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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF DOMINION ENERGY UTAH FOR CREATION OF A VOLUNTARY RENEWABLE NATURAL GAS PROGRAM.	Docket No. 19-057-T04  DOMINION ENERGY UTAH'S REPLY COMMENTS
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Questar Gas Company dba Dominion Energy Utah (DEU or Company) respectfully submits these Reply Comments pursuant to the Utah Public Service Commission's (Commission) Notice of Filing and Comment Period issued on July 5, 2023, in the above-referenced docket (Notice).

On June 30, 2023, DEU filed its 2022 GreenTherm Annual Report (Report) related to the voluntary renewable natural gas program beginning on January 1, 2022, and ending December 31, 2022. On July 5, 2023, the Commission issued the Notice and directed any interested person to submit comments on or before August 4, 2023, and any reply comments on or before August 21, 2023. On July 20, 2023, the Utah Division of Public Utilities (Division) submitted comments and on August 4, 2023, the Office of Consumer Services (Office) submitted comments. The Company

offers these Reply Comments in response to both the Division's Response and the Office's Response.

The Division's Response summarized the reporting requirements for the annual GreenTherm Report. *See* Order Approving Settlement Stipulation issued July 30, 2019, Docket No. 19-057-T04 (Order). Additionally, the Division noted that the GreenTherm program had an increase in expenses, which was due "primarily to the purchase of RNG green attributes that are, in turn, sold by DEU to GreenTherm participants."<sup>1</sup> The Division observed that by the end of the 2022 program year, the GreenTherm program has approximately 255,500 green attribute blocks in inventory. The Division calculated that at the current activity rate, inventory supply would be sufficient for "just under four years."<sup>2</sup>

The Company agrees that, assuming customer participation in the GreenTherm program remains constant, the Division's green attribute block calculation is correct. However, the Company is actively working with several customers seeking larger quantities of green attributes, and if each of those customers chose to enroll at the contemplated quantity, the inventory would supply customers for approximately two years.

The Division concluded its response with a recommendation that the Commission acknowledge the Company's Report as "compliant with the tariff section 8.09, the Settlement Stipulation, and Commission order."<sup>3</sup> The Company appreciates the Division's analysis and agrees with this recommendation.

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<sup>1</sup> July 20, 2023, Comments from the Division of Public Utilities, Paragraph 5

<sup>2</sup> Id., Paragraph 5

<sup>3</sup> Id., Paragraph 7

The Office summarized the Company’s reporting requirements, as set forth in the Order, and noted that the Report would include actual administrative costs equal to or less than 30% of total actual costs. The Office also noted that the Company’s report would provide an update on the status of the “creation and adoption of an RNG green attribute verification standard.”<sup>4</sup>

The Office found in its review that, “DEU has included all the stipulated information,”<sup>5</sup> in the 2022 GreenTherm Report. The Office also noted that the Report included discussion about a national standard for RNG green attributes, that the Company is ready to “utilize the Midwest Renewable Energy Tracking System or M-RETS for verification and tracking of the RNG green attributes,”<sup>6</sup> and that the “M-RETS is a reasonable choice for the needed RNG green attribute verification standard.”<sup>7</sup> The Company agrees with these comments.

The Office’s response also noted that DEU made a “large purchase of 300,000 blocks of RNG green attributes in April 2022.”<sup>8</sup> The Office requested that the Commission require DEU to provide an explanation as to “whether it was advantageous for the program to acquire the block at that time when doing so would incur approximately \$16,000 in carrying charges in 2022 (and most likely additional large carrying charges in 2023 and 2024).”<sup>9</sup>

The Company appreciates the Office’s diligence, and notes that it made this large block purchase of RNG green attributes via a competitive bid process and subsequent negotiations, in order to fill demand for participating customers. In the first quarter of 2021, the Company issued

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<sup>4</sup> August 4, 2023, Comments from the Office of Consumer Services, Paragraph 3

<sup>5</sup> Id., Paragraph 4

<sup>6</sup> Id., Paragraph 5

<sup>7</sup> Id., Paragraph 5

<sup>8</sup> Id., Paragraph 6

<sup>9</sup> Id., Paragraph 6

a Request for Proposal (RFP), seeking additional volumes of RNG green attributes to meet increasing customer participation and demand. The Company received three proposals that indicated market prices for RNG green attributes had increased significantly since the launch of the GreenTherm program in 2020. The proposals ranged between [REDACTED] per dekatherm (Dth) of RNG green attributes in the first year with options for future purchases escalating at approximately [REDACTED] each year thereafter. These proposed prices represented an increase of between [REDACTED] over the original GreenTherm program purchase price of [REDACTED] per Dth of RNG green attribute.

In an effort to secure better pricing, the Company began negotiations with the lowest bidder from the previously issued RFP in late 2021. Through these negotiations, the Company was able to secure a purchase price of [REDACTED] per Dth for RNG green attributes, which is comparable to the initial purchase price of [REDACTED] per Dth of RNG green attribute in 2020. The result was an approximate [REDACTED] savings accruing directly to customer participants in GreenTherm, as compared to the pricing received in the recent bid process. However, the negotiations with the supplier required a one-time bulk purchase of 150,000 Dth of RNG green attributes (equivalent to 300,000 blocks). The Company completed this purchase in April 2022, which allowed the GreenTherm program to maintain the same block price and Dth volume-per-block for customers.

Assuming these same RNG green attributes (300,000 blocks/150,000 Dth RNG Green Attribute) were available for sale, over the next 5 years, the additional program costs for participating customers would be estimated to be [REDACTED] more, which is the difference between the actual bulk purchase price paid [REDACTED] and the lowest quoted 2021 RFP price for RNG

REDACTED

green attribute [REDACTED], less the assumed increase in additional carrying charges of \$80,000 (~\$16,000 each year, for the years 2022 thru 2026).

The Office concluded its response with a recommendation that the Commission approve the Report. The Company appreciates the Office's analysis and agrees with this recommendation.

RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of August, 2023.

DOMINION ENERGY UTAH



Jenniffer Nelson Clark

*Attorney for Dominion Energy Utah*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of Dominion Energy Utah’s

Reply Comments was served upon the following persons by e-mail on August 21, 2023:

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