

DATE: January 16, 2020
FROM: Nick Sayen
DOCKET: UM 2030



Staff Notes from December 13, 2019 Staff Workshop

On Friday December 13, 2019 Oregon Public Utility Commission (OPUC) Staff held a public workshop in Portland. At the workshop NW Natural staff presented an updated version of their methodology for determining the cost-effectiveness of bringing renewable natural gas (RNG) resources to customers (updated Appendix H).

The presentation was the first step in Phase 1 of docket UM 2030, an OPUC investigation into the proposed methodology.

This document summarizes OPUC Staff's notes from the workshop, but attendees are welcome to submit any additional information or comments from the workshop. Please email diane.davis@state.or.us and nick.sayen@state.or.us.

Attendees:

Kruti Pandya, NW Natural
Nicholas Colombo, OPUC Staff
JP Batmale, OPUC Staff
Garrett Martin, OPUC Staff
Lauren Slawsky, Oregon Department of Environmental Quality
Bill Peters, Oregon Department of Environmental Quality
Mike Paruszkiewicz, NW Natural
Will Gehrke, Oregon Citizens' Utility Board (CUB)
Ed Finklea, Alliance of Western Energy Consumers (AWEC)
Chad Stokes, Alliance of Western Energy Consumers (AWEC)
Ryan Bracken, NW Natural
Teresa Hagins, Williams Northwest Pipeline Company
Mark Sellers-Vaughn, Cascade Natural Gas
Ethan Nelson, City of Eugene
Tamy Linver, NW Natural
Matt Doyle, NW Natural
Ted Drennan, NW Natural
Anna Chittum, NW Natural
Sam Wade, Coalition for Renewable Natural Gas
Jo Riemenschneider, Oregon Department of Justice, legal representative of OPUC Staff
Alyn Spector, Cascade Natural Gas
Ryan Sigurdson, NW Natural

Rebecca Brown, NW Natural
Dave Vant Hof, Climate Solutions
Fred Heutte, NW Energy Coalition (phone)
Nick Sayen, OPUC Staff

Nick Sayen, OPUC Staff, began the workshop by introducing himself, reviewing the workshop agenda and purpose, providing background and context for the origins of the proposed methodology, as well as the UM 2030 docket, and finally reviewed the docket scope.

Ted Drennan, NW Natural, then delivered the presentation of the updated Appendix H.

Opening slides, as well as the NW Natural presentation slides are posted in the UM 2030 docket.

Following the NW Natural presentation attendees were able to ask questions. These included the following, paraphrased below:

Q: (stakeholder) Have RNG projects proposed an indexed price?

A: (NW Natural staff) Not to her knowledge; she has not seen it; prices are typically given in \$/MMBtu.

Another attendee noted seeing bundled values for RFS/LCFS; i.e. a \$ value for the gas plus a \$ value for RINS

Q: (OPUC staff) If gas has to be conditioned first (i.e., not a straight commodity purchase), how does the process work?

A: (NW Natural staff) There's a difference between a SB 98 resource and a cost-effective resource, but they haven't considered the issue in this light yet. To date, the assumption has been that all projects would **not** be cost-effective, so that's what they've focused on. In the future though, some projects might be cost-effective, so that would be a different scenario.

Q: (stakeholder) Would a 5-year fixed price contract for a RNG purchase by a utility constitute a "hedge" as defined under the PGA guidelines in UM 1286?

A: No one in attendance was able to speak to this issue.

Q: (OPUC staff) Are there any circumstances where you would need to bring a cost effective project into an IRP?

A: (NW Natural staff) If it were a large enough investment (\$), then they probably/likely should, but if there was an immediate response needed (i.e. 30 days to respond to an RFP), then there would not be sufficient time.

Possibly setting a \$ threshold is discussed, for example, above a certain amount, it should be included in the IRP; the threshold should likely represent the total cost to the ratepayer.

Q: (stakeholder) Can avoided costs / compliance costs in the CE methodology be clarified?

A: (NW Natural staff) "Compliance cost" might be the "avoided allowance cost," i.e. the price of the allowances the utility would have had to buy under a cap-and-trade scheme, but for the RNG. The current CE model uses California's current cap-and-trade value of \$17/ton of CO₂.

Q: (OPUC staff) How are infrastructure avoided costs and distribution avoided costs calculated?

A: (NW Natural staff) Like energy efficiency, each customer would be a different calculation, but we use a statewide average for ease of use.

Q: (stakeholder) What is the timing and sequencing of the UM 2030 docket relative to the AR 632 docket?

A: (OPUC staff) UM 2030 is a staff investigation which allows flexibility with respect to timing, AR 632 has statutory deadlines; they can proceed separately with AR 632 addressing cost-effectiveness methodology using a place-holder until UM 2030 concludes.

Q: (stakeholder) Will this methodology be discussed in the IRP TAG meetings?

A: (NW Natural staff) It could be; it hasn't been seen as relevant to those meetings to date, but we might allocate some time to it if we have all the same folks in the room already.

Q: (NW Natural staff) If, during the next phase, we run specific projects through this methodology as examples, how will Confidential information be kept private?

A: (OPUC staff legal representation) Information can be treated with Highly Confidential provisions, utility should file to establish this sooner than later to enable timely sharing of project information once its ready to file.

To conclude the workshop, Staff discussed immediate next steps and the timeline for finishing Phase 1 and Phase 2, which are briefly summarized below.

Immediate next steps:

- NW Natural to file updated Appendix H in UM 2030 docket as soon as possible (tentative: December 16)
- Staff to circulate minutes from this workshop as soon as possible (tentative: December 18)

Phase 1 timeline

- By December 15 - initial stakeholder workshop to present updated RNG evaluation methodology
- By January 15 - an opportunity for stakeholders to submit comments describing any concerns or recommendations on the updated methodology
- By February 15 - an opportunity for reply comments from NW Natural

Phase 2 timeline

- When NW Natural has project for consideration the Company will file work papers demonstrating the methodology as applied to the project
- Within 2 months of the date the company shares project information - a final opportunity for all parties to submit comments on the methodology
- Within 1 month of comment deadline - Staff will bring recommendation to Commission at a public meeting

Relevant background:

Appendix H, pages 399-419:

<https://edocs.puc.state.or.us/efdocs/HAA/lc71haa151218.pdf>

Oregon Public Utility Commission Staff Final Comments, pages 16-19:

<https://edocs.puc.state.or.us/efdocs/HAC/lc71hac134418.pdf>

NW Natural Final Comments, pages 20-25:

<https://edocs.puc.state.or.us/efdocs/HAC/lc71hac165146.pdf>

Docket AR 632 In the Matter of Rulemaking Regarding the 2019 Senate Bill 98 Renewable Natural Gas Programs:

<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=22060>

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