## STATE OF MICHIGAN

#### BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to conduct a renewable natural gas study pursuant to Sec. 1002 of Article 9 of Public Act 87 of 2021.

Case No. U-21170

At the December 9, 2021 meeting of the Michigan Public Service Commission in Lansing, Michigan.

> PRESENT: Hon. Daniel C. Scripps, Chair Hon. Tremaine L. Phillips, Commissioner Hon. Katherine L. Peretick, Commissioner

#### **ORDER**

Background

On September 29, 2021, Governor Whitmer signed the state budget bill, Public Act 87 of 2021

(Act 87), for the fiscal year 2022 into law. Act 87 includes provisions that require the

Commission to conduct a study into the potential for renewable natural gas (RNG) development in

this state. More specifically, Act 87 provides:

(1) From the funds appropriated in part 1 for public service commission renewable natural gas study, the public service commission must conduct a study into the potential for renewable natural gas development in this state. The study shall do all of the following:

(a) Identify existing and potential sources of renewable natural gas in this state and provide, to the greatest extent possible, an estimate of the energy content and greenhouse gas abatement potential of these sources.

(b) Estimate the cost per unit of heat, should the potential sources of renewable natural gas identified in subdivision (a) be utilized to the greatest

practical extent.

(c) Estimate the greenhouse gas emission reduction, per unit of heat, that would be achieved should the potential sources of renewable natural gas in subdivision (a) be utilized to the greatest practical extent.

(d) Compare the estimated per-unit cost savings of greenhouse gas emission reductions estimated for RNG sources to the estimated per-unit cost savings likely to be achieved by comparable use of other carbon abatement technologies, including, but not limited to, hydrogen blending, building electrification, and similar technologies.

(e) Estimate the production potential by applicable feedstock sources for renewable natural gas in this state. (f) Identify barriers to developing and utilizing renewable natural gas in this state.

(f) Identify barriers to developing and utilizing renewable natural gas in this state.

(2) The commission shall identify and engage interested stakeholders in the development of the study provided for in subsection (1). The commission may engage an independent contractor to conduct the study under the commission's direction.

(3) By July 30, 2022, the commission shall submit a draft report on the study to interested stakeholders for comment to the commission. By September 30, 2022, the commission shall submit a final report to the standing committees of the senate and house with primary jurisdiction over energy and environmental issues.

Act 87, art 9, § 1002. Additionally, Act 87 includes the following definitions relevant to this

order:

(a) "abatement potential" means the magnitude of potential greenhouse gas reductions achieved through technology, practice, or alternative fuels, including renewable natural gas.

(b) "biogas" means a mixture of gases produced by the anaerobic breakdown of organic matter in the absence of oxygen, primarily consisting of methane and carbon dioxide.

(o) "Renewable natural gas" or "RNG" means a biogas that has been processed or upgraded to be interchangeable with conventional natural gas and to meet pipeline quality standards or transportation fuel grade requirements.

## Discussion

Various proposals related to RNG have already been brought before the Commission. In its April 23, 2015 order in Case No. U-17628, the Commission granted DTE Gas approval to convert its pilot BioGreenGas program to a permanent program. The goal of that voluntary program was to raise awareness and support for RNG. In Case No. U-20839, the Commission approved DTE Gas's amended application to create a voluntary emissions offset program pilot that "has been designed to meet the preferences of current customers regarding an affordable renewable gas program that also offsets emissions from their own natural gas usage." Additionally, in its November 4, 2021 order in Case No. U-21098, the Commission approved a certificate of public convenience and necessity for an RNG pipeline.

These actions have been in response to – and have helped to inform – the commitments made by a number of Michigan utilities around decarbonization. For example, DTE Energy Company announced its commitment to net-zero emissions by 2050,<sup>1</sup> and Consumers Energy Company committed to net zero methane emissions in natural gas delivery systems by 2030.<sup>2</sup> These commitments are also important elements of meeting the goals articulated by Governor Gretchen Whitmer in the "MI Healthy Climate Plan," including the specific target of achieving economywide carbon neutrality no later than 2050. *See, e.g.*, Executive Order 2020-182 and Executive Directive 2020-10.

<sup>&</sup>lt;sup>1</sup> <u>DTE Energy</u> - Net Zero Carbon Emissions by 2050 (dtecleanenergy.com).

<sup>&</sup>lt;sup>2</sup> <u>CE-Methane-Report-2019-FINAL.PDF (q4cdn.com)</u>.

With the passing of Act 87, the State Legislature has provided the Commission and other stakeholders the opportunity to develop a more robust inquiry into RNG and its potential in Michigan. To meet the legislative directives set forth in Act 87, the Commission has developed a work plan and has engaged with a consultant to develop an RNG study. The purpose of this order is to kick off the RNG study and provide details of the work plan schedule and activities that will result in the draft RNG report. The Commission Staff has developed a dedicated RNG Study webpage<sup>3</sup>, as well as a listserv, so that interested stakeholders may stay apprised of RNG Study activities.

## Work Plan

The Commission will hold an initial meeting on Monday, January 10, 2022, beginning at 2:00 p.m. (Eastern time) utilizing the Microsoft Teams virtual platform to gather stakeholders input in the RNG Study. During the first half of 2022, the consultant will research and report on topics delineated in Act 87, including: (1) identifying existing and potential sources of RNG in this state and providing, to the greatest extent possible, an estimate of the energy content and greenhouse gas abatement potential of these sources; (2) estimating the cost per unit of heat, should the potential sources of RNG identified in the study be utilized to the greatest practical extent; (3) estimating the greenhouse gas emission reduction, per unit of heat, that would be achieved should the potential sources of RNG identified in the study be utilized to the greatest practical extent; (4) comparing the estimated per-unit cost savings of greenhouse gas emission reductions estimated for RNG sources to the estimated per-unit cost savings likely to be achieved by comparable use of

<sup>&</sup>lt;sup>3</sup> <u>https://www.michigan.gov/mpsc/0,9535,7-395-93307\_93312\_93320\_94834-573577--</u>,00.html

other carbon abatement technologies, including, but not limited to, hydrogen blending, building electrification, and similar technologies; (5) estimating the production potential by applicable feedstock sources for RNG in Michigan; and (6) identifying barriers to developing and utilizing RNG in Michigan.

A draft RNG Study report will be sent to stakeholders for review by July 30, 2022, with a second stakeholder meeting held after the draft report is released, to discuss stakeholder feedback. By September 30, 2022, the Commission will submit a final report to the standing committees of the senate and house with primary jurisdiction over energy and environmental issues.

#### THEREFORE, IT IS ORDERED that:

A. No later than July 30, 2022, the Commission will provide a Renewable Natural Gas Study draft report to interested stakeholders for comment.

B. No later than September 30, 2022, the Commission shall submit to the standing committees of the senate and house with primary jurisdiction over energy and environmental issues a Final Renewable Natural Gas Study report that complies with the directives set forth in Public Act 87 of 2021.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at <u>mpscedockets@michigan.gov</u> and to the Michigan Department of the Attorney General - Public Service Division at <u>pungp1@michigan.gov</u>. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

## MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of December 9, 2021.

Lisa Felice, Executive Secretary

# PROOF OF SERVICE

STATE OF MICHIGAN )

Case No. U-21170

County of Ingham

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Brianna Brown being duly sworn, deposes and says that on December 9, 2021 A.D. she

electronically notified the attached list of this Commission Order via e-mail transmission,

to the persons as shown on the attached service list (Listserv Distribution List).

Brianna

Subscribed and sworn to before me this 9<sup>th</sup> day of December 2021.

Angela P. Sanderson Notary Public, Shiawassee County, Michigan As acting in Eaton County My Commission Expires: May 21, 2024

## **GEMOTION DISTRIBUTION SERVICE LIST**

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