

McGuireWoods LLP  
434 Fayetteville Street  
Suite 2600  
PO Box 27507 (27611)  
Raleigh, NC 27601  
Phone: 919.755.6600  
Fax: 919.755.6699  
www.mcguirewoods.com

Mary Lynne Grigg  
Direct: 919.755.6573

McGUIREWOODS

mgrigg@mcguirewoods.com

January 17, 2020

**VIA ELECTRONIC FILING**

Ms. Kimberley A. Campbell, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

Re: *Application of Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas for Approval to Participate in Pilot Program in Docket No. G-9, Sub 698*  
*Docket No. G-9, Sub 764*

Dear Ms. Campbell:

Enclosed on behalf of Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas ("Align RNG"), is the *Application of Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas for Approval to Participate in Pilot Program in Docket No. G-9, Sub 698* for filing in the above-referenced proceeding.

Exhibit 1 of this filing contains confidential information. Pursuant to N.C.G.S. § 132-1.2, Align RNG requests that this information be protected from public disclosure. Information designated by Align RNG as confidential qualifies as "trade secret" under N.C.G.S. § 66-152(3). Pursuant to N.C.G.S. § 132-1.2, Align RNG has redacted this confidential information from the public version of this filing and is filing Exhibit 1 contemporaneously under seal.

If you have any questions regarding this filing, please do not hesitate to call me. Thank you for your assistance with this matter.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kjg

Enclosure

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-9, SUB 764

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Application of Align RNG North	)	APPLICATION OF ALIGN RNG NORTH
Carolina, LLC, d/b/a Align Renewable	)	CAROLINA, LLC, D/B/A ALIGN
Natural Gas, for Approval to Participate in	)	RENEWABLE NATURAL GAS, TO
Pilot Program in Docket No. G-9, Sub 698	)	PARTICIPATE IN PILOT PROGRAM

Pursuant to North Carolina Utilities Commission (“Commission”) Rule R1-5 and the Commission’s *Order Approving Appendix F and Establishing Pilot Program* in Docket No. G-9, Sub 698 issued on June 19, 2018 (the “Appendix F Order”), Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas (“Align RNG”) hereby applies for approval to participate in the pilot program created by the Appendix F Order (“Pilot Program”) and respectfully requests that the Commission expeditiously approve Align RNG’s participation in the Pilot Program (“Application”). In support of its Application, Align RNG hereby submits the following to the Commission:

**Applicant**

1. Align RNG is a wholly owned subsidiary of Align RNG, LLC, a multi-state joint venture between Dominion Energy, Inc. and Smithfield Foods, Inc. with its principal place of business in Virginia.<sup>1</sup> Dominion RNG Holdings, Inc., a Virginia corporation and unregulated subsidiary of Dominion Energy, Inc., and Murphy-Brown LLC, d/b/a Smithfield Hog Production, a subsidiary of Smithfield Foods, Inc., are equal owners of Align RNG, LLC.

---

<sup>1</sup> In addition to North Carolina, Align RNG, LLC has planned projects in Virginia, Utah, Arizona, and California.

2. Correspondence in connection with this Application should be sent as follows:

Align Renewable Natural Gas  
c/o Zach Chapin  
Dominion Energy Services, Inc.  
Legal Department  
120 Tredegar Street  
Richmond, Virginia 23219

With a copy to Counsel for the Applicant as follows:

Lauren W. Biskie  
Dominion Energy Services, Inc.  
Legal Department  
120 Tredegar Street, RS-2  
Richmond, Virginia 23219  
lauren.w.biskie@dominionenergy.com

Mary Lynne Grigg  
Kristin M. Athens  
McGuireWoods LLP  
PO Box 27507  
Raleigh, North Carolina 27611  
(919) 755-6573 (MLG Phone)  
(919) 835-5909 (KMA Phone)  
mgrigg@mcguirewoods.com  
kathens@mcguirewoods.com

The Applicant and its Counsel agree to electronic service.

3. Align RNG's Alternative Gas production facilities will be located on 19 farms in Duplin and Sampson Counties, North Carolina. Align RNG's centralized Alternative Gas upgrading facility will be located near the intersection of Old Courthouse Road and NC Hwy 24 between the Towns of Warsaw and Turkey, North Carolina. Align RNG has accomplished the design and financing of the facilities, and is in the final stages of permitting required for commencement of construction. Once completed, Align RNG plans to sell Alternative Gas, as defined in the Order, p.1, note 1, to Duke Energy Carolinas, LLC ("DEC") for itself and as an agent and on behalf of Duke Energy

Progress, LLC (“DEP”). If approved, Align RNG’s project will generate enough energy to power more than 3,500 homes annually, making it the largest Alternative Gas project in North Carolina.

4. Align RNG will interconnect the centralized Alternative Gas upgrading facility with Piedmont Natural Gas Company, Inc.’s (“Piedmont”) natural gas pipeline facilities to transport the Alternative Gas to DEC and DEP.

5. Align RNG has informed DEC and DEP of its intent to file this Application and has been informed that DEC and DEP have no objection to the Application.

6. Align RNG has informed Piedmont of its intent to file this Application and has been informed that Piedmont has no objection to the Application.

#### **Background**

7. On December 6, 2016, Piedmont filed a petition in Docket No. G-9, Sub 698 requesting approval of proposed Appendix F, Statement of Alternative Gas Requirements. After receiving comments from intervenors, the Commission issued an Order Requiring Collaborative Meetings, Reports, and Additional Information on May 4, 2017. Piedmont also filed for approval of two receipt interconnect agreements, one with C2e Renewables NC (“C2e”) (Docket No. G-9, Sub 699) and the other Optima KV, LLC (“Optima KV”) (Docket No. G-9, Sub 701), both of which were approved by the Commission with conditions on May 10, 2018. On October 26, 2017, Piedmont filed a revised Appendix F, amended to reflect discussions during the collaborative process. On October 31, 2017, the Public Staff filed the final report provided for in the Commission’s May 4, 2017 Order.

8. The Commission's June 19, 2018 Order made specific revisions to Appendix F and created a Pilot Program for a period of three (3) years during which Piedmont will report to the Commission "regarding the impact of Alternative Gas on its system operations and, ultimately its customers." Order, p. 5. The Commission ordered that "the C2e and the Optima KV projects shall be allowed to participate in the pilot program and the additional Alternative Gas Suppliers shall be allowed to participate in the pilot program upon a showing to the Commission that any such project will aid in the information and data sought to be gathered through the pilot program." Order, p. 17. The Commission provided the following guidance for applications to be in the Pilot Program: "Piedmont and/or other Alternative Gas suppliers may apply to the Commission to participate in the pilot program; however, it must be demonstrated to the Commission that such additions will be useful in gathering information and data sought by Commission." Order, p. 5. The information and data sought by the Commission includes general information concerning the potential impacts of receiving Alternative Gas on Piedmont's customers, as well as information documenting daily quantity, heat content, and Wobbe numbers for the gas provided to Piedmont by Alternative Gas suppliers. Order, p. 18.

#### **Request for Approval to Enter Pilot Program**

9. Align RNG respectfully requests approval to participate in the Pilot Program and believes its project in Duplin and Sampson Counties will be "useful in gathering information and data sought by the Commission." Align RNG is different from the other alternative gas projects included in the Pilot Program, and will be useful in gathering information and data sought by the Commission.

10. Align RNG's project will leverage Smithfield's relationships with local contract farmers, who raise and care for Smithfield's hogs. Align RNG will partner with approximately 20 North Carolina farms to supply methane generated from swine manure for the production of Alternative Gas. Notably, the local farmers, as opposed to Align RNG, will control and operate each digester, and thus, will control the production of the methane from their farms. Employing a unique "hub and spoke" approach, approximately 30 miles of gathering pipeline will interconnect each participating farm to Align RNG's centralized gas upgrading facility. The centralized gas upgrading facility will then clean and convert the blended methane from each farm into Alternative Gas, which will be injected into Piedmont's transmission line and accommodate the year-round production volume from the Align RNG facilities, without impacting Piedmont's customers' quality of service. Align RNG's unique "hub and spoke" business model facilitates the creation of a large-scale Alternative Gas project that is unlike any other project approved for participation in the Pilot Program based on design and size for the following reasons.

11. First, this unique "hub and spoke" business model will provide the Commission with information and data regarding variations or similarities in daily gas quantity from similar digesters with identical feedstocks, and variations of similarities in gas constituent concentrations from digesters not under common management supplying methane to the gas upgrading facility. See Exhibit 1 for a map providing an overview of the project.

12. Second, the large volume—approximately 330,000 MMBTU—of Alternative Gas produced by Align RNG will provide the Commission with information

and data on potential impacts of large-scale volumes to upstream pipelines and infrastructure.

13. Third, Align RNG's project will provide the Commission with data and information regarding the utilization of various technologies and the impact of the composition and transportation of Alternative Gas on Piedmont's pipelines. Align RNG's centralized gas upgrading facility utilizes a unique hydrogen sulfide removal system that will provide the Commission information and data on the particular technologies' impacts to Alternative Gas' composition and flow.

14. Fourth, Align RNG's project will provide further data to monitor and evaluate an additional receipt point, to allow Piedmont "to ensure that no customers are adversely impacted as Alternative Gas receipt points are added." *See* Order, p. 11.<sup>2</sup>

15. Finally, as mentioned, Align RNG is ready to commence construction of its facilities, and plans to be commercially operational by November 1, 2020. Align RNG is also in the final stages of negotiating a Receipt Interconnect Agreement with Piedmont. The advanced delivery status of Align RNG means that the Commission and Piedmont are likely to have a project that is operational and gathering information early within the three (3) year Pilot Program, providing a more comprehensive set of data in support of the Program.

16. Based on the design specifications of the project, Align RNG will fully comply with the requirements of Appendix F, as included in Piedmont's November 29, 2018 approved compliance filing.

---

<sup>2</sup> Note this receipt point is shared with another Alternative Gas supplier; however, that supplier has yet to achieve the necessary financing to commence construction of its Alternative Gas project.

### **Other Policy Considerations**

17. In addition to Align RNG's project's usefulness in gathering information and data sought by the Commission in the Pilot Program, there are several public policy reasons to approve Align RNG's participation.

18. First, Align RNG's Alternative Gas project complies with North Carolina's policy of encouraging renewable generation within the State, and allows natural gas utilities the opportunity to diversify their fuel supply. Align RNG's project also plays an important role in supporting Governor Roy Cooper's climate change initiatives outlined in Executive Order 80, and will help North Carolina achieve its greenhouse gas reduction targets. Because methane is at least 25 times more potent than CO<sub>2</sub> as a greenhouse gas, reducing methane can have a more dramatic impact on the environment than other carbon reduction initiatives.

19. Second, DEC and DEP support Align RNG's participation because they plan to purchase the Alternative Gas in order to meet and comply with North Carolina's Renewable Energy and Energy Efficiency Portfolio Standards, N.C. Gen. Stat. § 62-133.8, and the policy of the State to encourage generation of renewable energy.

20. Third, Align RNG's Alternative Gas project provides a waste management solution that enhances environmental protection of North Carolina's resources. Employing covered lagoon systems to capture methane can mitigate potential waste management issues (such as flooding) associated with severe weather events by shielding traditionally open-air waste lagoons from destructive elements.

21. Fourth, Align RNG's unique business model provides a new revenue stream for local North Carolina farmers, by allowing these farmers to harvest an



additional resource grown on their farms (biomethane), which is currently undervalued, into a new source of revenue. Align RNG's project therefore promotes the sustainability of North Carolina's family farms, and provides support for rural communities as well as North Carolina's agricultural sector as a whole.

22. Fifth, Align RNG plans to invest approximately \$300 million in North Carolina. Both Duplin and Sampson Counties are Tier 1 Counties, which will benefit from economic development to increase the local tax base, provide jobs, and support the local service industry. In particular, development of the anaerobic digesters will create 25-30 construction positions and 2.5 full-time positions once in service. Align RNG has the support of, and will have a positive effect on, Duplin and Sampson Counties.

23. Finally, Align RNG has invested considerable time, energy, and resources in the Align RNG project and has begun to commence construction. Delay of this project would cause economic harm not just to Align RNG, but also to North Carolina farmers, subcontractors, vendors, and other businesses. As the Commission stated in its May 4, 2017 Order in Docket No. G-9, Sub 698, and restated in the Order, p. 4, if use of the natural gas distribution system "can be done while holding natural gas customers harmless, then every effort should be made to accommodate interconnections with Alternative Gas providers."

### **Conclusion**

For the foregoing reasons, Align RNG respectfully requests that the Commission find that its participation in the Pilot Program will be useful in gathering information and data, and approve its Application as expeditiously as possible.

Respectfully submitted, this the 17<sup>th</sup> day of January, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg

Kristin M. Athens

McGuireWoods LLP

PO Box 27507

Raleigh, North Carolina 27611

(919) 755-6573 (MLG Phone)

(919) 835-5909 (KMA Phone)

mgrigg@mcguirewoods.com

kathens@mcguirewoods.com

*Attorneys for Dominion Energy*

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application of Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas for Approval to Participate in Pilot Program in Docket No. G-9, Sub 698, as filed in Docket No. G-9, Sub 764, was served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 17<sup>th</sup> day of January, 2020.

/s/Mary Lynne Grigg

Mary Lynne Grigg  
McGuireWoods LLP  
434 Fayetteville Street, Suite 2600  
PO Box 27507 (27611)  
Raleigh, North Carolina 27601  
Telephone: (919) 755-6573  
[mgrigg@mcguirewoods.com](mailto:mgrigg@mcguirewoods.com)

*Attorney for Align RNG North Carolina,  
LLC, d/b/a Align Renewable Natural Gas*