

June 3, 2022

Submitted via email to PUC.PUBLICCOMMENTS@puc.oregon.gov

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398



Re: Docket UM 2178 – RNG Coalition Comments on Natural Gas Fact Finding Draft Report

Dear Commission Staff,

The Coalition for Renewable Natural Gas (RNG Coalition)¹ offers the following comments in response to the *UM 2178 – Natural Gas Fact Finding Draft Report* (Draft Report)² from the Oregon Public Utility Commission (PUC or Commission) staff published on April 15, 2022, as part of the natural gas fact finding process.³ As the Draft Report implies, we believe that the Climate Protection Program (CPP) could play a crucial role in reducing greenhouse gas (GHG) emissions across Oregon’s economy, including by incentivizing RNG use by utilities.

Despite our role as the advocacy voice for the RNG industry, we are pleased that the Draft Report is written in the technology-neutral spirit of the CPP. By allowing utilities to explore the whole range of decarbonization tools, especially in the first years of the program, the use of RNG can become part of a cost-effective portfolio of low carbon technologies. Alongside electrification, efficiency, and other actions that may be necessary, RNG will help the gas sector make the necessary contributions toward statewide decarbonization.

About the RNG Coalition and the RNG Industry

The RNG Coalition is the trade association for the RNG industry in North America. Our diverse membership is comprised of over 350 leading organizations across the RNG supply chain, including recycling and waste management companies, renewable energy project developers, engineers, financiers, investors, organized labor, manufacturers, technology and service providers, consultants, gas and power marketers, gas and power transporters, transportation fleets, fueling stations, law firms, environmental advocates, research organizations, municipalities, universities, and utilities. Together we advocate for the sustainable development, deployment, and utilization of RNG, so that present and future generations have access to domestic, renewable, clean fuel and energy in Oregon and across North America.

¹ <http://www.rngcoalition.com/>

² <https://edocs.puc.state.or.us/efdocs/HAH/um2178hah155046.pdf>

³ Docket UM 2178: <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=22869>

The Proposed Approach to Utility Decarbonization is Practical

RNG Coalition supports the Draft Report's recommendation to "place a near-term premium on flexibility in exploring a range of strategies."⁴ This approach will allow Oregon to collect more data on the most cost-effective ways to approach gas system (and economy-wide) decarbonization. RNG Coalition recognizes that RNG is not silver bullet but that it will be an important tool in the decarbonization toolbox, both globally and in Oregon.

Modelling in several jurisdictions, including California⁵ and New York,⁶ suggests that methods to cut demand for gas (including electrification and other forms of improving end-use efficiency) used in conjunction with policies that increase the supply of renewable gases provides the most cost-effective portfolio of climate solutions. In May 2022, the California Air Resources Board emphasized that point in their Draft 2022 Scoping Plan to achieve net zero emissions by 2045: "Moving forward, a clean, affordable, and reliable electricity grid will serve as a backbone to support deep decarbonization across California's economy. (...) At the same time, other clean energy options, such as hydrogen and renewable natural gas must remain options as we transition away from fossil fuels."⁷ As the Commission's long-term fact-finding process concludes, RNG Coalition is confident that Oregon will continue to see the need for a robust set of solutions.

RNG is a Proven Source of Low Carbon Energy

Since the RNG Coalition's founding in 2011, policies focused on GHG emissions reduction have driven extraordinary growth within the RNG industry. There are now over 250 operational RNG production facilities in North America with 237 under construction or in substantial development⁸ compared to only 30 developed between 1982 and 2011.

This recent development has been incentivized largely by transportation decarbonization programs, including the United States Environmental Protection Agency's Renewable Fuel Standard and state-level clean fuel standards (CFS) such as the Oregon Clean Fuels Program.⁹ In 2021, the U.S. transportation sector used 390 million gasoline gallon equivalents of RNG, resulting in GHG emissions reduction of 3.8 million metric tons of carbon dioxide equivalent.¹⁰

⁴ Draft Report, page 27 (pdf page 31)

⁵ E3, *Achieving Carbon Neutrality in California* (2020). https://ww2.arb.ca.gov/sites/default/files/2020-10/e3_cn_final_report_oct2020_0.pdf

⁶ E3, *Pathways to Deep Decarbonization in New York State* (2020). <https://www.nyserda.ny.gov/-/media/Files/EDPPP/Energy-Prices/Energy-Statistics/2020-06-24-NYS-Decarbonization-Pathways-Report.ashx>

⁷ California Air Resources Board, *Draft 2022 Scoping Plan Update* (2022), pages 156-157 (pdf pages 183-184). https://ww2.arb.ca.gov/sites/default/files/2022-05/2022-draft-sp.pdf?utm_medium=email&utm_source=govdelivery

⁸ Based on RNG Coalition's production facility data as of May 1, 2022: <https://www.rngcoalition.com/rng-production-facilities>

⁹ <https://www.oregon.gov/deq/ghgp/cfp/Pages/default.aspx>

¹⁰ Natural Gas Vehicles for America and Coalition for Renewable Natural Gas, "Renewable Natural Gas Motor Fuel Interest Continues Growth," press release, May 3, 2022. <https://static1.squarespace.com/static/53a09c47e4b050b5ad5bf4f5/t/62712c86aaa7fe639c81c34f/1651584134994/NGVA+release+RNG+2021+report+05032022.pdf>

However, numerous projects that are currently under construction are now being driven—at least in part—by gas utility decarbonization policies that specify a percentage of a renewable gas allowed (or mandated) in a utility’s gas procurement. Oregon was an earlier adopter of that approach through Senate Bill (SB) 98.¹¹ In February, the California Public Utilities Commission adopted a similar program under California SB 1440, which requires local gas utilities to procure 72.8 billion cubic feet (Bcf) of RNG per year by 2030, or approximately 12% of residential and small commercial gas demand in 2019.¹²

While the RNG supply chain and ecosystem are still growing in North America,¹³ RNG is more mature in other parts of the world. Europe has decades of experience using RNG from all organic feedstocks and currently counts 20,000 facilities supplying biogas or RNG, which supplied 18 billion cubic meters of green gas in 2020.^{14,15}

The International Energy Agency’s (IEA) net-zero scenario, models that global RNG supply will grow 7x by 2030 and 27x by 2050 (relative to 2020 levels).¹⁶ In the IEA scenario, RNG is used across a variety of sectors including in buildings (20% of RNG use in 2050). The IEA also notes that in certain regions, RNG makes up over 80% of the gas grid’s content in 2050.¹⁷ Today, 25% of Denmark’s gas consumption is already met by RNG. Analysts project that share will grow to 75% by 2030 and 100% by 2034.¹⁸

RNG Will Be Available, if Appropriately Incentivized

Despite the strong RNG supply growth described above, in the Draft Report PUC staff suggest that finding sufficient RNG supply will be a “challenge”¹⁹ for gas utilities in the first compliance years of the CPP. RNG Coalition respectfully disagrees and believes the level of RNG procurement modelled by the Oregon utilities in the first compliance years of the CPP is realistic and achievable—provided sufficient compensation for such RNG development is maintained in a stable fashion by the Commission.

As part of the California SB 1440 program, California utilities are required to procure 17.6 Bcf (about 18,000,000 Dth) of RNG by 2025. In comparison, Oregon utilities need to procure only about 4,000,000

¹¹ <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/SB98/A-Engrossed>

¹² California Public Utilities Commission, Decision Implementing Senate Bill 1440 Biomethane Procurement Program (2022). <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M453/K954/453954308.PDF>

¹³ The RNG industry contributed over 22,000 jobs and \$2.6 billion to the U.S. economy in 2021. See RNG Coalition report:

<https://static1.squarespace.com/static/53a09c47e4b050b5ad5bf4f5/t/623c9f122ca5021fe5c8930c/1648140051803/RNG+Jobs+Study.pdf>

¹⁴ Claudia Patricolo, “The EU’s 2030 biomethane target is within reach – interview with Harmen Dekker, CEO of the European Biogas Association,” *CEENERGYNEWS*, May 24, 2022. <https://ceenergynews.com/interviews/the-eus-2030-biomethane-target-is-within-reach-interview-with-harmen-dekker-ceo-of-the-european-biogas-association/>

¹⁵ European Biogas Association, *Breaking Free of the Energy Dependency Trap – Delivering 35 bcm of biomethane by 2030*. <https://www.europeanbiogas.eu/breaking-free-of-the-energy-dependency-trap-delivering-35-bcm-of-biomethane-by-2030/>

¹⁶ International Energy Agency, *Net Zero by 2050: A Roadmap for the Global Energy Sector* (2021), Table 2.8, page 79. https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

¹⁷ *Ibid*, page 78.

¹⁸ Energinet, “New Record for Biogas in the Gas System in 2021,” January 7, 2022. <https://en.energinet.dk/About-our-news/News/2022/01/07/New-record-biogas>

¹⁹ Draft Report, page 25 (pdf page 29)

Dth.²⁰ Moreover, Oregon utilities have a “first mover” advantage over California utilities. Oregon utilities have already been actively working on procuring RNG — as mentioned in the Draft Report²¹ — and have the institutional frameworks in place to proceed with procurement today via SB 98, which was implemented earlier than California’s procurement framework.²²

As mentioned above, on the supply side the RNG industry is growing quickly across North America to meet the new RNG demand generated by policies such as SB 98 and the CPP.²³ The Draft Report mentions that the methodology used to quantify the amount of RNG available to Oregon depends on utilities’ throughput share of total gas use in the U.S..²⁴ While this approach is sensible in the longer-term, in the near-term, RNG will be procured in practice by the first movers, regardless of their relative gas demand in North America. As a jurisdiction that was an early adopter of supportive RNG policies, Oregon is in an advantageous position with the ability to access widely untapped RNG feedstocks, starting with the most cost-effective sources within and outside the state.

Staff also recommended the submission of annual reports on full CPP compliance costs, including RNG.²⁵ California is requiring its gas utilities to develop similar reporting to track progress against SB 1440 targets.²⁶ We recommend the Commission coordinate with the California Public Utilities Commission on such datasets and methods. Consistency between the two jurisdictions will allow RNG developers to submit the information required by utilities in an efficient manner while minimizing administrative friction and ultimately reducing customer bill impacts.

RNG Both Displaces Fossil Fuels and Captures Methane from Organic Wastes

The climate benefits of RNG are well known and are already being observed in various sectors and jurisdictions. RNG use reduces GHG emissions both by reducing the amount of fossil fuels combusted and by capturing methane from organic waste streams. These unique cross-sectoral climate benefits of RNG have largely been ignored so far in this docket. RNG is one of the very few options available to help decarbonize the GHG emissions from Oregon’s wastewater, landfills, and manure management.²⁷ We recommend that this be better highlighted in the Final Draft Report.

²⁰ Draft Report, Table 7, page 25 (pdf page 29)

²¹ Ibid

²² The Oregon utilities also can draw RNG supply from a broader geographic region under the SB 98 framework than the California utilities can under SB 1440. That said, we expect significant project development to occur in Oregon.

²³ Well over 200 projects are under construction and are planned across North America

²⁴ Draft Report, page xi (pdf page 46)

²⁵ Draft Report, page 26 (pdf page 30)

²⁶ California Public Utilities Commission, Decision Implementing Senate Bill 1440 Biomethane Procurement Program (2022), page 40 (pdf page 43).

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M453/K954/453954308.PDF>

²⁷ These sectors make up 4% of economy-wide emissions in the US. Source: U.S. Environmental Protection Agency, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2020* (2022), Table 2-2, pdf pages 94-96.

<https://www.epa.gov/system/files/documents/2022-04/us-ghg-inventory-2022-main-text.pdf>

Geographic Locations of Potential RNG Supply is Well Understood, But Continued Analysis of RNG Supply Relative to Potential Gas System Changes is Essential

The Oregon Department of Energy (ODOE) has carefully studied RNG potential in the state and the relationship to the location of gas infrastructure and gas loads.²⁸ Many of the methane-emitting organic waste sites in Oregon are well located for eventual use as RNG. According to the ODOE study: “Much of the in-state RNG resource would be produced on or near the existing natural gas infrastructure in Oregon. Such “on-system” resources provide energy that does not need to be transported via interstate pipelines from distant [fossil gas] basins, and may support localized gas distribution systems that would otherwise require system upgrades.”²⁹

RNG Coalition supports the Commission’s recommendation to “monitor, track, validate, and report market trends and forecasts for alternative gas availability and costs”³⁰ in a way that builds on the existing ODOE work. In previous comments, we recommended that the utilities lead a technical exercise to quantify the near- and long-term geographic availability of RNG potential on an updating basis.³¹ Such data would provide important insight, especially regarding which sections of infrastructure to target for retention vs. retirement in long-term planning of gas infrastructure. Importantly, customers that rely on renewable gas as the most viable way to decarbonize their energy demand – such as hard-to-electrify end uses – will need an ongoing access to infrastructure that connects them with the sources of renewable gas.

Conclusion

The Draft Report provides a strong initial analysis of the different challenges facing Oregon’s gas utilities as they plan for decarbonization. We support staff’s recommendation to test all options available to reduce GHG emissions from natural gas while making progress against CPP targets. The RNG industry is already active in Oregon participating in the Clean Fuels Program and SB 98 frameworks. The CPP has the potential to serve as another important driver to incentivize the RNG industry to help Oregon achieve its decarbonization goals.

Sincerely,

/S/

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²⁸ Oregon Department of Energy, *Biogas and Renewable Natural Gas Inventory SB 334 (2017) – 2018 Report to the Oregon Legislature*. <https://www.oregon.gov/energy/Data-and-Reports/Documents/2018-RNG-Inventory-Report.pdf>

²⁹ Ibid, Page 37 (pdf page 44)

³⁰ Draft Report, page 17 (pdf page 21)

³¹ RNG Coalition Comments on Regulatory Tools From Workshop #4, page 2-3.
<https://edocs.puc.state.or.us/efdocs/HAH/um2178hah164549.pdf>