

July 12, 2018

Ms. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

RE: DOCKET NO. G-9, SUB 726
Application of Optima TH, LLC for Approval to Participate in Pilot Program in Docket No. G-9, Sub 698

Dear Ms. Jarvis:

On behalf of the Optima TH, LLC, we hereby submit this **Application of Optima TH, LLC for Approval to Participate in Pilot Program in Docket No. G-9, Sub 698** in the above-referenced docket.

If you have any questions or comments regarding this filing, please do not hesitate to call me.

Thank you in advance for your assistance.

Very truly yours,



/s/Deborah K. Ross

skb

Enclosure

cc: Parties of Record

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 726

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Application of Optima TH, LLC for)
Approval to Participate in Pilot Program)
in Docket No. G-9, Sub 698)

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 “Order”), Optima TH, LLC (“Optima TH” or the “Applicant”) hereby applies to participate in the pilot program created by the Order (“Application”) and respectfully requests that the Commission expeditiously approve Optima TH’s participation in the pilot program. In support of its Application, Optima TH hereby submits the following to the Commission.

PARTIES

1. Optima TH is a North Carolina limited liability company with its principal place of business in Raleigh, North Carolina.
2. Correspondence in connection with this Application should be sent as follows:

Optima TH, LLC
c/o Mark Maloney
4441-106 Six Forks Road #379
Raleigh, NC 27609
(312) 415-0044
mark@pig.energy

with a copy to Counsel for the Applicant as follows:

Deborah K. Ross
SMITH MOORE LEATHERWOOD LLC
434 Fayetteville Street, Suite 2800
Raleigh, NC 27601
(919) 755-8835
deborah.ross@smithmoorelaw.com

The Applicant and Counsel agree to electronic service.

3. Optima TH's biogas facility will be located in Bladen County, North Carolina. Optima TH plans to sell Alternative Gas, as defined in the Order, p.1, note 1, and associated Environmental Attributes to Duke Energy Carolinas, LLC ("DEC") for itself and as an agent and on behalf of Duke Energy Progress, LLC ("DEP"). Optima TH plans to interconnect with Piedmont Natural Gas Company's ("Piedmont") natural gas pipeline facilities to transport the Alternative Gas.

4. This will be the second Optima biogas project in North Carolina. On May 10, 2017, the Commission issued an Order Approving Agreements for Docket No. G-9, Sub 701, and conditionally approving the Receipt Interconnect Agreement between Piedmont and Optima KV, LLC subject to certain conditions. The Order in Docket No. G-9, Sub 698 specifically provided that the Optima KV project shall be allowed to participate in the pilot program. Order, p. 17. The Order also reiterated the Commission's May 10, 2017 Order's requirement that Optima KV is subject to any revisions to Appendix F that may be made by the Commission, as well as any applicable amendments to the Commission's Rules and Regulations. Order, pp. 2-3. The Optima TH project will be equally committed to meeting the Commission's standards for the pilot program.

5. Optima TH has informed DEC and DEP of its intent to file this Application and has been informed that DEC and DEP support the Application and will file a letter of support.

6. Optima TH also informed Piedmont of its intent to file this Application and has been informed that Piedmont has no objection to such filing or Optima TH's participation in the pilot program.

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 (Docket No. G-9, Sub 699) and the other Optima KV, LLC (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.

REQUEST FOR APPROVAL TO ENTER PILOT PROGRAM

9. Optima TH respectfully requests approval to participate in the pilot program and believes its project in Bladen County will be “useful in gathering information and data sought by the Commission.” Optima TH is different from the two alternative gas projects included in the pilot program, namely Optima KV and C2e, and will be useful in gathering information and data sought by the Commission for the following reasons.

10. First, all of the Alternative Gas produced from Optima TH will flow through Piedmont’s facilities directly to an existing industrial user of natural gas (Smithfield Foods) for its manufacturing process. The Optima TH project expects to represent approximately 30-40% of the total gas flow at the end of this pipeline segment. By contrast, the flow from the Optima KV project will be substantially diluted with fossil derived natural gas due to its location midstream on a large capacity transmission line. This different gas mixture and flow will provide information and data on potential impacts to upstream pipelines and infrastructure, as well as data and insight as to an Alternative Gas project’s ability to provide flexibility and adjust to assist, cooperate with or support Piedmont in operating an existing transmission line. Optima TH will provide further data to monitor and evaluate an additional receipt point and allow Piedmont to

make modifications “to ensure that no customers are adversely impacted as Alternative Gas receipt points are added.” *See* Order, p. 11.

11. Second, the Alternative Gas generated by the Optima TH utilizes food processing facility wastes. The two projects in the pilot program convert animal wastes or a combination of animal wastes and food processing facility wastes to Alternative Gas. Allowing a project with an alternative feedstock will provide information and data from a source that is not currently captured.

12. Third, the Optima TH project will allow the Commission to obtain feedback from an existing customer that is already receiving service from Piedmont for its manufacturing process. This customer is aware of and supports the Optima TH project. Adding this type of project will further the Commission’s goals of understanding the impacts of using Alternative Gas at industrial facilities and obtaining feedback from customers using Alternative Gas.

13. Finally, Optima TH already has substantially agreed-upon terms, and is in final contract negotiations with the supplier of the food processing wastes, DEC and Piedmont. The advanced delivery status of Optima TH means 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 robust set of data in support of the program.

PUBLIC POLICY CONSIDERATIONS

14. In addition to the Optima TH project’s usefulness in gathering information and data sought by the Commission in the pilot program, there are several public policy reasons to approve Optima TH’s participation.

15. First, DEC and DEP support Optima TH's participation because they plan to purchase the biogas 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. This is particularly important in light of the delays that have occurred in meeting those requirements with respect to swine and poultry waste.

16. Second, the Optima TH project will invest approximately \$15 million in Bladen County and specifically the Town of Tar Heel. Tar Heel is a rural community in a Tier 1 County in need of economic development to increase the local tax base, provide jobs, and support the local service industry. The Optima TH project has the support of and will have a positive effect on Bladen County and Tar Heel.

17. Finally, Optima TH has invested considerable time, energy and resources in the project in anticipation of construction. Further delay of this project would not only inure to the financial detriment of Optima TH, but to subcontractors, vendors and other businesses in North Carolina. 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 all of these reasons, Optima TH respectfully requests that the Commission find that its participation in the pilot program will be useful in gathering information and

data sought by the Commission and expeditiously approve Optima TH's participation in the pilot program.

Respectfully submitted, this the 12th day of July, 2018.

SMITH MOORE LEATHERWOOD LLP

By: /s/  _____
Deborah K. Ross
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Attorney for Optima TH, LLC

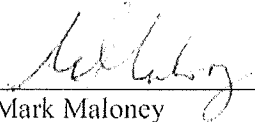
STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. G-9, SUB 726

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Optima TH, LLC for)	VERIFICATION
Approval to Participate in Pilot Program)	
in Docket No. G-9, Sub 698)	

I, Mark Maloney, being first duly sworn, depose and say that I am President of Optima TH, LLC, and in such capacity, I have read the foregoing Application to Participate in Pilot Program in Docket No. G-9, Sub 698 and know the contents thereof, and by my signature below verify that the contents are true and correct to the best of my knowledge.


Mark Maloney

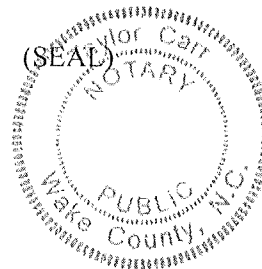
Wake County, North Carolina

Signed and sworn before me this day by Mark Maloney

Date: 7/12/18


Notary Public

My Commission Expires: 5/3/21



CERTIFICATE OF SERVICE

This is to certify that the undersigned has this day served the foregoing
APPLICATION FOR APPROVAL TO PARTICIPATE IN PILOT PROGRAM IN
DOCKET NO. G-9, SUB 698 upon all parties of record by electronic mail as follows:

Christopher Ayers, Esq.
Executive Director – NC Public Staff
Chris.Ayers@psncuc.nc.gov

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Brian Heslin
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Duke Energy Corporation
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brian.heslin@duke-energy.com

This the 12th day of July, 2018.



Deborah K. Ross