

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-9, SUB 698

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Application of Terreva Catawba RNG, LLC	)	
to Participate in Appendix F Pilot Program	)	
of Piedmont Natural Gas Company, Inc	)	ORDER APPROVING
	)	PARTICIPATION IN PILOT
In the Matter of	)	PROGRAM WITH CONDITIONS
Application of Terreva Wayne County RNG, LLC	)	
to Participate in Appendix F Pilot Program of	)	
Piedmont Natural Gas Company, Inc	)	

BY THE COMMISSION: On June 19, 2018, in Docket No. G-9, Sub 698, the Commission issued an Order Approving Appendix F and Establishing Pilot Program (Appendix F Order). In summary, the Appendix F Order approved a three-year pilot program to implement Appendix F to the Service Regulations of Piedmont Natural Gas Company, Inc. (Piedmont). Appendix F sets guidelines for Piedmont's receipt of Alternative Gas, also referred to as renewable natural gas (RNG), for delivery and redelivery on Piedmont's distribution system. With regard to participants in the pilot program, the Appendix F Order provides that "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 the Commission." Appendix F Order, at 5.

On September 8, 2021, the Commission issued an Order that, among other things, extended the Appendix F pilot program for an additional three years.

On November 18, 2022, the Commission issued an Order Requiring Periodic Reports on Status of Renewable Natural Gas Projects and Opening New Docket (RNG Reporting Order), in Docket No. G-9, Sub 698B. The RNG Reporting Order requires, among other things, that RNG developers file verified responses providing information about the timeline and plans for development of their facilities, as specified in Appendix A to the Order, every six months, beginning on February 1, 2023.

The Commission has approved participation in the Appendix F pilot program by twelve RNG suppliers: C2e Renewables NC, in Docket No. G-9, Sub 699; Optima KV, LLC, in Docket No. G-9, Sub 701; Optima TH, LLC, in Docket No. G-9, Sub 726; GESS International North Carolina, Inc. in Docket No. G-9, Sub 728; Catawba Biogas, LLC in Docket No. G-9, Sub 735; Foothills Renewables, LLC in Docket No. G-9, Sub 739; Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas, in Docket No. G-9, Sub 764;

Montauk AG Renewables, LLC, in Docket No. G-9, Sub 799; Anson Gas Producers, LLC, in Docket No. G-9, Sub 698 (Sub 698); and INGENCO Wholesale Power, LLC, Cardinal Bio Energy, LLC, and Lightning Renewables, LLC in Sub 698. In addition, the Commission has approved all RNG receipt interconnection agreements with Piedmont that have been submitted to the Commission for approval.

On January 10, 2023, Terreva Catawba RNG, LLC (Catawba RNG), and Terreva Wayne County RNG, LLC (Wayne RNG, collectively Applicants), filed separate applications in Sub 698 requesting to participate in the Appendix F pilot program. In summary, Catawba RNG stated that it is developing a RNG facility for extracting and processing landfill gas (LFG) to pipeline standards at the Catawba County Landfill, and Wayne RNG stated that it is developing a similar facility at the Wayne County Landfill. Catawba stated that its facility will interconnect with Piedmont's natural gas pipeline and transport approximately 650 dekatherms per day (dth/day) of RNG to Piedmont. Wayne RNG stated that it will do likewise and transport approximately 730 dth/day of RNG to Piedmont. Applicants stated that they expect to place their facilities into service by December 31, 2024.

According to Applicants, they have agreed with Piedmont on a proposed interconnection location for their respective facilities. Applicants further stated that Piedmont has completed engineering studies and confirmed that its receipt of the volume of RNG to be produced by each Applicant is technically feasible at the planned interconnection locations, and that Applicants are in discussions with Piedmont about entering into a Receipt Interconnect Agreement (RIA) whereby Piedmont will accept RNG from the Applicants. In addition, Applicants stated that they plan to sell their RNG to one or more counterparties who have experience in the transportation, storage, and utilization of RNG and are receiving service from Piedmont. Moreover, Applicants stated that they are committed to meeting the Commission's RNG standards as set forth in the Appendix F Order and as adopted in any subsequent Commission Orders, and that they have informed Piedmont of their intent to file their applications and have been informed that Piedmont has no objection to the filings.

Applicants contended that the RNG provided by their facilities will be useful in providing information and data sought by the Commission. They further noted that the only two facilities currently delivering RNG to Piedmont are both projects that derive RNG from swine waste and, therefore, their facilities will be materially different from the two currently operating RNG facilities. In addition, Applicants maintained that the relatively advanced status of their projects means that the Commission and Piedmont are likely to have operational LFG projects providing RNG information within the next two years. Applicants further asserted that because of the numerous landfills in the state the local distribution companies, the Commission, and the Public Staff will benefit from developing information and data about LFG and being able to compare RNG data from Applicants' facilities to other RNG data.

Applicants cited several public policy considerations that they contend support the Commission's approval of their participation in the Appendix F pilot program, including:

(1) public policies of North Carolina and the federal government that encourage the productive use of renewable energy resources; (2) Applicants' facilities will each result in an approximately \$25 million investment in Wayne and Catawba Counties, Tier I and Tier II (economically distressed) counties, respectively, in need of economic development to increase the local tax base, provide jobs, and support the local service industry; (3) Applicants' facilities will include improvements to infrastructure, and Applicants are not seeking relief from local taxes; and (4) the development of each facility is supported by each of the host counties and will have a positive impact on their local communities.

Further, Applicants requested that the Commission approve their participation in the Appendix F pilot program as expeditiously as possible to avoid delay in the project. They submitted that delay would harm Applicants, subcontractors, vendors and other businesses in North Carolina.

On January 17, 2023, the Public Staff filed letters stating that it had reviewed Applicants' filings and has no objection to Applicants participating in the Appendix F pilot program, subject to the Commission's approval of RIAs between Applicants and Piedmont.

## CONCLUSION

Based on the foregoing and the record, the Commission concludes that the RNG to be supplied by the Applicants to Piedmont is likely to assist the Commission and Piedmont in achieving the goals of the Appendix F pilot program by helping gather information and data that will be useful in assessing the impacts of RNG on Piedmont's service to its customers. As Applicants stated, there are only two projects currently supplying RNG to Piedmont, Optima KV, LLC, and Optima TH, LLC. These two projects supply Piedmont with RNG from swine waste and animal/food processing waste, respectively. As Applicants further stated, there are many landfills in North Carolina and, as a result, LFG is a potential source of large volumes of RNG that could assist our state in diversifying its energy resources. In addition, based on Applicants' projected volumes of about 650 and 730 dth/day of RNG their facilities will provide a significant volume of RNG to Piedmont and, consequently, could contribute materially to the amount of information and data about the impacts of LFG-derived RNG on natural gas pipelines and infrastructure. Therefore, the Commission finds good cause to approve the participation of Catawba RNG and Wayne RNG in the Piedmont Appendix F RNG pilot program, subject to their compliance with the conditions stated in the Ordering Paragraphs below.

Further, the Commission finds good cause to require Applicants to periodically file the information required by the Commission's RNG Reporting Order.

Finally, the Commission notes that in previous dockets involving RIAs the Public Staff raised an issue regarding the potential federal income tax implications of Piedmont's receipt of capital payments from RNG suppliers. As a result, the Commission included the following conditions in the approval orders: (1) Piedmont's ratepayers will be held harmless if Piedmont is required to pay income taxes on capital payments made by the

suppliers to Piedmont, and (2) the Commission's approval of participation in the pilot program and/or interconnect agreements was without prejudice to the right of any party to take issue with the ratemaking treatment of revenues and costs related thereto in an appropriate proceeding. The Commission concludes that these two conditions should be included as part of its approval of Applicants' participation in the Appendix F pilot program.

IT IS, THEREFORE, ORDERED as follows:

1. That the Commission hereby approves the participation of Terreva Catawba RNG, LLC, and Terreva Wayne County RNG, LLC, in the Piedmont Appendix F renewable natural gas pilot program, subject to Catawba RNG and Wayne RNG entering into a receipt interconnect agreement with Piedmont to be approved by the Commission;
2. That Catawba RNG's and Wayne RNG's participation in the pilot program, as well as any subsequent renewable natural gas agreements between them and Piedmont, shall be subject to any revisions to Piedmont's Appendix F guidelines that may be made by the Commission, and applicable amendments to the Commission's Rules;
3. That Piedmont's ratepayers shall be held harmless if Piedmont is required to pay income taxes on any capital payments made by Catawba RNG or Wayne RNG to Piedmont;
4. That Catawba RNG and Wayne RNG shall periodically file the information required by the Commission's RNG Reporting Order; and
5. That the Commission's approval of Catawba RNG's and Wayne RNG's participation in the pilot program is without prejudice to the right of any party to take issue in an appropriate proceeding with the ratemaking treatment of the revenues and costs associated with their participation.

ISSUED BY ORDER OF THE COMMISSION.

This the 8th day of February, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, reading "Tamika D. Conyers".

Tamika D. Conyers, Deputy Clerk