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# **Renewable Natural Gas: Utility Perspective**

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# Overview



- Involvement with RNG to date
- Challenges
- Possible future direction

# Activity to date



- Involved in two biogas projects in our MN territory
- One food processor, one wastewater treatment plant
- Both received CIP rebates
- First in 2010, second in 2013
- Gas used and produced on site; reduces requirement for utility-delivered gas
  - Same output, less input = efficiency

- CIP can work for biogas projects where the gas is produced and used for on-site heating or process needs
- CIP is a poor fit for projects looking to move gas off-site
  - High cost of cleaning makes “pipeline quality” not cost-effective
  - Doesn’t fit demand-side focus of CIP

# Pipeline Quality is Challenging



- Expensive for producers to clean to required level of purity
- RNG projects aim for premium markets in order to be economical
  - Vehicle Fuels (RIN)
  - Electric generation (generally outside MN)
- Other end users are competing with those premium markets

# What is the utility role?



- Given the size of the premium, purchasing RNG as general utility system gas isn't prudent
- More likely role: Helping producers deliver product to premium markets
- Have done some preliminary exploration of this idea

- Not simple to implement:
  - Regulatory reasons
    - e.g., need to understand FERC rules
  - Operational reasons
    - e.g., producer may be at a location where there is limited capacity to receive the gas
  - Reasons of habit
    - Requires stakeholders to think about gas utility business “upside-down”

# Path forward?

- Continue to explore options to support RNG
  
- Interested in working with others on ideas that
  - Work for producers
  - Benefit customers
  - Make business sense for the utility
  
- Ideas with potential?
  - “Green gas” retail offering (opt-in)
  - RNG receipt or transportation tariff



# Final thought

- Vehicle fuels seem to be main way to make RNG projects work right now
- To ensure a vehicle fuel market, we may want to find ways to encourage NGV adoption

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**Questions?**

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