

May 5, 2023

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 LC 79 – RNG Coalition Comments on Role of RNG and SB 98 in Integrated Resource Plan

Dear Commission Staff,

The Coalition for Renewable Natural Gas (RNG Coalition)¹ offers the following comments in the context of the Oregon Public Utility Commission (PUC) proceeding on Northwest Natural’s Integrated Resource Plan² and in response to PUC Staff’s Final Comments and Recommendations.³ With the implementation of the Climate Protection Program (CPP),⁴ we believe Oregon gas utilities have the mandate to go beyond the RNG procurement targets set out in Senate Bill (SB) 98.⁵

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 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://apps.puc.state.or.us/edockets/Docket.asp?DocketID=23476&Child=action&OrderBy=actionDate&SortOrder=ASC>

³ <https://edocs.puc.state.or.us/efdocs/HAC/lc79hac142022.pdf>

⁴ <https://www.oregon.gov/deq/ghgp/cpp/Pages/default.aspx>

⁵ <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/SB98/Enrolled>

RNG is a Proven Source of Low Carbon Energy

Since the RNG Coalition's founding in 2011, policies focused on greenhouse gas (GHG) emissions reduction have driven extraordinary growth within the RNG industry. There are now over 280 operational RNG production facilities in North America with over 470 under construction or in substantial development⁶ 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.⁷ In 2022, the U.S. transportation sector used 457 million gasoline gallon equivalents of RNG, resulting in GHG emissions reduction of 5.6 million metric tons of carbon dioxide equivalent.⁸

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 SB 98.⁹ In February 2022, 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 2019.¹⁰

While the RNG supply chain and ecosystem are still growing in North America,¹¹ 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.^{12,13} Today, over 35% of Denmark's gas consumption is already met by RNG.¹⁴ The Danish Government is now aiming to grow that share 100% by 2030,¹⁵

⁶ RNG Coalition, *RNG Facilities Database* (as of May 1, 2023, see map accessible from www.rngcoalition.com): <https://docs.google.com/spreadsheets/d/1CpLTd1Yya4qQzUpWYtKMUGW1BlMmn-Jrj3uErd8lJ7A/edit#gid=0>

⁷ <https://www.oregon.gov/deq/ghgp/cfp/Pages/default.aspx>

⁸ Natural Gas Vehicles for America and Coalition for Renewable Natural Gas, "Renewable Natural Gas Breaking Motor Fuel Usage Records," press release, April 13, 2023. https://myemail.constantcontact.com/Renewable-Natural-Gas-Breaking-Motor-Fuel-Usage-Records.html?soid=1124049137153&aid=Ri_6fvqPgxE

⁹ <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureDocument/SB98/A-Engrossed>

¹⁰ 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>

¹¹ 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>

¹² 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/>

¹³ 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/>

¹⁴ Energinet, "Biomethane" (see Share of Biomethane chart from January 2023 onward). <https://en.energinet.dk/Gas/Biomethane/>

¹⁵ Energinet, "Danish Biomethane Experience." <https://en.energinet.dk/gas/biomethane/danish-biomethane-experience/>

The Climate Protection Program Reinforces The Ability SB 98 Gave Utilities To Decarbonize With RNG

Oregon is a leading jurisdiction in North America with the early adoption of public policy mechanisms supporting the adoption of RNG. SB 98 requires PUC to adopt by rule an RNG program for gas utilities which allows for cost recovery and targets RNG procurement for utility customers. SB 98 outlines the following RNG blending targets:

- 5% in 2020-2024
- 10% in 2025-2029
- 15% in 2030-2034
- 20% in 2035-2039
- 25% in 2040-2044
- 30% in 2045-2050

SB 98 was a good start and the CPP provides an opportunity to go beyond those targets. The CPP mandates a 50% GHG emissions reduction by 2035 and 90% by 2050. Those ambitious targets require all the climate solutions on the table to be deployed at an accelerated pace, including RNG. In another PUC proceeding about the impact of CPP, the *Natural Gas Fact Finding Final Report* published in January 2023 clarified that “PUC remains open to new investments and pilots under SB 98 and SB 844.”¹⁶ We trust PUC will stay consistent in the IRP process and allow Oregon gas utilities to include significant shares of RNG in the gas supply outlined in their IRP. 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.

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 should not be ignored 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.¹⁷

Proven, Immediate GHG Emission Reduction Achieved With RNG Procurement Contrast With Uncertainty Of Currently Undefined Community Climate Investments

RNG has a robust GHG emission reduction track record as outlined above. In contrast, Community Climate Investment (CCI) projects are currently undefined and no organization has been chosen yet to undertake projects that could generate CCI credits. Given that there are several regulated entities in the CPP beyond just gas utilities that may compete to acquire CCI credits, this puts a lot of uncertainty on the future supply of CCI credits.

¹⁶ Oregon Public Utility Staff, *Natural Gas Fact Finding Final Report* (2023), page 36 (pdf page 41). <https://edocs.puc.state.or.us/efdocs/HAU/um2178hau111621.pdf>

¹⁷ 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>

Procurement of RNG results in immediate GHG emission reductions. Renewable Thermal Certificates are tracked by M-RETS (formerly known as the Midwestern Renewable Energy Tracking System), which ensures that any RNG purchase is matched with an equal amount of RNG injected in the North American gas system by the relevant RNG facility.¹⁸ In contrast, CCI credits that can be bought and used in the CPP are only planned to provide GHG emission reductions in the future.¹⁹ Currently, there is no specified timeline on when GHG emission reductions need to be achieved by a CCI entity following the receipt of CCI credit funds. Additionally, the methodology to quantify the GHG emission reductions achieved by CCI entities is undefined and will be proposed by those CCI entities, which adds uncertainty to the robustness of the actual climate performance of CCI credits.

With all that uncertainty surrounding the robust supply and use of CCI credits, PUC should allow gas utilities to fully take advantage of the proven GHG emission reduction potential of RNG in their IRP to comply with the CPP. In the short term, PUC should treat CCI credits as a last-resort flexibility mechanism that still needs to establish a robust track record before it can be relied on as a baseline CPP compliance strategy that gas utilities would use on behalf of all ratepayers.

Conclusion

The IRP provides a unique opportunity to enable Oregon's gas utilities to put decarbonization plans into motion. The CPP enables the participation of all options available to reduce GHG emissions from natural gas. The RNG industry is already active in Oregon participating in the Clean Fuels Program and SB 98 frameworks. In tandem with SB 98, 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/

Sam Wade

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

¹⁸ The use of M-RETS as an RNG registry is required SB 98 and the Oregon Clean Fuels Program. For more information on M-RETS: <https://www.mrets.org/>

¹⁹ Oregon Department of Environmental Quality, *Community Climate Investment Entity Application Questions and Responses* (2023), Page 3. <https://www.oregon.gov/deq/ghgp/Documents/ciEntityRFAqaGen.pdf>