

**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)
Utilities Standards of Quality)

File No. AW-2021-0064

COMMENTS

Summit Natural Gas of Missouri, Inc. ("SNGMO"), pursuant to the September 16, 2020 Order in the above-captioned proceeding, submits its comments in consideration of revisions to the Missouri Public Service Commission's ("Commission") rules regarding Electric, Gas, and Water Utilities Standards of Quality.

SNGMO greatly appreciates the opportunity to submit comments in support of revisions to the Commission's rules regarding gas quality as it pertains to Renewable Natural Gas ("RNG"). SNGMO's parent company, Summit Utilities, Inc. ("Summit") has been a leader in supporting RNG technology and legislation in its states of operation. Support of RNG programs continues to be an important objective for Summit, SNGMO, and Summit's other subsidiaries. In 2019, Summit Natural Gas of Maine, Inc. launched an RNG program that includes a voluntary option for customers to match their energy usage with RNG attributes. Another Summit subsidiary recently received approval from the Maine Public Utilities Commission to construct and operate an RNG digester, partnering with local farmers in rural Maine, to produce RNG. Summit and its subsidiaries are currently exploring RNG opportunities in Arkansas, Oklahoma, and Missouri, as well.

SNGMO is supportive of rules and legislation that set clear and reasonable requirements, including gas quality requirements, for bringing RNG onto its system. It is

imperative that such rules adequately ensure safety, while not being so restrictive as to discourage investment.

In review of the proposed changes to the rules in question, SNGMO notes that, on page 7 of the Staff Motion to Establish a Working Case (“Motion”), there appears to be a conflict between two of the proposed revisions. Under section (1), Definitions, paragraph (B), “Pipeline Quality” is defined as “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 defined as the FERC-regulated interstate pipeline located geographically nearest to the point of interconnection of the alternative gas supply”. Under section (2), paragraph (A), the proposed rules state that all alternative gas “...shall be of pipeline quality”. However, the rule then goes on to define several specific gas quality standards.

It is highly likely that the gas quality specifications in the tariffs of the closest FERC-regulated interstate pipeline would be different from the requirements contained in section (2), paragraphs (B) and (C) of the Motion, putting these two parts of the proposed rules at odds with each other. Traditionally, each pipeline has its own set of gas quality standards. SNGMO has researched the gas quality requirements of various FERC-regulated pipelines in Missouri and has found that there are certain pipelines in Missouri with exceedingly strict gas quality requirements. These strict standards do not provide any significant advantages to the pipeline operator, and therefore, simply referencing the closest FERC-regulated pipeline could also discourage investment in RNG infrastructure in Missouri. As an example, several pipelines in Missouri set oxygen content requirements around 0.2% to maintain pipeline safety and integrity. Several other FERC-

regulated pipelines in Missouri set a much stricter oxygen content requirement of 0.001%; to achieve that level, an RNG facility would require additional gas upgrading equipment at a cost of close to \$1 million, even if the RNG would never end up on that FERC-regulated pipeline. This substantial additional cost would likely discourage investment in Missouri without meaningfully improving pipeline safety.

SNGMO therefore proposes that the definition of “Pipeline Quality” be revised to define pipeline quality as gas that is interchangeable with gas received from the nearest FERC-regulated interstate pipeline, without requiring RNG to meet all of the same quality requirements as laid out in the FERC-regulated pipeline’s tariff. This change not only resolves the conflict in the proposed rules, but also ensures that RNG need not adhere to overly strict FERC-regulated pipeline quality requirements. SNGMO also notes that the requirements set forth in section (2), paragraphs (B) and (C) are very restrictive, and if enacted, would be some of the most restrictive standards in the nation. These standards, if adopted, would likely discourage investment in RNG infrastructure in Missouri. SNGMO proposes the following adjustments to sections (2) (B) and (2) (C) of the proposed revisions:

(B) The heating value shall be between ~~980~~ 970 and ~~1100~~ 1110 Btu/SCF dry gas at sixty degrees Fahrenheit (60°F) and an absolute pressure of 14.73 pounds per square inch (psi).

(C) Interchangeability. All alternative gas delivered by any single supplier thereof shall have a Wobbe index of no less than ~~1290~~ 1270 and no greater than ~~1370~~ 1400.

SNGMO believes these adjustments will ensure that RNG entering a utility's system is safe while also ensuring that the quality standards aren't so restrictive as to discourage investment in RNG infrastructure.

The safety and integrity of a pipeline operator's system is its foremost priority, and prescriptive gas quality requirements must carefully balance pipeline safety with support of RNG. While pipeline safety must inform the lowest threshold for acceptable gas quality limits, setting gas quality standards well beyond what is required to maintain pipeline safety and integrity may dissuade RNG investment as gas upgrading equipment needed at RNG facilities to meet rigorous gas quality standards can be costly and reduce the financial viability of an RNG project. Diverse feedstocks cause variations in the output of different types of RNG facilities, impacting the type of upgrading equipment needed.

Requiring RNG to be of a higher quality than the other gas on an LDC's system would not only drive up the initial RNG investment costs but would also likely increase the cost to produce RNG on an ongoing basis. These commodity cost increases could reduce the amount of RNG an LDC might buy, as LDCs have a statutory responsibility to charge only reasonable rates. Coupling higher initial investment costs while also reducing the amount of RNG an LDC may be able to purchase would likely discourage investment in RNG in Missouri.

In consideration of these challenges, SNGMO supports and is appreciative of the flexibility allowed in section (2), paragraph (D), that requires the utility to "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.”¹ The safety and integrity of its system, and therefore the quality of the gas entering its system, is of critical importance to SNGMO. The flexible provision in section (2), paragraph (D) allows the utility to work with RNG developers on a case by case basis to ensure that the RNG entering its system does not compromise the safety or integrity of the utility’s system, while also reducing the likelihood that certain types of expensive upgrading equipment would be needed and potentially increasing the viability of many RNG projects.

SNGMO appreciates the opportunity to submit these comments and looks forward to providing further comment on proposed revisions as part of this proceeding.

Dated this 2nd day of November 2020.

Respectfully submitted,

By:

DocuSigned by:

D58FB8361D794ED...

Matthew Kaply
Senior Director of Regulatory Affairs & Rates
Summit Natural Gas of Missouri, Inc.
116 Chiefs Court
Branson, MO 65616-4089
207-621-8000 x1430

¹ AW-2021-0064, Staff Motion to Establish Working Case, Pg. 7

CERTIFICATE OF SERVICE

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

A handwritten signature in black ink, appearing to read "James B Lydon". The signature is fluid and cursive, with a long horizontal stroke at the end.

James Lydon