

**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 Carolina, LLC, )	ORDER REQUESTING
d/b/a Align Renewable Natural Gas, for )	ADDITIONAL INFORMATION
Approval to Participate in Piedmont Natural )	FROM APPLICANT AND PUBLIC
Gas Company, Inc.'s Appendix F Pilot Program)	STAFF COMMENTS

BY THE CHAIR: 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 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, p. 5.

The Commission has approved participation in the pilot program by six Alternative Gas 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 in Docket No. G-9, Sub 735; and Foothills Renewables, LLC in Docket No. G-9, Sub 739.

On January 17, 2020, in Docket No. G-9, Sub 764, Align RNG North Carolina, LLC, d/b/a Align Renewable Natural Gas (Align RNG) filed an application requesting to participate in the Appendix F pilot program. In summary, the application stated that 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, and that 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.

Align RNG stated that it plans to construct Alternative Gas gathering facilities on 19 farms in Duplin and Sampson Counties to supply methane generated from swine manure for the production of Alternative Gas. Further, Align RNG stated that it will construct a centralized Alternative Gas upgrading facility located near the intersection of Old Courthouse Road and NC Hwy 24 between the Towns of Warsaw and Turkey, and approximately 30 miles of gathering pipeline to interconnect each participating farm to the

centralized gas upgrading facility. The centralized gas upgrading facility will clean and convert the blended methane from each farm into Alternative Gas, which will be injected into Piedmont's transmission line. Align RNG stated that its Alternative Gas will not impact the quality of service provided by Piedmont to its customers. According to Align RNG, it has completed the design and financing of the facilities, and is in the final stages of the permitting required for commencement of construction. Align RNG stated that when the facilities are completed it plans to sell Alternative Gas to Duke Energy Carolinas, LLC (DEC) for itself and as an agent and on behalf of Duke Energy Progress, LLC (DEP). Align RNG further stated that its project will generate enough energy to power more than 3,500 homes annually, making it the largest Alternative Gas project in North Carolina. In addition, Align RNG stated that it will interconnect its centralized Alternative Gas upgrading facility with Piedmont's natural gas pipeline facilities to transport the Alternative Gas to DEC and DEP, and that DEC, DEP, and Piedmont have been informed of Align RNG's intent to file this application and have no objection to the application.

Align RNG contended that its project will be useful in gathering information and data sought by the Commission, and is different from the other Alternative Gas projects presently included in the pilot program, in five respects: (1) with 19 farms participating the project will provide information and data regarding variations or similarities in daily gas quantity; (2) the large volume—approximately 330,000 MMBTU—of Alternative Gas produced by Align RNG will provide information and data on potential impacts of large scale volumes to upstream pipelines and infrastructure; (3) the project's centralized gas upgrading facility will utilize a unique hydrogen sulfide removal system that will provide information and data on the impact of the composition and transportation of Alternative Gas on Piedmont's pipelines; (4) the 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; and (5) Align RNG is ready to commence construction of its facilities, it plans to be commercially operational by November 1, 2020, and is in the final stages of negotiating a Receipt Interconnect Agreement with Piedmont. Align RNG opined that its advanced status is likely to result in a project that is operational and gathering information early in the pilot program.

In addition, Align RNG maintained that there are several public policy reasons to approve its participation in the Appendix F pilot program, including: (1) the project supports North Carolina's policy of encouraging renewable generation within the State, allows natural gas utilities the opportunity to diversify their fuel supply, and will play an important role in supporting Governor Cooper's climate change initiatives outlined in Executive Order 80; (2) DEC and DEP plan to purchase the Alternative Gas in order to comply with North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard; (3) the project will provide a waste management solution that enhances environmental protection of North Carolina's resources; (4) Align RNG's unique business model provides a new revenue stream for local North Carolina farmers by allowing them to make use of biomethane as an additional resource produced on their farms; and (5) Align RNG plans to invest approximately \$300 million in Duplin and Sampson Counties, which as Tier 1 Counties will benefit from this economic development.

Moreover, Align RNG stated that based on its design specifications the project will fully comply with the requirements of Piedmont's Appendix F. Finally, Align RNG requested that the Commission approve its participation in the Appendix F pilot program as expeditiously as possible.

Based on the Commission's review of Align RNG's application to participate in the Appendix F pilot program, the Commission has determined that it needs additional information about Align RNG's proposed Alternative Gas facilities. As a result, the Chair finds good cause to require Align RNG to provide the following information to the Commission on or before February 28, 2020.

1. The meters, other facilities and methodologies by which Align RNG, DEC and DEP will determine the quantity of Alternative Gas that DEC and DEP receive, and the renewable energy credits (RECs) earned by DEC and DEP for use of the biogas.
2. The physical details of the injection point(s) proposed by Align RNG, including:
  - (a) A description of all equipment that will be required.
  - (b) Whether each injection site will be fenced and have other security protections.
  - (c) Whether each injection site will be staffed full-time and, if so, the details of the number of employees, their jobs, and by whom they will be employed.
  - (d) Whether other Alternative Gas suppliers will be offered use of the injection point facilities.
3. The details of Align RNG's plans for selling any portion of its Alternative Gas that is not sold to DEC and DEP, including:
  - (a) The name(s) of the potential buyers.
  - (b) The facilities to be used in delivering Alternative Gas to the buyer(s).
  - (c) Whether the buyer(s) will be end users of the Alternative Gas, or will re-sell it to another entity.
  - (d) The manner in which the price of the Alternative Gas will be determined.
4. A detailed location description of the proposed injection point(s) for delivering Align RNG's Alternative Gas onto Piedmont's pipeline.

5. The size and operating pressure of Piedmont's pipeline at the proposed injection point(s).
6. The current winter and summer volumes on Piedmont's line at the proposed injection point(s), and the direction of flow.
7. In Paragraph No. 14, the application references an "additional receipt point" that is "shared with another Alternative Gas supplier." Explain the purpose of the additional receipt point, the circumstances in which it would be utilized by Align RNG, and how dual utilization with another Alternative Gas supplier would be coordinated.
8. State whether Align RNG and the farmers that it contracts with to supply Alternative Gas are willing to submit to the jurisdiction of the Commission and/or the Pipeline and Hazardous Materials Safety Administration to inspect and regulate the proposed 30 miles of gathering system pipeline for pipeline safety purposes.

In addition, the Chair finds good cause to direct that on or before February 28, 2020, the Public Staff should file comments and its recommendation as to whether Align RNG should be allowed to participate in the Piedmont Appendix F pilot program.

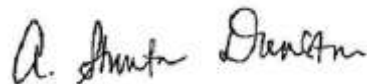
IT IS, THEREFORE, ORDERED as follows:

1. That on or before February 28, 2020, Align RNG shall file verified responses to the information requests set forth in the body of this Order.
2. That on or before February 28, 2020, the Public Staff shall file comments and its recommendation as to whether Align RNG should be allowed to participate in Piedmont's Appendix F pilot program.

ISSUED BY ORDER OF THE COMMISSION.

This the 30th day of January, 2020.

NORTH CAROLINA UTILITIES COMMISSION



A. Shonta Dunston, Deputy Clerk