



Renewable Natural Gas Procurement: Regulatory Update

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Renewable Gas 360 Webinar

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WHY SHOULD REGULATORS CONSIDER RENEWABLE GAS PROCUREMENT PROGRAMS?

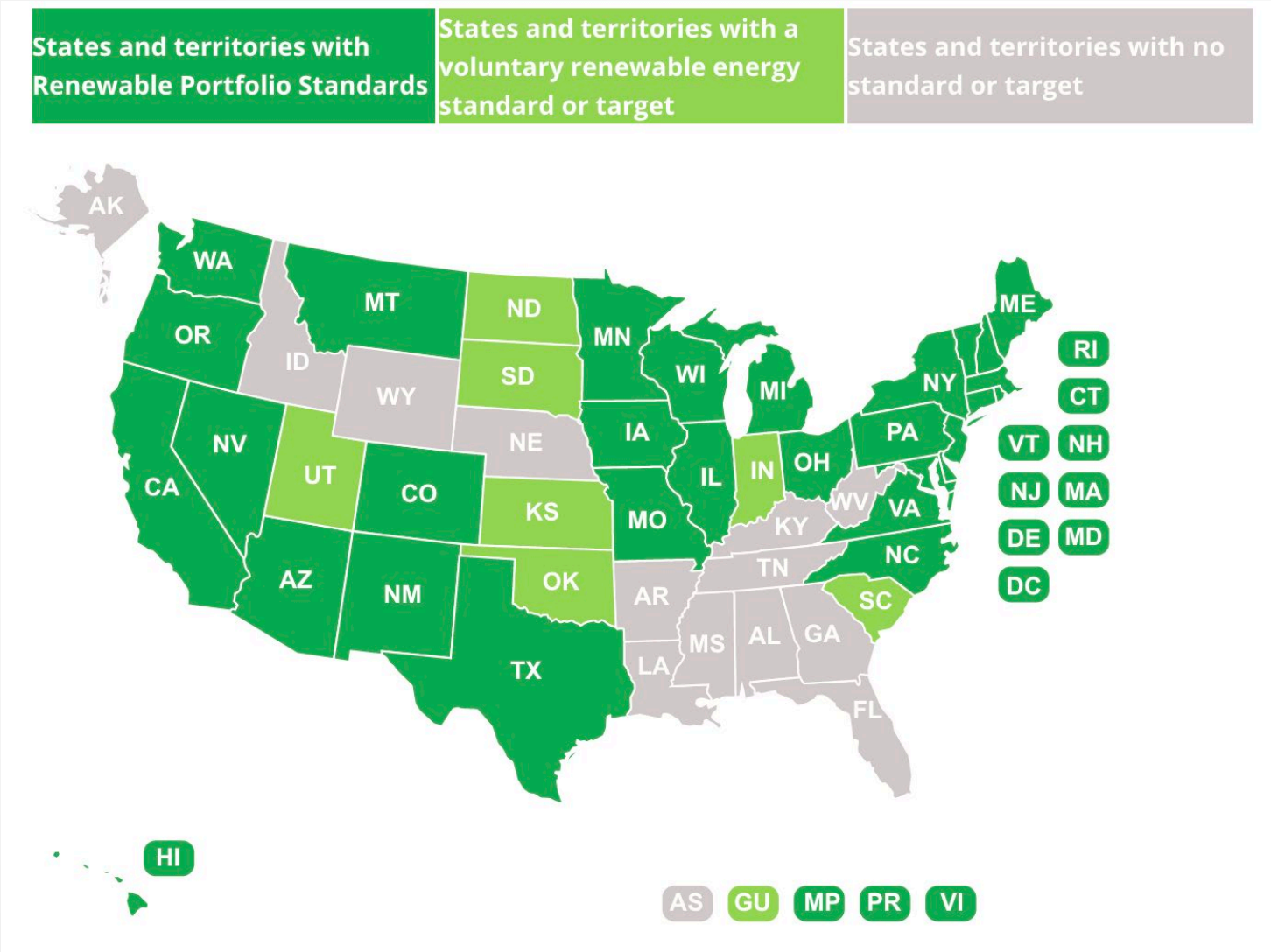
- Policy directly impacts or relates to criteria
- Policy indirectly impacts or relates to criteria

GUIDING QUESTIONS	EVALUATION CRITERIA	CLIMATE AND ENERGY MANDATES					DIRECT PUBLIC FINANCE			ENABLING POLICIES			
		CLEAN FUELS STD. (VOLUMETRIC)	CLEAN FUELS STD. (CARBON-WEIGHTED)	RENEWABLE GAS STD. (VOLUMETRIC)	RPS CARVE-OUT (VOLUMETRIC)	THERMAL RPS CARVE-OUT (VOLUMETRIC)	GENERAL GRANT FUNDING	TAX INCENTIVES	PUBLIC PROCUREMENT	FOOD WASTE REGULATION	WATERSHED REGULATION	PERMITTING AND SITING RULES	INTERCONNECTION AND GAS QUALITY RULES
WHICH BARRIERS TO ADDRESS?	Improve project economics (cost)	●	●	●	●	●	●	●	●			●	○
	Reduce regulatory uncertainty (risk)											●	●
	Reduce price uncertainty (risk)											○	○
	Improve feedstock availability (scale)									●	○		
WHICH SECTOR TO DECARBONIZE?	Electricity				●		○	○				○	○
	Vehicle fuels	●	●				○	○	●			○	○
	Stationary fuels (thermal)			●		●	○	○	●			○	○
WHO PAYS?	Government funding						●	●	●				
	Producer/Consumer funding	●	●	●	●	●							
HOW IS RNG VALUED?	By quantity (volumetric)	●		●	●	●							
	Relative GHG impacts by feedstock		●										
TARGET SUPPLY OR DEMAND?	In-state supply/infrastructure						●	●		●	○	●	○
	In-state fuel demand	●	●	●	●	●			●				
IS COMPETITION ALLOWED?	Technology-neutral	●	●			●	●	●	●				
	Explicit mandate for RNG			●	●								

RENEWABLE GAS PROCUREMENT PROGRAMS – THE BASICS

- The principles behind RNG procurement programs are directly analogous to renewable portfolio standards for electricity providers:
 - Replace the sources of gas procured by the utility with renewable sources
 - Require RNG be delivered and measured against some benchmark:
 - Greenhouse gas (GHG) based reduction target
 - Volumetric target
 - Targets can be fixed (x% by year y) or flexible (based on prudence/ratepayer cost tests)
 - Any above-market procurement costs for RNG can be recovered from either:
 - All gas customers, or
 - Only specific categories of customers (e.g., those that choose to opt-in and buy RNG)
- **All RNG programs reduce GHGs, enhance energy reliability and resilience, and achieve sustainable economic growth**

38 STATES HAVE RENEWABLE PORTFOLIO STANDARDS FOR POWER, SHOULDN'T RENEWABLE GAS BE NEXT?



RNG PROCUREMENT PROGRAMS ARE EXPANDING QUICKLY

BC GHG Reduction Regulation

- Allows utilities to procure RNG for up to 5% of 2015 demand from all customers
- Caps such procurement at a fixed ceiling price
- Fortis BC also offers an opt-in product for customers that want more RNG

OR SB 98 (2019)

- Implemented by OR PUC in 2020
- Northwest Natural beginning to procure
- Soft target of up to 30% RNG by 2045

CA SB 1440 (2018)

- Requires CPUC consideration of RNG procurement for all customers
- Implementation whitepaper expected from CPUC in early 2021
- SoCalGas/SDG&E opt-in program approved in December 2020

WA HB 1257 (2019)

- Requires opt-in RNG programs be offered
- Streamlines rate recovery for utilities who choose to undertake procurement for all customers
- WA UTC Finalized Policy Statement in Dec 2020

NV SB 154 (2019)

- Fully implemented by NV PUC in 2020
- Soft target of up to 3% RNG by 2035

■ In Place (All Customers)

■ In Place (Opt-in Customers)

■ In Place (All Customers and Opt-in)

■ Leg Passed, Regulatory Development Underway (All Customers and Opt-in)

Opt-in Programs

- Pre-date US programs targeting all customers
- Utilities usually receive PUC approval but does not require legislation
- Proven track record of environmental benefits at reasonable costs for those that want RNG

SPEAKER INFO

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