking and transfer of environmental attributes."

[30] RCW 80.28.390(1) provides in part: "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."

[31] "Green Power Partnership," available at https://www.epa.gov/greenpower/renewable-energy-tracking-systems (last accessed Nov. 16, 2020).

RECs, are required to use the Western Renewable Energy Generation Information System, or WREGIS, for electric RECs tracked in Washington.[32] WREGIS currently does not provide tracking for environmental attributes for RNG.

41 Three stakeholders filed comments related to RNG attribute tracking and verification. 3Degrees, NWGA, and the Renewable Natural Gas Coalition all recommend the Commission require utilities to use a common third-party tracking system to ensure exclusive environmental benefits are delivered to customers under programs implemented pursuant to both RCW 80.28.385 and RCW 80.28.390.

42 NWGA, Avista, PSE, NW Natural, and Cascade filed a joint recommendation that identifies the Midwest Renewable Energy Tracking System (M-RETS), or a comparable system, as the preferred RNG attribute tracking and verification system for regulated utilities in Washington.[33]

43 The Commission agrees with the utility stakeholders and will require all utilities to use Renewable Thermal Certificates (RTCs) for tracking the chain of custody of the environmental attributes for any RNG acquired to serve retail customers in Washington. 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. The approved tracking system must issue one RTC for each dekatherm of RNG purchased. Once an RTC is retired, it must not be transferred, sold, or claimed by the utility or another entity for any other purpose.

44 A utility may not use RTCs that are issued by, acquired from, or transferred by an entity that has not complied with all information, reporting, and verification requirements of the tracking system the Commission authorizes for use.

45 At the Commission's request, a utility must provide documentation to demonstrate that, for each RTC purchased or otherwise acquired, one dekatherm of RNG was delivered to an injection point on a natural gas common carrier pipeline.

46 The Commission strongly prefers that all regulated natural gas utilities use the same attribute tracking and verification system to ensure greater regional consistency and customer transparency. Accordingly, the Commission will request feedback on this issue from all regulated natural gas utilities in response to the first program proposal the Commission receives.

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[32] *See* RCW 19.285.030(20; WAC 194-37-210.

[33] NWGA comments and recommendations related to RNG tracking and verification (Oct. 28, 2020).

e. Banking Criteria

47 Under RCW 80.28.385(2), the Commission must approve procedures for banking environmental attributes. Banking criteria ensure that the environmental attributes used in a particular timeframe are associated with the RNG that is delivered to the system in that same timeframe.

48 The Commission received four comments related to banking criteria for RNG. All commenters recommend the Commission provide flexibility for banking environmental attributes, particularly in the early stages of RNG program implementation. The stakeholders argue that this may help to reduce initial costs for purchasing RNG through long-term, large-scale agreements, and will create more stable conditions in an emerging market.

49 The Commissions finds that, consistent with banking criteria for RECs in RCW 19.285.040 and WAC 480-109-200, utilities may bank RTCs in the year immediately prior to the year in which the RNG acquisition is intended to serve retail customers, the year the RNG is acquired, or the year immediately after the RNG is acquired.[34]

IV. CONCLUSION

50 Through the framework of policy and regulatory actions identified in Section II, the State of Washington has given clear directives to utility companies to diversify alternative energy offerings and reduce the carbon impact of the energy provided to Washington utility customers. State agencies also have been clearly directed to support the transition to a clean energy future. It is the Commission's statutory obligation, as set out in RCW 80.01.40, to "regulate in the public interest, as provided by the public service laws, the rates, services, facilities, and practices of all persons engaging within this state in the business of supplying any utility service or commodity to the public for compensation."[35]

51 Consistent with RCW 80.28.385 and RCW 80.28.390, the legislative direction to provide guidance for gas companies in supplying RNG to customers, and the issues identified in Section III, *supra*, the Commission seeks to support and promote the expansion and adoption of RNG programs through the policy guidance in this statement.

52 In this docket, the Commission has sought to develop policy guidelines that provide regulated natural gas utilities flexibility to develop new RNG programs. New and emerging technologies, new program offerings for customers, and new infrastructure needs require flexible program design for utilities, but also require consistent tracking

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[34] WAC 194.37.120(2)(b).

[35] RCW 80.01.040(3).

and verification of attributes, and must continue to require cost recovery that results in rates that are fair, just, reasonable, and sufficient.

53 The Commission will continue to monitor the emerging RNG marketplace and technology development and may later determine that additional policy guidance or agency rules should be promulgated.

DATED at Lacey, Washington, and effective December 16, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner