

**BEFORE THE PUBLIC SERVICE  
COMMISSION OF THE STATE OF MISSOURI**

|                                                   |   |                       |
|---------------------------------------------------|---|-----------------------|
| In the Matter of the Establishment of a Working   | ) |                       |
| Case for the Review and Consideration of Amending | ) |                       |
| the Commission’s Rule on Electric, Gas, and Water | ) | File No. AW-2021-0064 |
| Standards of Quality                              | ) |                       |

**SPIRE’S COMMENTS ON THE CONSIDERATION OF AN  
AMENDMENT TO THE COMMISSION’S RULE ON ELECTRIC,  
GAS, AND WATER UTILITY STANDARDS OF QUALITY**

On September 8, 2020, the Staff of the Missouri Public Service Commission (“Staff”) filed a Motion with the Missouri Public Service Commission (“Commission”) to open a working case that would examine an amendment to the Commission’s current rule on electric, gas and water utility standards. The impetus behind the working case is to address the current lack of quality standards that are unique to biogas in the face of Missouri’s growing biogas industry. On September 16, the Commission, in response to the Staff’s Motion, issued an *Order Opening A Working Case To Consider An Amendment Of The Commission’s Rule On Electric, Gas, And Water Utility Standards Of Quality* (“the Order”). The Order directed interested stakeholders to submit written comments addressing the rule amendment or cost to comply with the rule amendment, by no later than November 2, 2020.

Spire appreciates the opportunity to comment on the proposed Biomethane Safety and Quality Regulations set forth in the Proposed Amendment to Missouri State Regulations (the “Proposed RNG Regulations”).<sup>1</sup> The Company looks forward to a productive dialogue with the Commission and Staff on how to best achieve the policy objectives that Spire believes the Commission, Staff, and Spire share, namely: (1) to provide regulatory certainty that fosters the continued development of renewable natural gas (“RNG”) production within the State of Missouri,

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<sup>1</sup> See Proposed Amendment to 20 CSR 4240-10.030.

positioning Missouri to be a leader in this emerging form of renewable energy and (2) to ensure for the public the safety and quality of RNG produced in the State of Missouri. For its Comments, Spire states as follows:

1. **The Commission Can and Should Regulate RNG Production for Public Use, not Interconnecting Pipelines.** Spire agrees with the Commission’s conclusion that it has the authority to regulate RNG production in the State of Missouri.<sup>2</sup> Missouri-based RNG producers, like Roeslein Alternative Energy Services, LLC (“Roeslein”), operate a “gas plant” as defined under Missouri statute,<sup>3</sup> and are therefore subject to the Commission’s jurisdiction over gas plants.<sup>4</sup> Further, the Company agrees that the Commission has the authority to determine quality specifications for RNG produced or manufactured in the State of Missouri.<sup>5</sup>

Yet, RNG producers, not interconnecting pipelines, should be required to meet Missouri’s RNG quality standards. As illustrated by the *Roeslein* case, depending on the circumstances, the producer of RNG may be independent and not a gas utility. A gas utility might also be an RNG producer. In either scenario, the RNG producer should have the obligation to process the raw source gas to meet quality standards. The RNG must meet these standards before it passes into the interconnecting pipeline. That interconnecting pipeline may be an interstate pipeline, intrastate pipeline, LDC, or municipal pipeline.

From a practical perspective, interconnecting pipelines (whether interstate, intrastate, LDC, or municipal) contractually require that the RNG producer meet applicable standards, but these interconnecting pipelines do not have their own scrubbing and processing facilities on the other side of the interconnection point. The requirement that the *gas producer* meet quality standards prior to

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<sup>2</sup> See Commission Order dated August 3, 2016 in Case No. GA-2016-0271.

<sup>3</sup> RSMo. § 386.020(19).

<sup>4</sup> RSMO § 386.250(1).

<sup>5</sup> RSMo. § 393.140(3).

delivery into the interconnecting pipeline is an industry-standard for methane production, regardless of production method. For example, natural gas extracted as “associated gas” in connection with oil production must be processed to meet gas quality standards by the gas producer, not the interconnecting pipeline.

Lastly, while the Commission may have the authority to regulate all RNG producers in the State of Missouri, the Commission should only regulate RNG produced *for public use*. In the *Roeslin* case, the Commission held that a Certificate of Convenience and Necessity was not required because the RNG would be injected directly into an interstate pipeline and not for public use. Similarly, an RNG producer might connect directly to a private industrial or commercial user and supply only a single end user with RNG.<sup>6</sup> In this case, when the RNG is not for public use, the Commission should decline to enforce quality standards, with good reason. Certain industrial and commercial applications might not require the same thermal content as gas distributed to the public. Requiring a higher thermal content would not be in either party’s interest – user or producer. Similarly, non-public use, by its nature, does not involve the public and so regulating that RNG production would not fulfill the Commission’s traditional role of serving the public.

Accordingly, Spire respectfully submits that any RNG specification adopted by the Commission should apply solely to RNG producers manufacturing gas for public use.

**2. The Commission Should Adopt Clear and Concise Standards for RNG Specifications.** Spire believes that growth in RNG produced in the State of Missouri will support economic development and a cleaner environment for Missourians. To foster the continued development of RNG production facilities in Missouri, the Commission should adopt clear and concise standards that will provide RNG producers with certainty about what it means to satisfy

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<sup>6</sup> Prior to its closure, the Chrysler plant in Fenton, Missouri had a direct connection to gas produced from a landfill. See <https://www.autointell.com/news-2000/June-2000/June-13-00-p5.htm>

RNG quality standards.

In contrast, vague or ambiguous standards will lead to uncertainty on how to comply with Missouri law. Instead of encouraging investment, vague or ambiguous standards will discourage it. Specifically, the Commission should avoid language that is subject to various or shifting interpretations like “within the limits recognized in good natural gas utility practice.”<sup>7</sup> By its nature, what constitutes “good natural gas utility practice” changes over time, is often determined by experts or industry participants, and can be and is debated by experts. This standard would subject RNG producers to an uncertain and changing requirement.<sup>8</sup> In addition, the Commission should also avoid catch-all language like “substantially free of impurities that may cause excessive fumes.”<sup>9</sup> This language could be construed in any number of ways, depending on the “impurity” that might be in question. Rather than rules with debatable terms or catch-all language, the Commission should focus on clear and concise standards.

Clear and concise standards are consistent with Missouri’s historical practice of regulating manufactured gas. Under Missouri’s existing regulations relating to manufactured gas (which are, for all intents and purposes, no longer used), the Commission issued standards specifically relevant to manufactured gas. The Company thinks a similar, specific and limited approach to RNG makes sense as well.

By avoiding debatable terms and catch-all language, and instead focusing on a specific and limited set of standards, the Commission can meet both policy objectives of encouraging RNG investment while ensuring safety.

### **3. The Commission Should Avoid Duplicative Standards and Adopt Its Own**

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<sup>7</sup> Proposed Amendment, 20 CSR 4240-10.030(1)(D).

<sup>8</sup> Moreover, not all RNG producers will be utilities. Independent RNG producers like Roeslein cannot reasonably be expected to adhere to good natural gas utility practice.

<sup>9</sup> *Id.*

**Standards.** The Commission should avoid duplicative standards for RNG quality. The Proposed RNG Regulations currently contemplate the RNG producer meeting both the “pipeline quality” standard set by the nearest interstate pipeline and also potentially conflicting standards contained in the Proposed RNG Regulations themselves. Imposing duplicative and potentially contradictory standards could be the death knell of Missouri RNG development as project developers grapple with which standard applies. First and foremost, Spire believes the Commission should decide between “pipeline quality” as determined by nearest FERC regulated pipeline or a set of detailed standards.

Nevertheless, the Company respectfully submits that the Commission should disregard the “pipeline quality” standard and simply adopt its own RNG standards. This approach is consistent with the Commission’s historical practice with respect to manufactured gas. For manufactured gas, the Commission adopted a limited set of specific standards. Second, by avoiding interstate pipeline tariffs, which can vary, the Commission would create a uniform playing field across the State of Missouri. While there is some logic to referring to the nearest interstate pipeline, in practice, there might not be any connection to proximity and actual gas flows. For example, it is conceivable that an RNG producer might directly connect to a gas utility, and due to operational flow, the nearest interstate pipeline as the crow flies might never take the RNG produced at that facility. In that case, the RNG producer would be meeting a standard for an interstate pipeline that its RNG would never flow into. Similarly, the nearest interstate pipeline, might not even share a connection with the interconnecting pipeline or even be located in the State of Missouri.<sup>10</sup> For all these reasons, the Commission should not adopt a nearest interstate pipeline standard. Instead, by adopting its own standards, the Commission will have the flexibility to revisit and update them should circumstances warrant.

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<sup>10</sup> Spire believes this scenario could occur in and around the western side of Missouri.

4. **The Commission Should Adopt Limited Standards That Do Not Unduly Burden RNG Producers.** A clear and concise set of standards can both encourage RNG development in Missouri and ensure safety and quality for Missourians. As discussed above, Spire respectfully submits that the “pipeline quality” standard be removed along with the vague and ambiguous standards set forth in Section 2(D). The remaining Proposed RNG Regulations and Missouri’s existing regulations provide helpful groundwork for clear and concise standards. The Company believes these standards can address the concerns highlighted in Section 2(D) of the Proposed RNG Regulations.

Spire agrees that both heating value and Wobbe index are appropriate standards for RNG. The Company recommends setting the minimum heating value at 950, which is consistent with the minimum values prescribed by the majority of interstate pipelines serving Missouri. While Spire does not support adopting the pipeline quality tariff of the nearest pipeline, the Commission should not disadvantage RNG with higher standards than natural gas already entering Missouri from the interstate system.

In addition, in lieu of Section 2(D) of the Proposed RNG Regulations, Spire would propose the following specific standards:

|                  |                                                                      |
|------------------|----------------------------------------------------------------------|
| Water Vapor      | Not more than 7lbs of water per million standard cubic feet (MMSCF). |
| Oxygen           | No more than 0.05% oxygen (O <sub>2</sub> ) by volume.               |
| Nitrogen         | No more than 2.5% nitrogen (N <sub>2</sub> ) by volume.              |
| Carbon Dioxide   | No more than 3.0% carbon dioxide (CO <sub>2</sub> ) by volume.       |
| Carbon Monoxide  | No more than 0.1% carbon monoxide (CO) by volume.                    |
| Hydrogen Sulfide | As set forth in 20 CSR 4240-10.030(12) <sup>11</sup>                 |
| Sulfur           | As set forth in 20 CSR 4240-10.030(15) <sup>12</sup>                 |
| Ammonia          | As set forth in 20 CSR 4240-10.030(15) <sup>13</sup>                 |

<sup>11</sup> This reference is to the current Code of State Regulations. If the deletions in the Proposed RNG Regulations are approved, this reference would be 20 CSR 4240-10.030(10).

<sup>12</sup> This reference is to the current Code of State Regulations, with respect to the tolerances. Spire recommends adopting these tolerances for sulfur and ammonia, as shown in more detail on Exhibit A.

<sup>13</sup> See *Id.*

The above standards are clear and concise. These specific standards will provide RNG producers with the transparency needed in order to understand what is required of them to satisfy Missouri's RNG quality requirements. Spire also believes these standards are consistent with emerging industry practice relating to RNG.

Spire recommends the above standards as minimum standards for RNG producers. Any interconnecting pipeline, whether interstate, intrastate, LDC, or municipal, should also have the flexibility to adopt additional standards for interconnection with an RNG producer depending on the unique facts and circumstances of the intrastate pipeline or local distribution system.

5. The Company's recommended revisions to the Proposed RNG Regulations are reflected in the mark-up attached to these Comments as Exhibit A. These recommended revisions include additional drafting clarifications not mentioned above.

6. Spire is presently evaluating the costs to comply with the Proposed RNG Regulations. If the Proposed RNG Regulations apply to interconnecting pipelines, including LDCs like Spire, Spire will incur greater staffing and potential capital expenditures than if the Proposed RNG Regulations apply only to RNG producers.

7. Spire once again thanks the Commission for the opportunity to submit these Comments.

Respectfully submitted,

SPIRE MISSOURI INC.

/s/ Castor J. Armesto

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**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing Comments was served on all parties of record on this 2nd day of November 2020 by email.

Goldie T. Bockstruck  
Goldie T. Bockstruck

**EXHIBIT A**  
**TO**  
**SPIRE'S COMMENTS TO THE COMMISSION'S ORDER OPENING A WORKING**  
**CASE TO CONSIDER AN AMENDMENT OF THE COMMISSION'S RULE ON**  
**ELECTRIC, GAS, AND WATER UTILITY STANDARDS OF QUALITY**

Title 20--DEPARTMENT OF COMMERCE AND INSURANCE  
Division 4240--Public Service Commission Chapter 10—Utilities

**PROPOSED AMENDMENT**

**20 CSR 4240-10.030 Standards of Quality.**

*PURPOSE: This amendment deletes the subsections that are irrelevant and updates certain standards.*

**(1) Definitions. For purposes of this rule:**

(A) "Alternative gas" shall mean gas capable of combustion in customer appliances or facilities which is similar in heat content and chemical characteristics to natural gas produced from traditional underground well sources and which is intended to act as a substitute or replacement for natural gas traditionally supplied by interstate pipelines that are regulated by the Federal Energy Regulatory ~~Commisison~~Commission (FERC). Alternative gas shall include, but not be limited to: biogas, biomethane, and landfill gas, as well as any other type of natural gas equivalent produced or manufactured from sources other than traditional underground well sources, such as waste water, animal manure, landfills, food waste, or other organic or inorganic matter.

~~(B) "Pipeline quality" shall mean gas that meets the gas quality specifications contained within the tariffs of the closest FERC-regulated interstate pipeline. The closest FERC-regulated interstate pipeline shall be the defined as the FERC-regulated interstate pipeline located geographically nearest to the point of interconnection of the alternative gas supply~~

(2) In addition to the requirements of any interconnecting facility, Each gas plant that produces or manufactures Alternative Gas for public use utility, including municipal systems, and master meter operators using or receiving alternative gas must comply with the following requirements: for gas delivered into a natural gas distribution system.

~~(A) All alternative gas shall be of pipeline quality.~~

~~(B)~~(A) Heating Value. The heating value shall be between ~~9850~~ and 1100 Btu/SCF dry gas at sixty degrees Fahrenheit (60°F) and an absolute pressure of 14.73 pounds per square inch (psi).

(B) Interchangeability. All alternative gas delivered by any single supplier thereof shall

have a Wobbe index of no less than 1290 and no greater than 1370.

(C) Water Vapor Content. All alternative gas shall not contain more than 7lbs of water per million standard cubic feet (MMSCF).

(D) Oxygen. Alternative gas shall contain no more than 0.05% oxygen (O<sub>2</sub>) by volume.

(E) Nitrogen. Alternative gas shall contain no more than 2.5% nitrogen (N<sub>2</sub>) by volume.

(F) Carbon Dioxide. Alternative gas shall contain no more 3.0% carbon dioxide (CO<sub>2</sub>) by volume.

(G) Carbon Monoxide. Alternative gas shall contain no more 0.1% carbon monoxide (CO) by volume.

(H) Hydrogen Sulfide. Alternative gas shall meet the requirements for hydrogen sulfide set forth in 20 CSR 4240-10.030(10).

(I) Sulfur and Ammonia. Alternative gas shall contain no more than thirty (30) grains of total sulfur nor more than five (5) grains of ammonia in each one hundred (100) cubic feet.

~~All alternative gas delivered into a natural gas distribution system shall be substantially free of impurities that may cause excessive fumes when burned in a properly designed and adjusted burner; and each gas utility, including municipal systems, shall ensure the quantity of impurities such as hydrogen sulfide, nitrogen, or other combustible or noncombustible, noxious, or toxic gas impurities are within the limits recognized in good natural gas utility practice.~~