

TITLE 20 – DEPARTMENT OF COMMERCE AND INSURANCE
Division 4240 – Public Service Commission
Chapter 10 – Utilities

ORDER OF RULEMAKING

By the authority vested in the Public Service Commission under sections 386.310 and 393.140, RSMo 2016, and 386.895, RSMo Supp. 2023, the commission amends a rule as follows:

20 CSR 4240-10.030 Standards of Quality is amended.

A notice of proposed rulemaking containing the text of the proposed amendment was published in the *Missouri Register* on June 17, 2024 (49 MoReg 902). No changes have been made to the text of the proposed amendment, so it is not reprinted here. This proposed amendment becomes effective thirty (30) days after publication in the *Code of State Regulations*.

SUMMARY OF COMMENTS: The public comment period ended July 17, 2024, and the commission held a public hearing on the proposed amendment on July 23, 2024. The commission received three (3) parties filed written comments during the comment period and three (3) parties made comments during the hearing. The comments were generally favorable with a few suggested changes.

COMMENT #1: Goldie Bockstruck, Director, Regulatory Affairs, submitted written comments on behalf of Summit Natural Gas of Missouri, Inc. (SNGMO). SNGMO generally supported the rule amendment but suggested the last sentence of section (11) requiring the continuous monitoring by the gas utility is unclear as to whether natural gas utilities are allowed to use third party contracts to ensure that natural gas producers adhere to natural gas utility standards, which are likely to be stricter than the requirements proposed by commission. At the hearing, John Clizer, Senior Counsel, on behalf of the Office of the Public Counsel, commented that since gas companies are required by the rule to install an isolation device that allows them to cut off the supply of renewable natural gas (RNG), the utilities will need the monitoring capabilities to know when to trigger that device. Scott Stacey, Deputy Counsel, on behalf of the staff of the commission (Staff) explained at the hearing that the operator of the natural gas utility system is responsible for ensuring that the gas quality on the system meets the rule requirements and the extent to which a utility chooses to meet its obligations under the rule by either self-performing or utilizing contractors is a business decision. Staff stated that the utility is responsible for compliance with the rule and any regulatory action proposed to be taken by the staff with respect to non-compliance will be against the utility.

RESPONSE: The commission agrees with Staff and finds the language does not need clarification. No change was made as a result of these comments.

COMMENT #2: J. Antonio Arias, General Counsel, Spire Missouri Inc. submitted written comments on Spire's behalf. Eric Bouselli on behalf of Spire made comments at the hearing. Spire commented that from its experience, research and consultation with others, the company wants to note that not all constituents contained in RNG are continuously monitored. This is because not all constituents found in RNG are present in every RNG feedstock. Staff responded at the hearing acknowledging not all constituents that may conceivably be found in RNG are specifically required to be monitored under the proposed rule amendments. The constituents for which limits are in the proposed amendment are based on Staff's review of the current Natural Gas Quality standards in Federal Energy Regulatory Commission (FERC) tariffs for the interstate natural gas pipeline operators delivering gas to Missouri natural gas distribution systems. Staff explained the intention of the rule amendment is that RNG that is substituted for or blended with the natural gas delivered to a system must be of equal quality as the natural gas that is currently delivered to Missouri and utilized by Missouri customers. Staff further explained that to the extent there may be other less commonly occurring constituents of concern, the proposed amendments do not provide specific limits. Instead, the proposed amendments include general provisions in subsection (10)(K) requiring the gas to be substantially free from impurities that may cause excessive fumes when combusted in a properly designed and adjusted burner. Additionally, subsection (10)(M) requires each gas utility, including municipal systems, receiving or transporting manufactured gas or RNG on its gas transmission and distribution systems to limit the quantity of impurities and physical and chemical properties in the manufactured gas and RNG as necessary so that the gas is delivered within the limits of its system.

RESPONSE: The commission agrees with Staff's explanation of the reasoning behind the proposed amendments to the rule and finds the language does not need clarification. No change was made as a result of these comments.

COMMENT #3: Spire stated in written comments that it believes the hydrogen parameter found in subsection (10)(E) is not necessary and should be removed from the rule. Spire explained that this gas constituent may be monitored based on the feedstock of the RNG, but monitoring is not always necessary. Additionally, Spire commented that there is an acceptable range of H₂ levels that would still ensure safe operation and meet the British Thermal Units (BTU) content requirement specified in subsection (10)(A). Spire stated it had observed multiple interstate pipelines serving Missouri that do not specify H₂ limits in their tariffs. Finally, Spire commented that 20 CSR 4240-40.100 allows a utility's RNG program to potentially include hydrogen gas, presumably at levels greater than those currently listed in subsection (10)(E) as proposed.

Public Counsel commented in written comments and at the hearing, that it is not clear whether the rule fully contemplates the use of hydrogen gas, which is included in the definition of renewable natural gas referenced in the rule. Public

Counsel commented that because hydrogen gas has substantially different chemical properties when compared to what is commonly known as natural gas (which is primarily composed of methane), it questioned whether the quality requirements, including heating value, are intended to refer to just natural gas, hydrogen gas, or some combination of the two. Public Counsel recommended the commission consider modifying the rule to more specifically state what, if any, quality standards are affected or applicable to hydrogen gas in its final rule.

Staff commented at the hearing that the amendment in subsection (10)(E) was based on a its review of the FERC tariffs for the ten (10) interstate natural gas pipeline operators delivering natural gas to Missouri. Four (4) out of the ten (10) limit hydrogen to 400 ppm as proposed by Staff, and another specifies “trace amounts.” Staff believes that the limit of a maximum 400 ppm of hydrogen is appropriate for RNG products that are intended to be a direct substitute for natural gas. Staff further noted that 20 CSR 4240-40.100 allows a utility’s RNG program to potentially include hydrogen gas, presumably at levels greater than those currently listed in proposed subsection (10)(E). Staff stated, however, that 20 CSR 4240-40.100 also requires this be considered on a case-by-case basis. Staff commented it anticipates that if any such projects are proposed and approved, specific limits for the volume of hydrogen that may be blended with natural gas will be specified in the approval order of the commission. To account for this possibility, Staff points to the beginning language of section (10) which allows exceptions to conforming with the specifications of the rule if the commission orders otherwise.

RESPONSE: The commission agrees with Staff’s analysis. The proposed amendment was based on a review of FERC tariffs for interstate natural gas pipeline operators delivering gas to Missouri. Based on this review, the amendment is reasonable as written. The preface language stating, “Unless otherwise ordered by the commission,” allows for flexibility and compatibility in approvals of a utility’s RNG program under 20 CSR 4240-40.100. Thus, no change was made as a result of these comments.

COMMENT #4: Public Counsel recommended in written comments the term “manufactured gas” should either be defined in the rule or deleted from it. Staff responded at the hearing that the term “manufactured gas” is currently found in sections (10), (11), (12), and (15) of this rule which are being amended. Staff further noted that section 386.250, RSMo, refers to “the manufacture, sale or distribution of gas, natural and artificial”, and the commission’s pipeline safety standards in 20 CSR 4240-40.030 address safety requirements for pipelines transporting manufactured gas. Staff also explained the historical context of the term.

RESPONSE: The commission has reviewed the comments and agrees with Staff that no amendment is necessary. No change was made as a result of these comments.