

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 698
DOCKET NO. G-9, SUB 699
DOCKET NO. G-9, SUB 701
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DOCKET NO. G-9, SUB 799
DOCKET NO. G-5, SUB 606

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 698)	
)	
In the Matter of)	
Application of Piedmont Natural Gas)	
Company, Inc., for Approval of)	
Appendix F to its North Carolina)	
Service Regulations)	
)	
DOCKET NO. G-5, SUB 606)	VERIFIED ANSWERS OF THE
)	PUBLIC STAFF
In the Matter of)	
Application of Public Service Company)	
of North Carolina, Inc., for Approval of)	
Amendment to its Tariff and for)	
Approval of a Renewable Natural Gas)	
Interconnection Agreement with Upper)	
Piedmont Renewables, LLC)	

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission,
by and through its Executive Director, Christopher J. Ayers, and respectfully
submits its verified answers to the questions posed in the Commission’s Order
Requesting Additional Information From Parties, Duke Energy Carolinas, LLC and
Duke Energy Progress, LLC issued April 21, 2022. The Public Staff reserves the
right to respond to the verified answers filed by other parties.

RESPONSES TO COMMISSION QUESTIONS

1. Explain how an LDC secures a Hinshaw exemption, including whether such exemption is evidenced by a FERC order or other documentation.

Public Staff Answer

The application process is set forth in 18 C.F.R. Part 152. The application must include the following information in the following order: (1) the exact legal name of the applicant; (2) the name and title of, and contact information for, the person to whom correspondence regarding the application should be directed; and (3) “a statement of the pertinent facts as to the existing service, if any, or authorized service by applicant, including a showing that all of the natural gas which applicant receives from out-of-State sources is and will ultimately be consumed within the State in which the operations sought to be exempted are conducted.” 18 C.F.R. § 152.3 (2022). The application must be accompanied by a certificate from the appropriate State Commission stating that all of the following are “subject to the regulatory jurisdiction of the State Commission and that the State Commission is exercising such jurisdiction”: (1) the rates (including the rates applicable to sales for resale); (2) service; and (3) facilities of the applicant. 18 C.F.R. § 152.4 (2022). Applications must be filed with the Secretary of the Federal Energy Regulatory Commission (FERC) and served upon the applicant’s wholesale customers and the State Commission that has jurisdiction over the applicant.

If an entity is granted an exemption, it remains subject to “valid State regulatory requirements” and “shall be responsible for calling to the attention of the

State Commission by which it is regulated and of the Federal Energy Regulatory Commission any future operations in which it may engage which may make the exemption inapplicable to it.” 18 C.F.R. § 152.5 (2022). The exempted entity “shall also be responsible for calling to the attention of the Federal Regulatory Commission any changes, amendment, or judicial or administrative interpretation of the State law pursuant to which it is regulated, which may make the exemption inapplicable to it.” 18 C.F.R. § 152.5.

2. Confirm that Piedmont and PSNC are Hinshaw pipelines, or if they are not, explain why not.

Public Staff Answer

Upon information and belief, Piedmont and PSNC are Hinshaw pipelines.

3. Explain whether Piedmont or PSNC previously has had to defend its jurisdictional status as a Hinshaw pipeline for any reason and, if so, provide the details.

Public Staff Answer

The Public Staff believes Piedmont and PSNC are better suited to answer this question.

4. Explain whether Piedmont or PSNC has considered applying for or has applied for a blanket certificate pursuant to 18 C.F.R. § 284.224 in the interest of mitigating a risk of loss of its Hinshaw exemption, and, if so, provide the details.

Public Staff Answer

The Public Staff believes Piedmont and PSNC are better suited to answer this question.

5. Explain whether the jurisdictional status of the LDCs was discussed during the Appendix F and B stakeholder process in which the RNG quality standards were developed and, if not, why not.

Public Staff Answer

On December 6, 2016, Piedmont filed a petition in Docket No. G-9, Sub 698 for approval of its new proposed Appendix F to receive RNG onto its system (Piedmont Petition). Part of Piedmont's justification for its request was that "Piedmont has been approached by a number of developers regarding the possibility of sourcing supplies of methane from alternative, non-traditional sources such as swine or chicken waste or landfills and injecting that gas into Piedmont's local distribution system in North Carolina for use by Piedmont's customers." Piedmont Petition, 2.

On May 4, 2017, the Commission issued its Order Requiring Collaborative Meetings, Reports and Additional Information regarding Piedmont's Petition (2017 Order). The first ordering paragraph stated, "[t]hat the Public Staff shall convene and facilitate meetings of the parties to this docket for the purpose of discussing the issues surrounding Alternative Gas standards and testing requirements, with the ultimate goal of developing such Alternative Gas standards and testing requirements for Piedmont to incorporate into its Service Regulations." The subsequent ordering paragraphs required the Public Staff to file periodic reports,

a final report, and answers to 34 questions that were attached to the 2017 Order as Appendix A. The Public Staff filed its periodic reports, and on October 31, 2017, the Public Staff filed its final report with answers to the Commission's questions.

On June 19, 2018, the Commission issued its Order Approving Appendix F and Establishing Pilot Program. The Commission has subsequently granted approval to several RNG developers for participation in the program, including GESS RNG Biogas USA LLC, which it approved in Docket No. G-9, Sub 728.

On May 3, 2019, PSNC filed its initial request in Docket No. G-5, Sub 606 for approval of its new proposed Appendix B to receive RNG onto its system. PSNC's request was very similar to Piedmont's and followed a similar path, but the Commission did not require stakeholder meetings.

The primary regulatory impetus for RNG is N.C. Gen. Stat. § 62-133.8(e) and (f), which require North Carolina's electric power suppliers to obtain energy from swine waste and poultry waste resources. To obtain energy from these resources, the RNG developers build anaerobic digesters that receive the wastes and create RNG which they clean to natural gas pipeline standards. If the RNG meets the standards, the developers inject it into a natural gas pipeline and nominate it for combustion by a generator that creates Renewable Energy Certificates used to demonstrate compliance with N.C.G.S. § 62-133.8(e) and (f).

The impetus to develop these resources in North Carolina arises from the fact that: (1) our state is the only one that requires its electric power suppliers to obtain energy from swine waste and poultry waste resources, and (2) 75% of the requirement must be met with energy generated inside the state. N.C.G.S. §

62-133.8(b)(2)(e). During the stakeholder meetings required by the 2017 Order, no party raised the issue of sending RNG outside of North Carolina for any other purpose; therefore, the jurisdictional status of the LDCs was not discussed.

6. Is there FERC case law or other precedent in which RNG directed biogas injected into a Hinshaw pipeline has caused the pipeline to lose its Hinshaw exemption, or in which RNG directed biogas injected into a Hinshaw pipeline has not resulted in the pipeline's loss of its Hinshaw exemption? If so, provide the details of such precedent.

Public Staff Answer

The Public Staff is not aware of any FERC case law or other precedent in which RNG directed biogas injected into a Hinshaw pipeline caused the pipeline to lose its Hinshaw exemption, or in which RNG directed biogas injected into a Hinshaw pipeline has not resulted in the pipeline's loss of its Hinshaw exemption.

WHEREFORE, the Public Staff prays:

1. That the Commission consider the Public Staff's answers in making any determination; and
2. For such other and further relief as the Commission may deem just and proper.

Respectfully submitted this the 24th day of May, 2022.

PUBLIC STAFF
Christopher J. Ayers
Executive Director

Lucy E. Edmondson
Interim Chief Counsel

Electronically submitted
/s/ Reita D. Coxton
Staff Attorney
reita.coxton@psncuc.nc.gov

/s/ Megan Jost
Staff Attorney
megan.jost@psncuc.nc.gov

/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

OFFICIAL COPY

May 24 2022


Jay B. Lucas

Joanne M. Berubé
Notary Public
JOANNE M. BERUBÉ

My Commission Expires: 12/17/2022

CERTIFICATE OF SERVICE

I certify that a copy of these verified answers has been served on all parties of record or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 24th day of May, 2022.

Electronically submitted
/s/ Elizabeth D. Culpepper