RNG PILOT PROGRAM FOR
UTILITY-OWNED CNG STATIONS

May 23, 2019
RNG PILOT PROGRAM BACKGROUND

➢ Approved via Advice Letter 5295 to CPUC in July 2018
➢ RNG offers solicited via RFO process in September 2018
➢ Requested 1 to 3 year commitment
➢ Create Renewable Identification Numbers (RINs) via the U.S. EPA Renewable Fuels Standard (RFS) program and Low Carbon Fuel Standard (LCFS) credits by matching RNG production with NGV consumption
➢ Share in environmental credit (RINs and LCFS) value creation
BENEFITS OF RNG PILOT PROGRAM

➢ Reduce greenhouse gas (GHG) emissions

➢ Reduce CNG pump price

➢ Capture methane from existing organic waste streams

➢ Learn about sources of RNG and contracting particulars
ENVIRONMENTAL CREDITS AND CAP & TRADE REDUCTIONS PROCESS

➢ Environmental Credits (RINs, LCFS)
  • Pair RNG injections with CNG throughput

➢ Reduction in cap & trade obligation
  • Verified new or incremental RNG supply
MANAGING VARIABLE RNG PRODUCTION / RINs

**Issue:** How to address variable RNG production for RFS program?

**Proposed Solution:** developing draft storage protocol with EPA

1. Track monthly RNG injections
2. Store injected RNG that is in excess of monthly dispersals
3. Pair stored gas at a later date
**MANAGING VARIABLE RNG PRODUCTION / LCFS**

**Issue:** How to address variable RNG production for LCFS program?

**Solution:** Air Resources Board’s “book and claim” approach

1. Monitor quarterly RNG injections and withdrawals from storage

2. Pair during current quarter or in following two quarters
LESSONS LEARNED

➢ There are potentially two types of RNG transactions
  • Environmental credits only
  • Physical gas with environmental credits

➢ Both transaction types facilitate/encourage RNG injections

➢ Book and claim approach enables buyers and sellers to reach more counterparties

➢ Complexity of transactions

➢ Lack of RNG index reduces price transparency