

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

In the Matter of the Commission's Rule)
Relating to Renewable Natural Gas) File No. GX-2024-0326
Programs)
)

SUMMIT NATURAL GAS OF MISSOURI'S INITIAL COMMENTS

COMES NOW Summit Natural Gas of Missouri, Inc. (“Company” or “SNGMO”), and hereby submits its comments regarding the Missouri Public Service Commission's ("Commission") Proposed Rule 20 CSR 4240-40.100 on renewable natural gas (“RNG”) programs. In compliance with the Commission’s *Notice of Hearing and Comment Period* issued on May 23, 2024, SNGMO provides the following comments:

(1) The Proposed Rule, 20 CSR 4240-40.100(1)(C)(2) defines RNG as “[h]ydrogen gas that is derived from electrolysis of water using renewable electricity.” It excludes other hydrogen production methods such as steam methane, photobiological, fermentation, and others. The current definition is narrowly interpreted to limit hydrogen production exclusively to the use of renewable electricity. SNGMO proposes a broader definition be implemented to be inclusive of other methods of hydrogen production.

(2) Proposed Rule 20 CSR 4240-40.100(1)(D) defines the Renewable Natural Gas Rate Adjustment Mechanism (“RNGRAM”) as a "mechanism that allows periodic adjustments to recover prudently incurred costs and pass-through of benefits of any savings achieved in implementing an approved RNG program." However, the definition does not clarify the frequency of these periodic adjustments. To align with Missouri's Renewable Energy Standard Rate Adjustment Mechanism (“RESRAM”), SNGMO recommends that the RNGRAM be filed

annually. This annual filing will include a review of the proposed rate adjustments to recover these costs from customers.

(3) Proposed Rule 20 CSR 4240-40.100(2)(D) requires the application to include "an explanation of how the utility will match generation with customer usage, be it on a retrospective or percentage basis," as part of the approval process for a RNG program. It is not clear what information natural gas utilities are required to provide to the PSC. It would be valuable to receive further clarification on the required information.

(4) Proposed Rule 20 CSR 4240-40.100(2)(K)(11) requires a cost-benefit analysis including an "[e]stimated cost of procuring the same volume of natural gas from a pipeline, including estimates of the price per Million British Thermal Units ("MMBtu") by month for the life of the proposed RNG project." However, an estimated cost may not be available for all years, depending on the estimated project life. A 5–10-year projection is recommended to balance short-term and long-term financial planning, initial program phases, and assess the long-term sustainability and cost-effectiveness of proposed projects.

(5) Proposed Rule 20 CSR 4240-40.100(3)(B) stipulates that all proposed hydrogen gas programs must include a feasibility analysis for evaluation by the Commission as part of the application. However, it is currently unclear what exactly is expected in a feasibility analysis within the application. A feasibility analysis is acknowledged to be essential for ensuring that the proposed projects are technically, economically, and environmentally feasible. Therefore, providing clarity on the essential components and considerations to be included in the feasibility analysis would be beneficial.

(6) Proposed Rule 20 CSR 4240-40.100(3)(E) requires all proposed hydrogen gas programs to submit "[a]ll relevant information to a customer bill that accounts for the differences in heat content

of hydrogen compared to natural gas measured in British Thermal Unit (“BTU”) per hundred cubic feet (“Ccf”) of fuel" as part of their application." What the Commission requests from natural gas utilities regarding this requirement needs to be clarified. Further, it would be valuable to obtain a more comprehensive understanding of the rationale for soliciting this information within the application framework.

(7) Proposed Rule 20 CSR 4240-40.100(4)(A)(11) requires a gas utility to submit "evidence" that projects developed pursuant to its approved RNG program are fully operational and capable of supplying RNG to customers. The Commission must clarify what constitutes "evidence" to determine whether a project is operational and producing RNG or hydrogen.

(8) The proposed rulemaking classifies hydrogen as RNG but distinguishes it in other provisions. Despite the molecular differences between RNG and hydrogen, it makes sense to have consistent criteria for approving projects. The proposed rulemaking would benefit from greater consistency in the treatment of RNG and hydrogen projects. It is recommended that innovative resources, including RNG and hydrogen, adhere to the same application requirements for project approval.

SNGMO expresses its appreciation to the Commission for its proposed rulemaking concerning the definitions, structure, operation, and procedures related to gas corporations' Renewable Natural Gas programs. SNGMO supports further discussion with Staff and other stakeholders around RNG and hydrogen programs.

WHEREFORE, SNGMO respectfully submits its Initial Comments.

/s/ Goldie T. Bockstruck
Goldie T. Bockstruck #58759
Director, Regulatory Affairs
Summit Utilities Inc.
10825 Geddes Ave. Suite 410
Centennial, CO 80112

Telephone : 816-730-1071

Email: gbockstruck@summitutilities.com

**COUNSEL FOR SUMMIT NATURAL
GAS OF MISSOURI**