

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-9, SUB 728
DOCKET NO. SP-13243, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-9, SUB 728

In the Matter of)
Application of GESS International North)
Carolina, Inc., for Approval to Participate in)
Alternative Gas Pilot Program and for Approval)
of Receipt Agreements)

ORDER REQUESTING
ADDITIONAL INFORMATION

DOCKET NO. SP-13243, SUB 0)

In the Matter of)
Application of GESS International North)
Carolina, Inc., for Declaratory Rulings)

BY THE CHAIRMAN: 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 three Alternative Gas suppliers: C2e Renewables NC, in Docket No. G-9, Sub 699; Optima KV, LLC, in Docket No. G-9, Sub 701; and Optima TH, LLC, in Docket No. G-9, Sub 726.

On August 30, 2018, in Docket No. G-9, Sub 728, GESS International North Carolina, Inc. (GESS) filed an application requesting to participate in the pilot program created by the Appendix F Order, and for approval of receipt agreements that GESS plans to enter into with Piedmont. The application described GESS's plan for producing Alternative Gas at five anaerobic digestion facilities located in five counties. In addition, GESS stated that Piedmont had designated injection points on its pipeline for the injection of GESS's Alternative Gas, that GESS had engaged in extensive contract negotiations

with Piedmont regarding a receipt agreement, and that Piedmont had no objection to GESS's participation in the Appendix F pilot program.

Also on August 30, 2018, in Docket No. SP-13243, Sub 0, GESS filed an application requesting declaratory rulings on several aspects of its proposed Alternative Gas operations.

On September 6, 2018, in Docket No. G-9, Sub 728, Piedmont filed a Statement of Position. According to Piedmont, its Statement was filed in order to clarify a number of the assertions contained in GESS's application. In summary, Piedmont stated that it had not made a determination of specific injection sites for GESS's Alternative Gas, that it had not had extensive contract negotiations with GESS, and that Piedmont had not indicated to GESS that it has no objection to GESS's participation in the pilot program.

Subsequent to Piedmont's filing, counsel for GESS contacted Commission Staff and requested that the Commission take no action on GESS's applications until GESS engaged in further discussions with Piedmont and filed supplemental information.

On January 2, 2019, GESS filed a document entitled First Supplemental and Amended Application of GESS International North Carolina, Inc. (Amended Application), in Docket No. G-9, Sub 728. The Amended Application stated that it "amends and replaces completely the original Application of GESS in this Docket to address concerns raised by Piedmont." Amended Application, at 1. GESS requested that the Commission expeditiously approve GESS's participation in the Appendix F pilot program, conditioned upon Commission approval of interconnect agreements to be negotiated and filed later by GESS and Piedmont.

GESS's Amended Application described its plan to construct five anaerobic digestion facilities located in five counties – Bladen, Columbus, Robeson, Union and Wilson. GESS stated that it has obtained lease agreements for 15 years, with three optional 5-year extensions, for each of the five digester sites. Further, GESS stated that it expects the time from commencement of construction to full Alternative Gas production for each facility to be approximately sixteen months or less.

In addition, GESS stated that the Alternative Gas produced by its anaerobic digestion facilities will be predominantly swine-based biogas, that GESS's affiliates will handle all manure pick-up and delivery from its waste sources, and that at full production each facility is projected to produce enough Alternative Gas to fill four tanker trucks per day, containing roughly 1400 Mcf of scrubbed, cleaned and pressurized swine-based biogas. In addition, GESS referenced a "green" biogas feed stock that will be delivered to its facilities by participating farmers. GESS further stated that it plans to sell and deliver a portion of the Alternative Gas and its environmental attributes to Duke Energy Carolinas, LLC (DEC) for DEC and as an agent on behalf of Duke Energy Progress, LLC (DEP). According to GESS, it informed DEC and DEP of its intent to file the Amended Application and provided them a copy, and has received no objection from them.

With respect to interconnection with Piedmont's pipeline, GESS stated that its anaerobic digestion facilities will not be physically interconnected to Piedmont's pipeline, or the pipeline of any other operator. GESS stated that it has applied for receipt agreements with Piedmont for three injection points, including one injection point in Bladen County for the GESS facilities in Bladen, Columbus and Robeson counties, one injection point in Union County, and one injection point in Wilson County. GESS stated that Piedmont provided it with boundary maps to assist GESS in identifying the three proposed injection sites. GESS attached the boundary maps as exhibits to its Amended Application. GESS stated that it has provided Piedmont with proposed injection sites to be located within the boundaries identified on the boundary maps provided by Piedmont. Moreover, GESS stated that it informed Piedmont of its intent to file the Amended Application and provided Piedmont a copy, but it has not received a response from Piedmont.

GESS stated that its participation in the Appendix F pilot program will provide Piedmont and the Commission with useful data and information based on: (1) GESS's wider geographical range, (2) GESS's relatively short time from beginning construction to commercial operation, and (3) GESS's diversified feed stock. In addition, GESS stated that it consents to the present requirements of the Appendix F standards, and to any subsequent Commission amendments to Appendix F and applicable Commission rules. Finally, GESS cited several public policy considerations in support of its Amended Application, including assisting DEC and DEP to meet their renewable energy goals, the creation of locally-based jobs in the locations of its five facilities, and its expenditure of substantial time and resources in the development of its plan.

On January 28, 2019, the Public Staff filed a letter stating that it reviewed GESS's Amended Application and Piedmont's Statement of Position, and that it has no objection to GESS participating in the Appendix F pilot program, subject to the Commission's approval of a receipt interconnect agreement between GESS and Piedmont.

The Commission has reviewed GESS's Amended Application to participate in the Appendix F pilot program and its application for declaratory rulings. The Commission has determined that it needs additional information about GESS's proposed Alternative Gas facilities. As a result, the Chairman finds good cause to require GESS to provide the following information to the Commission as soon as it is reasonably possible for GESS to do so.

1. The number of acres contained in each of the proposed anaerobic digestion facility sites.
2. A description of all other facilities that are currently located in the Bladen County Green Energy Biogas Park, the Columbus County Green Energy Biogas Park, the Robeson County Green Energy Biogas Park, the Union County Green Energy Biogas Park, and the Wilson County Green Energy Biogas Park.

3. In addition to swine manure, all other elements, and the percentage of each such element, that will be included in GESS's swine-based biogas.
4. The number of farmers and other providers that GESS has contracted with to provide the swine manure and other elements of its swine-based biogas.
5. The elements and the percentage of each element that will make up "green" biogas.
6. The number of farmers and other providers that GESS has contracted with to provide the elements of its "green" biogas.
7. The percentages of swine-based biogas and "green" biogas that will be produced at each of GESS's facilities.
8. The formula or other methodology by which GESS will determine the percentages of swine-based biogas and "green" biogas that will be produced at each of GESS's facilities.
9. The meters, other facilities and methodologies by which GESS, DEC and DEP will determine the quantity of biogas that DEC and DEP receive, and the renewable energy credits (RECs) earned by DEC and DEP for use of the biogas.
10. The physical details of the three injection points proposed by GESS, 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.
11. GESS stated that there will be one injection point in Bladen County for the GESS facilities in Bladen, Columbus and Robeson counties, one injection point in Union County for the Union County facility, and one injection point in Wilson County for the Wilson County facility.
 - (a) Will there be situations in which a facility might use an injection point other than that designated for its use. For example, will the Bladen

County facility be allowed to inject its Alternative Gas into the Wilson County injection point?

- (b) If the answer to (a) is "Yes," please explain under what conditions and in whose discretion a facility will be allowed to use an injection point other than the one designated for that facility.
 - (c) Will Piedmont have the authority to require or reject having a GESS facility use an injection point other than the one designated for that facility?
12. The details of GESS's plans for selling that portion of its Alternative Gas that is not sold to DEC and DEP, including:
- (a) The name(s) of the 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.
13. A detailed location description of the proposed injection points for GESS's Alternative Gas onto Piedmont's pipeline.
14. The size and operating pressure of Piedmont's pipeline at the proposed injection points.
15. The current winter and summer volumes on Piedmont's line at the proposed injection points, and the direction of flow.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 31st day of January, 2019.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Janice H. Fulmore", is written over a faint, circular official stamp.

Janice H. Fulmore, Deputy Clerk