

Docket No. 20-057-02  
OCS Data Request No. 2.01  
Requested by Office of Consumer Services  
Date of DEU Response September 14, 2020

OCS 2.01: Page 4.12 of the IRP states: “The Company is considering constructing modular LNG sites throughout its system. Such locations could take advantage of lower gas prices in the summer. As an additional benefit, such facilities could boost pressures in areas that otherwise have lower pressures and are without other supply reliability options.” Please explain:

- a. What DEU means by “modular LNG sites”.
- b. The approximate costs DEU expects to incur for one modular LNG site.
- c. What locations are being considered.
- d. The benefits of modular LNG at each location being considered.
- e. What DEU means by “take advantage of lower gas prices in the summer.”

Answer:

- a. LNG modular sites refer to locations in the system where skid mounted LNG tanks and equipment could be deployed temporarily for short term use in order to boost pressures locally. These potential modular LNG sites are not expected to be utilized by DEU in the near future. They were mentioned as possibilities in the long term. The Company has not yet undertaken to identify potential sites, determine the costs associated with such sites, conduct engineering or design work for such sites, or to compile other more detailed information.
- b. At this point, use of modular LNG sites is conceptual. As such, DEU has not developed plans or costs associated with constructing these facilities.
- c. DEU has not yet identified any particular location for such a site.
- d. Smaller and modular LNG sites could be placed at strategic locations where pressures could drop and be used to mitigate peak hour demand concerns and boost pressures locally when needed.
- e. While there are initial costs to constructing modular LNG sites and liquifying natural gas, modular LNG sites could store liquified natural gas during the summer, and then vaporize the gas during cold months when natural gas is typically more expensive and often subject to high price spikes. This can result in savings in the cost of natural gas purchased depending on the economies of scale.

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OCS 2.02: Page 4.12 of the IRP also states: “The Company is also considering constructing RNG sites as possible supply resources that would both provide renewable natural gas on the Company’s system, and could address system concerns as well.”

Please explain:

- a. What DEU means by “constructing RNG sites”.
- b. What locations on DEU’s system are being considered for these “RNG sites”.
- c. If DEU intends to provide actual physical RNG or RNG attributes.
- d. What DEU means by “address system concerns”.
- e. What the benefits are of providing RNG versus continuing to rely on regular natural gas.
- f. If DEU expects the cost of RNG to be competitive with regular natural gas.

Answer: a. The Company does not expect to construct these sites in the near future, nor has it identified locations or commenced engineering design for such sites. The reference above reflect the possibility of constructing such sites in the long term. The Company is considering contracting with sewage treatment plants or other methane capture facilities to produce RNG, and/or construct facilities to do so.

b. There are no sites currently under consideration.

c. DEU is open to a variety of approaches. At present, DEU does not anticipate that it would own such facilities and decisions about marketing those volumes would be made by owners of such sites.

d. “Address system concerns” refers to obtaining RNG at locations where system pressures may be lower and/or gas supply may be limited. These would be sites where an RNG site could provide gas at delivery pressures.

e. The benefits of accepting RNG would be primarily environmental. Capturing the RNG, rather than venting it, significantly reduces methane emissions. Depending on the location of the RNG production facilities, they may also provide the benefit of pressure support.

- g. The answer to this question will depend upon a variety of factors such as the cost of traditional gas, cost of the RNG, or separate RNG credits all of which will be market driven. Under the right market conditions RNG could be competitive with regular natural gas.

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