October 26, 2021
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 Regulatory Tools from Workshop #4

Dear Commission Staff,

The Coalition for Renewable Natural Gas (RNG Coalition)[1] offers the following comments in response to the questions on regulatory tools from the Oregon Public Utility Commission (PUC or Commission) discussed at the September 27, and October 12, 2021, workshops[2] as part of the natural gas fact finding process.[3]

Review and update of Oregon's regulatory tools related to the future of the gas system is an important step toward the realization of Oregon's greenhouse gas (GHG) reduction goals. Given the significant opportunity for renewable natural gas (RNG) to serve as a decarbonization strategy in Oregon, our industry looks forward to additional clarity about which tools will be used to help effectuate RNG buildout.

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 leading companies 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, 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.

Over the last decade, policies focused on GHG emissions reduction have driven extraordinary growth within the RNG industry. There are now 196 operational RNG production facilities in North America with

[1] http://www.rngcoalition.com/

[2] Presentations made at Workshop 3 "Utilities Compliance Model presentations and Alternative Scenarios discussion" on September 14, 2021. Materials available here: https://opucteams-my.sharepoint.com/personal/qliu_opucteams_onmicrosoft_com1/_layouts/15/onedrive.aspx?id=%2Fpersonal%2Fqliu%5Fopucteams%5Fonmicrosoft%5Fcom1%2FDocuments%2FPUC%20Modeling%20Data%20Sharing&originalPath=aHR0cHM6Ly9vcHVjdGVhbXMtbXkuc2hhcmVwb2ludC5jb20vOmY6L2cvcGVyc29uYWwvcWxpdV9vcHVjdGVhbXNfb25taWNyb3NvZnRfY29tMS9FaVlnS21pMUhhUkVpSHBySEVzckhtUUJNTTlGSjQ2TEhqMTNVVmM1Mzc4ZEtnP3J0aW1lPVR4bW1uWkJfMlVn

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

251 under construction or in substantial development[4] 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.[5]

Response to Specific Questions Posed by the Commission

What additional information does the Commission need to inform ongoing work as it considers available options? How can it obtain that information?

The Utilities Should Quantify the Near- and Long-term Geographic Availability of RNG Potential on an Updating Basis

The feedstock availability study conducted by ICF for the American Gas Foundation is a strong current nationwide reference for RNG potential.[6] This study also includes a disaggregation on a state-by-state basis. For Oregon's in-state supply potential, ICF provides an estimate of 8.6 – 27.7 tBtu from anerobic digestion feedstocks (landfill gas, animal manure, wastewater, and food waste). This is enough to cover 18 – 59% of Oregon's 2020 residential natural gas demand.[7] In their presentation for Workshop 3 on modelling, NW Natural said that there are enough RNG opportunities to supply 35.3 million MMBtu/year, or about 49% of all of NW Natural's annual sales in Oregon in 2021.[8] The Oregon Department of Energy completed an RNG inventory study in 2018 ending with recommendations to gather more data on various feedstocks.[9] While these existing estimates are a good starting place for assessing Oregon's total domestic RNG supply potential, RNG Coalition recommends that the utilities be asked to track and quantify—in a more granular and ongoing analysis—the availability of RNG throughout their service territories.[10]

We also ask that the planning process be highly transparent about any future decommissioning of various portions of the gas system as soon as possible. RNG project developers need clear insight and

[4] Based on RNG Coalition's production facility data as of October 19, 2021: https://www.rngcoalition.com/rng-production-facilities

[5] https://www.oregon.gov/deq/ghgp/cfp/Pages/default.aspx

[6] ICF, *Renewable Sources of Natural Gas: Supply and Emissions Reduction Assessment.* https://gasfoundation.org/wp-content/uploads/2019/12/AGF-2019-RNG-Study-Full-Report-FINAL-12-18-19.pdf

[7] Based on EIA natural gas consumption data from 2020: https://www.eia.gov/dnav/ng/ng_cons_sum_dcu_SOR_a.htm

[8] NW Natural, *UM 2178 Fact Finding Workshop 3 – Second Update to Modelling Presentation* (September 27, 2021), Slide 33. https://opucteams-my.sharepoint.com/:b:/r/personal/qliu_opucteams_onmicrosoft_com1/Documents/PUC%20Modeling%20Data%20Sharing/NW%20Natural/UM%202178%20NWN%20%20Fact%20Finding%20Workshop%203_%20Second%20Update%20to%20Modeling%20Presentation.pdf?csf=1&web=1&e=obI74I

[9] Oregon Department of Energy, *Biogas and Renewable Natural Gas Inventory SB 334 (2017) – 2018 Report to the Oregon Legislature*, page 49. https://www.oregon.gov/energy/Data-and-Reports/Documents/2018-RNG-Inventory-Report.pdf

[10] Providing that any such analysis doesn't delay efforts to create strengthen incentives for RNG projects to be built.

guidance from PUC as to where their projects should be constructed and interconnected. If a portion of the gas system is to be taken out of service (or planned capacity not built) at some point in the future, project developers need to be aware of this potential outcome, so that they do not plan to interconnect their project to that portion of the system.

Geographical data on untapped RNG feedstocks, building on Oregon's map of wastewater treatment plants,[11] is therefore essential for long-term gas system planning. If this could become a standing analytical exercise—conducted consistently by the utilities on an ongoing basis—it would allow the Commission to keep track of where current and future potential RNG supply is located and consider that information when questions arise about which portions of the gas system might eventually be ripe for decommissioning.

Planning:

How can existing planning processes be utilized or expanded to incorporate changing circumstances?

Benefit Cost Analyses Should Include Locational Benefits for RNG and the Social Cost of Carbon
Assessing the full scope of costs and benefits associated with the large-scale deployment of various new energy technologies should be a key input to planning processes in Oregon. Establishing methods for capturing the full benefits (and costs) of RNG across the various benefit-cost analysis is a non-trivial task and should be a near-term focus.

Locational benefits of RNG supply should continue to be included. Sources of RNG feedstocks supplies—such as wastewater and the organic component of municipal food waste—are often located closer to demand centers for gas consumption relative to sources of geologic gas. Therefore, nearby RNG projects can—in some cases—reduce gas transmission distances while alleviating local supply constraints and system congestion. In Docket UM 2030, Oregon began to explore these benefits of RNG, and Northwest Natural has developed detailed methods to evaluate these benefits, inclusive of avoided infrastructure capacity costs.[12]

Similarly, the full social benefit provided by avoiding or reducing greenhouse gases due to RNG deployment should be fully captured in the societal cost test. As outlined in our previous comments on Workshop 3,[13] on September 2, 2021, the British government published a revised estimate of the SCC used in their policy impact assessments at £241, which is well above $300 per metric ton.[14] The most up-

[11] Oregon Department of Energy, *Biogas and Renewable Natural Gas Inventory SB 334 (2017) – 2018 Report to the Oregon Legislature*, page 13. https://www.oregon.gov/energy/Data-and-Reports/Documents/2018-RNG-Inventory-Report.pdf

[12] See the Renewable Natural Gas Supply Resource Evaluation Methodology, approved by the Oregon Public Utilities Commission in Docket UM 2030, for Northwest Natural's procurement of RNG. Available here: https://edocs.puc.state.or.us/efdocs/HAH/um2030hah144246.pdf

[13] Coalition for Renewable Natural Gas, *Docket UM 2178 – RNG Coalition Comments on Modeling and Alternative Scenarios Workshop #3*. https://edocs.puc.state.or.us/efdocs/HAC/um2178hac16552.pdf

[14] Department of Business, Energy, and Industrial Strategy, *Valuation of Greenhouse Gas Emissions: For Policy Appraisal and Evaluation* (2021). https://www.gov.uk/government/publications/valuing-greenhouse-gas-emissions-in-policy-appraisal/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation

to-date values of the social cost of carbon should be used to determine cost-effectiveness of technological solutions considered in gas planning processes.

What needs to be changed or added to develop a more integrated planning approach?

A Long-run Integrated Resource Plan for Gas is Emerging as an Essential Step to Manage Decarbonization

Many other jurisdictions are wrestling with questions about the future of the gas system and finding that an integrated planning process across gas and electric utilities is needed—due to a dynamic landscape involving shifts in gas system load (and peak demand) caused by changing weather patterns driven by climate change, development of alternative strategies to supply low carbon heat, changes in the power sector, and technological evolution in supply methods and locations of both conventional and renewable gases.

Although many other jurisdictions are beginning to explore these issues in earnest, we are not aware of a perfect model for Oregon's integrated gas planning process to be patterned off, which means that Oregon has a chance to provide leadership on these issues. That said, some important studies conducted recently about gas planning in other jurisdictions do deserve attention,[15] and have applicable lessons for the Oregon conversation.

Conclusion

Oregon's decarbonization goals will be predicated upon improvements to current planning processes and other regulatory tools. Access to additional information such as Oregon's geographically-detailed RNG potential, benefit-cost analyses that take into account the social cost of carbon, and an integrated planning process with electric utilities will play a key role.

RNG Coalition looks forward to working with PUC and other stakeholders in this examination of the future of Oregon's gas system. Our industry is poised for continued growth in Oregon, and globally, as leading jurisdictions look to address climate change and increase the resiliency of our energy systems.

[15] Think tanks have begun to conduct multiple studies on these issues globally. For example, in the California context, Gridworks has published two reports entitled *California Gas System in Transition* and *Gas Resource and Infrastructure Planning for California*, available here: https://gridworks.org/initiatives/cagas-system-transition/ Stakeholders in the European Union have also conducted a multitude of studies on the issue. For a good summary see: Cătuţi et al., *The Future of Gas in Europe: Review of Recent Studies on the Future of Gas*, available from: https://www.ceps.eu/wp-content/uploads/2019/08/RR2019-03_Future-of-gas-in-Europe.pdf

Sincerely,

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Sam Wade
Director of Public Policy
Coalition for Renewable Natural Gas
1017 L Street #513
Sacramento, CA 95814
(916) 588-3033
sam@rngcoalition.com