



May 4, 2023

Public Utility Commission of Oregon  
Attention: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, OR 97308-1088

**RE: Letter of Support for the 2022 Integrate Resource Plan submitted by Northwest Natural Gas Company (Docket # LC79)**

The American Biogas Council (ABC) is writing today in support of the Integrated Resource Plan (IRP) submitted to the Public Utility Commission of Oregon (PUC, Commission) by Northwest Natural Gas Company (NW Natural), which in part outlines strategies for the decarbonization of NW Natural's fuel supply via Renewable Natural Gas (RNG).

ABC is the voice of the US biogas industry, dedicated to maximizing carbon reduction and economic growth using biogas systems. Biogas systems are, at their most basic level, methane capture systems. When these systems further condition biogas to meet pipeline quality specifications, that resulting biogas is known as RNG. We represent more than 370 companies in all parts of the biogas supply chain who are leading the way to a better future, maximizing the positive environmental and economic impacts biogas systems offer, and recycling organic material into renewable energy and soil products.

Commission Staff recently provided their opinions, recommendations, and proposed action items on Docket LC79, outlining specific concerns regarding NW Natural's RNG procurement and investment strategies. ABC disagrees with Staff's recommendations, specifically Recommendations 7 and 8, the reasons for which are outlined in greater detail below.

These recommendations ignore the conclusions and intent of Oregon's Senate Bill (SB) 98, which recognized the benefits RNG provides to utility customers and the public and encouraged RNG as a means to support low carbon energy in Oregon. The assertions of staff, that RNG investments are less cost effective than CCI investments, fails to make an apples to apples comparison of these options and their effectiveness as a carbon reduction solution. RNG is often compared to conventional, natural gas supply, on a dollars per unit energy basis, as Staff has done in its analysis. This approach ignores the very purpose of RNG as an alternative fuel, the fact that on a lifecycle basis, it has lower carbon intensity than conventional natural gas. It is this carbon benefit that creates the added value, and the resulting price premium. Therefore, it is more appropriate for decarbonization options and alternatives to be evaluated using this carbon benefit. In other words, how many dollars were spent to achieve a specific reduction in carbon emissions. This is known as the abatement cost, reflected as dollars per ton of carbon. This is the only accepted method for comparing dissimilar investments on common footing, as in the example of RNG vs Hydrogen, or RNG vs CCI. Staff did not do this when comparing NW Natural's RNG investments to CCI investments.

The CCI, as Staff noted, can be used in the transportation sector, to promote public health, or to provide other undefined benefits to the environment or economy of the State. CCI investments are not required to meet specific, measurable objectives, are not specifically designed to decarbonize the energy sector or the natural gas fuel supply, and are not directly tied to carbon reduction, making it difficult to compare the cost effectiveness directly to RNG. For example, \$123 (the current CCI credit cost) invested in RNG will have both useful energy and a certifiable carbon reduction benefit. \$123 invested in CCI has no energy or carbon value attached to it for comparison. RNG can and does compete with other carbon reduction investments, when properly compared using abatement costs, and can be procured for as low as \$45 per ton of carbon.<sup>1</sup>

RNG investments by NW Natural, by design, decarbonize primary energy use in Oregon and directly benefit the customers of NW Natural, from whom the funds are recovered. Because funds from NW Natural and its customers, directed to CCI, would

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<sup>1</sup> World Resources Institute, *Renewable Natural Gas as a Climate Strategy: Guidance for State Policymakers*.

Fig 2-5. <https://www.wri.org/publication/renewable-natural-gas-guidance>

not be earmarked for NW Natural customers, these funds could be expended by CCI to complete projects outside of NW Natural's service territory, in non-energy projects, where benefits are not realized by NW Natural customers. Though potentially unintended, this consequence puts utility customers at risk of higher energy costs, subsidizing climate projects, while receiving no measurable, direct benefit. RNG investments, on the contrary, ensure customers receive both the energy and the climate benefits resulting from any additional costs incurred.

Lastly, Staff did not challenge the fact that RNG is needed as part of the 'balanced decarbonization' for NW Natural through 2050. RNG supply, while increasing, is still relatively small by comparison to conventional natural gas. This supply constraint, paired with multiple, non-utility demand centers creates a highly competitive market. As a result, long term contracts dominate the landscape of RNG procurements. By limiting NW Natural's ability to procure RNG in the near-term, Staff is limiting NW Natural's ability to compete for cost effective RNG supply which may or may not be available for future decarbonization needs.

RNG represents a significant opportunity for Oregon to support its climate aspirations. It is a pipeline compatible fuel, that helps utilities lower the carbon footprint of the State's gas supply, while using the existing pipeline infrastructure. Allowing NW Natural to continue RNG procurement activities ensures NW Natural customers benefit directly from the climate investments of their utility. ABC urges the Commission to recognize the measurable benefits of RNG to utility customers, which are aligned with SB98 and the climate goals of Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Serfass". The signature is stylized and cursive.

Patrick Serfass  
Executive Director  
American Biogas Council