

UTILITIES INCREASINGLY PASSING ON PREMIUMS FOR PURCHASE OF CERTIFIED GAS TO CUSTOMERS

OVERVIEW

- Utilities in Massachusetts, New York, Vermont, New Jersey, Michigan, Colorado, and Virginia have purchased or plan to purchase certified natural gas at premium rates and have received or sought approval to pass those costs—ranging from tens to hundreds of thousands of dollars a year—onto consumers.
- Utilities in Pennsylvania, Washington, Oregon, South Carolina, and California have purchased or sought to purchase certified gas at prices competitive with non-certified gas.
- Natural gas producers have explicitly expressed their hope to sell certified gas at up to 5 percent above market price, and some have succeeded in selling it at a premium.

MASSACHUSETTS GAS COMPANIES PLAN TO INTRODUCE CERTIFIED GAS OPTIONS AND ARE SEEKING DEPARTMENT OF PUBLIC UTILITIES' APPROVAL TO PASS THE COSTS ONTO CUSTOMERS

Berkshire Gas Company Net Zero Plan's Included A Certified Natural Gas Customer Option.

“Although RNG markets are at a relatively early stage, Avangrid affiliates have active and proposed RNG projects. Project groups have been set up. Expandable to Berkshire; envision customer option. • Supply RFP will include certified natural gas alternative.” [Berkshire Gas Company Net Zero Enablement Plan, [4/15/22](#)]

Berkshire Worked To Pass The Tennessee Gas Pipeline Certified Gas Proposal. “Worked with Tennessee Gas Pipeline on proposed ‘certified purchase points’ tariff filed at FERC.” [Berkshire Gas Company Net Zero Enablement Plan, [4/15/22](#)]

Other Utilities Owned By Berkshire Gas Company's Parent Company Avangrid Have Been Approved To Pass On Premiums For Certified Gas Pilots Onto Customers. [New York Public Service Commission, Order Adopting Joint Proposal, [10/12/23](#)]

EverSource Sought Support From The Department Of Public Utilities (DPU) To Add A Production Certified Gas (PCG) Premium For Customers. “To enable execution of this initiative, Eversource will need support from the DPU to broaden the standards used to review LDC supply purchases and long-term contracting, together with any tariff adjustment if there is a PCG price premium (adder). [...] Eversource envisions the following as key activities for PCG: [...] Quantify any cost impact on consumers of increased PCG volumes procured at scale.” [EverSource DPU Filing, [3/18/22](#)]

EverSource Requested The DPU Authorize Cost Recovery For The Company's PCG Contracts. “From a regulatory support perspective, Eversource is requesting the Department authorize the following: Allow for the cost recovery of PCG contracts, which will be subject to DPU approval prior to execution. Allow companies to identify ways to offer PCG solutions to customers requesting them.” [EverSource DPU Filing, [3/18/22](#)]

NSTAR Gas Company And Eversource Gas Company Purchased “Production Certified Gas” At No Premium From Southwestern Energy Services Company Between 2021 And 2022. “Currently, the Company is receiving 5,000 Dth/d of production certified gas (‘PCG’) from Southwestern Energy Services Company into the Tennessee Gas Pipeline (‘TGP’) as a pilot. The pilot does not increase any customer

costs nor does it require additional infrastructure or any modifications to existing infrastructure. The pilot is currently underway and is a year in length; it began on November 1, 2021. [...] The pilot described above in part (a) comes at no incremental cost to customers as rates remain the same on the existing gas supply contracts. [...] While some suppliers in the marketplace are offering PCG at premiums to traditional supply area market indices, the PCG market is still nascent. Any quantifiable costs to certify gas today are part of the inherent operating costs of producers and reflected in the market price if not specifically separated as a certificated gas product with associated premiums. The Company is hopeful that a federal standard will be established and market forces will evolve such that there will not be inefficiencies in the marketplace due to varying standards and regulations.” [Department of Public Utilities Filing, D.P.U. Docket No. 20-80, [6/6/22](#)]

THREE NEW YORK UTILITIES HAVE BEEN APPROVED FOR CERTIFIED NATURAL GAS PILOT PROGRAMS THAT WILL PASS ON PREMIUMS TO CUSTOMERS IN 2023

NEW YORK STATE ELECTRIC AND GAS CORPORATION AND ROCHESTER GAS AND ELECTRIC CORPORATION APPROVED FOR CERTIFIED NATURAL GAS PILOT PROGRAM IN 2023

The Two New York Utilities Are Approved To Pass Up To \$250,000 In Certified Gas Premiums Onto Customers. “The Companies will implement a pilot program designed to allow for the procurement of certified natural gas, during the Rate Plan, limited to an annual cost above traditional supplies of \$250,000 per year per Company. Procured certified natural gas will be recovered similarly to other natural gas purchases through each Company’s Gas Supply Charge.” [Department of Public Service Website, Order Adopting Joint Proposal, [10/12/23](#)]

Both New York State Electric And Gas Corporation And Rochester Gas And Electric Corporation Owned By Avangrid, Which Also Owns Berkshire Gas Company In Massachusetts. [Avangrid Website, Accessed [10/13/23](#)]

Gas Bills For Residential Gas Heating Customers Of Both Utilities Expected To Increase Every Year In Next Three Years. “Under the new rate plan, a NYSEG [...] residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$4.96 in November of this year, or 3.6 percent, an \$2.13 increase in the second year, or 1.5 percent, and a \$4.10 increase in the third year, or 2.9 percent. Under the new rate plan, an RG&E [...] residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of \$5.29 in November of this year, or 4.6 percent, an \$5.44 increase in the second year, or 4.5 percent, and a \$5.41 increase in the third year, or 4.3 percent.” [Department of Public Service Press Release, [10/12/23](#)]

Approved Gas Cost Increases Were Far Below The Increases The Utilities Sought; Negative Rate Adjustments Imposed As Consequence Of Poor Customer Service Metrics.

“Considering the companies’ recent customer service metrics and the ongoing investigation into billing and complaint issues at the two utilities, the joint proposal includes negative rate adjustments totaling \$18.5 million to be applied for ratepayer benefit and used to lower rates going forward. The negative rate adjustments are company financial enforcement payments for missing specified billing and customer service metrics. The \$18.5 million negative rate adjustment represents a significant financial consequence for missing the consumer service metrics. Meanwhile, the Department and the Commission continue to investigate potential aspects related to billing complaint increases at the companies. Moreover, going forward, If the companies miss any future individual consumer service metrics for two years consecutively, the negative rate adjustment penalty would double to \$37 million. Under its initial proposal, the companies sought a total of \$447 million in the first year while the rates approved today provided \$217.3 million in the first year, roughly 50 percent less.” [Department of Public Service Press Release, [10/12/23](#)]

NEW YORK UTILITY CON EDISON RECEIVED APPROVAL FOR A CERTIFIED NATURAL GAS PILOT IN 2023 WHICH WILL PASS UP TO \$800,000 IN ADDITIONAL COSTS TO CUSTOMERS

New York Public Service Commission Approved A Certified Natural Gas Pilot For New York Utility Con Edison In Summer 2023. “The JP [Joint Plan] also contains provisions that address the transitioning gas market. The terms would authorize Con Edison to implement a Certified Natural Gas Pilot whereby the Company may procure certified gas during the rate period, limited to an annual cost above traditional supplies of \$800,000 per year and recovered through the GCF [Gas Cost Factor]. Con Edison would be required to: commit to purchase from parties with specified certifications; conduct supplier surveys to gather information regarding supplier work practice standards, greenhouse gas emissions, and methane intensity; and file annual reports detailing progress of the program.” [Department of Public Service Website, [7/20/2023](#), p. 45]

Con Edison Established A Pilot Program For Procuring Certified Gas From Project Canary, MiQ, Or OGMP Certified Facilities Which Will Pass Up To \$800,000 A Year Onto Consumers.

“Differentiated natural gas is natural gas that, according to the supplier, has undergone assessment by an independent third-party to determine that the gas is produced under specified best practices to mitigate methane emissions. Because independent third parties may issue certificates regarding their assessment, differentiated gas may also be referred to as certified gas. [...] The Company will implement a pilot program designed to allow for the procurement of certified gas, during the rate period, limited to an annual cost above traditional supplies of \$800,000 per year. Procured certified gas will be recovered similarly to other natural gas purchases through the GCF. [...] In addition, the Company agrees to: a. Limit purchases to those certified as: 1. Project Canary Trustwell Platinum rating; 2. MiQ Grade A rating; and/or 3. Oil and Gas Methane Partnership (“OGMP”) 2.0, Level 5 rating.” [Department of Public Service Website, [2/16/2023](#), p. 93-95]

Con Edison Recovers All Supply And Supply-Rated Costs Through Adjustments To Customers’ Bills. “The Company will recover all supply and supply-related costs through the Monthly Rate Adjustment (‘MRA’), Gas Cost Factor (‘GCF’), and Daily Delivery Service (‘DDS’) mechanisms.” [Department of Public Service Website, [2/16/2023](#), p. 15]

Con Edison Passes All Costs On: “What We Pay, You Pay.” “We buy the energy you use in the competitive, wholesale supply market. We pass our costs on to you without making a profit—what we pay, you pay.” [Con Edison Website, Accessed [10/11/23](#)]

VERMONT GAS SYSTEMS ADDED 15 CENTS PER MONTH TO CUSTOMERS’ BILLS TO PURCHASE CERTIFIED NATURAL GAS FROM CANADA IN 2020

Vermont Gas Systems Estimated 15 Cents Per Month Increase In Customers’ Bills To Buy Canadian Producer’s Certified Gas. “VGS today announced it has added certified, responsibly developed thermal energy into its system that serves more than 53,000 homes and businesses in Addison, Chittenden and Franklin counties. As part of its overall supply, VGS is purchasing the Equitable Origin EO100 certified natural gas from Seven Generations Energy (7G), an energy producer dedicated to responsible development in Alberta, Canada. [...] The responsibly sourced natural gas is produced in Alberta, Canada and delivered to VGS through the TransCanada pipeline. VGS estimates this new clean energy measure will add about 15 cents per month to the average residential customer’s heating bill.” [Vermont Business Magazine, [11/10/20](#)]

NEW JERSEY UTILITY NJNG FIRST PURCHASED CERTIFIED GAS IN 2018, PASSED “ENVIRONMENTAL IMPROVEMENT” COSTS ONTO CUSTOMERS

New Jersey Natural Gas (NJNG) Made A Deal With Southwestern Energy Co. To Acquire Certified Gas. “Southwestern Energy Co. this month struck a deal with a New Jersey utility to sell gas at a

premium to local Appalachian index prices. The contract was reached with New Jersey Natural Gas (NJNG) for volumes produced from a group of wells in West Virginia that were certified by Texas-based Independent Energy Standards Corp.'s (IES) TrustWell Responsible Gas Program. Terms of the agreement were not disclosed." [Natural Gas Intel, [9/21/18](#)]

NJNG Transferred Costs Of Environmental Improvements And Supply To Consumers. "Delivery Charge (DEL): This fee is for the delivery of natural gas and the maintenance of the distribution system. It also includes approved price adjustments related to balancing natural gas deliveries, variances from normal weather and societal benefits programs, including environmental improvements and New Jersey's Clean Energy Program™. Basic Gas Supply Service (BGSS): This fee is for the cost of natural gas supply to those customers who have not chosen a third-party supplier. The cost of natural gas is incurred by NJNG and is passed directly on to our customers. NJNG makes no profit on the BGSS charge." [NJNG WEBSITE, accessed [10/12/23](#)]

This Was The First Purchase of "Responsible" Gas Certified By IES, Now Project Canary. "Utilities have been among the early purchasers of certified gas. New Jersey Natural Gas Co. purchased an undisclosed volume from Southwestern in September 2018, marking the first public transaction for responsible gas supplies certified by Independent Energy Standards Corp., which merged with Project Canary in August 2020." [S&P Global, [9/14/21](#)]

NJNG Paid A Premium For Certified Gas Compared To Local Appalachian Index Prices. "The first purchase of certified natural gas was in 2018, when Southwestern Energy Co. publicly announced that it struck a deal to sell RSG gas to utility New Jersey Natural Gas (NJNG) from a group of wells in West Virginia for a premium to local Appalachian index prices." [Payne Institute, [June 2023](#)]

American Gas Association Claimed NJNG Paid A Slight Premium, Didn't Need To Seek Regulatory Approval. "NJNG paid a slight premium. Prior regulatory approval was not sought as the volume was small and had no effect on the utility's overall fuel costs." [American Gas Association Green Tariffs & Differentiated / Certified Lower Methane Gas Summary and Tracker, [11/9/21](#)]

MICHIGAN UTILITY DTE PURCHASED "RESPONSIBLY SOURCED GAS" AT A PREMIUM FOR 2022-2023, WAS ALLOWED TO PASS ON THE COST TO CUSTOMERS WITH A WARNING FROM THE COMMISSION

DTE Gas Company Filed Its Gas Cost Recovery Plan For 2022-2023 With The Michigan Public Service Commission (MPSC). [MPSC Website, Accessed [10/12/23](#)]

DTE Sought Approval From MPSC To Recover From Customers \$36,808 Premium Paid For Purchasing Responsibly Sourced Gas. "The Company is seeking recovery for the RSG purchase of 674,100 Dth of gas. The commodity cost would have been incurred whether the gas was traditional or RSG, as the gas is needed to meet requirements. The \$36,808 premium is incremental and is becoming a new industry standard for lower methane gas." [DTE Gas Company's Initial Brief, MPSC Case No: U-21064, [12/19/22](#)]

MPSC Warned DTE That The Premium For Purchasing Responsibly Sourced Gas May Not Be Recoverable. "In the instant plan case, the Company introduced costs associated with RSG that included a \$36,808 premium associated with the certification of the gas as being sourced in a responsible manner. Witness Ausum testified to the imprudence of RSG as a component of GCR costs, on the basis of Act 304, as it is currently written, containing no mention of environmental attributes in consideration of the reasonableness and prudence underlying the Company's gas supply. (3 TR 297.) According to Staff, because the RSG requires a premium in order to achieve certification, and is not a more reliable source of supply than gas that is not RSG certified, the RSG premium should not be deemed a reasonable or prudent source of supply under Act 304 as it is currently written. Staff recommends that the Commission issue DTE a section (7) warning indicating that the premiums associated with the purchase of

Responsibly Sourced Gas may not be recoverable in future GCR plans and reconciliations.” [Michigan Public Service Commission Staff’s Initial Brief, Case No. U-21064, [12/19/22](#)]

Michigan’s Attorney General Urged The MPSC To Determine That Recovery Of Premiums From Purchasing Responsibly Sourced Gas Is Not Permitted Under Act 304. “The AG addressed this in her brief, providing substantial evidence that 1) Act 304 does not permit the company to recover excess costs over the cost of the commodity that would otherwise be avoided by purchasing alternative gas supply and 2) that DTE has not supported what actual greenhouse gas reduction benefits will be or otherwise shown that its proposal is reasonable. [...] Accordingly, the Commission should determine that recovery of RSG premiums is not permitted under Act 304 and should issue a warning to the company under Section 7 of Act 304 that payments for RSG premiums may not be recoverable in future GCR reconciliations.” [Attorney General’s Reply Brief, MPSC Case No. U-21064, [1/9/23](#)]

Michigan Attorney General Argued That Utility’s Net Zero Goal Should Not Be Imposed On Suppliers Or Come At The Expense Of Customers, Particularly Given Lack Of Common Framework And Existence Of Other Federal Initiatives. “...the Attorney General first asserts that DTE Gas’s goal of net zero should not be imposed on suppliers, or come at the expense of customers, especially in the absence of laws and regulations or uniform industry business practices. She asserts the RSG proposal is unnecessary and unsupported at this time because as it is based on nascent, unproven technology and the Company has not supported that the emission reductions are worth the premiums paid for the third-party certification. The Attorney General recommends that the Commission determine DTE Gas’s proposal is incomplete and does not establish what effect RSG will actually have on emissions. And, based on the testimony of Mr. Coppola, the Attorney General argues there are initiatives at the federal level that might render the RSG proposal unnecessary.” [Proposal For Decision, Case No. U-21064, [7/13/23](#)]

Michigan Attorney General Argued That DTE’s Shareholders, Not “Captive Customer Base,” Should Bear The Cost Of Their Net Zero Commitments. “The AG replies that merely because DTE makes a public commitment to do something does not mean that the decision is reasonable and prudent, such that it may pass elevated costs along to customers. These commitments are made for the sake of appearances and to garner goodwill with the public. While there may well be good rationales for undertaking such stances and commitments, including reducing greenhouse gas emissions, additional costs should be borne by Company shareholders and not its captive customer base.” [Attorney General’s Replies to Exceptions, MPSC Case No. U-21064, [8/17/23](#)]

The Michigan Public Service Commission Issued A Warning About This Premium, Cites Insufficient Evidence Of Benefit To Customers, But Leaves Door Open To Future RSG Premiums. “While the Commission recognizes the potential value in RSG, it agrees with the ALJ, the Attorney General, and the Staff, and finds that a Section 7 warning should be issued for the premium payment for RSG. However, this decision is based on the lack of support on the record for this purchase and is not an indication that all RSG procurement is imprudent. The Commission’s finding that a Section 7 warning is warranted does not preclude DTE Gas from requesting recovery of the expense as part of a future rate case or expedited pilot case, or from providing additional support for the requested premium as part of the reconciliation of costs in the instant case. [...] Similarly, should the company seek to recover all or a portion of RSG premiums in its reconciliation case or in future filings, it will need to see fuller support for the expected benefits to its customers compared to the additional costs incurred from emergent third party certifications such as those verifying RSG. However, the record evidence in this case does not provide sufficient information on how RSG will benefit DTE Gas’s customers, including potential cost savings from supply chain emissions reductions achieved by monitoring and certifying responsibly sourced and lower methane intensity natural gas.” [Michigan Public Service Commission Order, [10/12/23](#)]

MPSC Did Approve Of DTE’s Gas Cost Recovery Plan This Time, Including Passing On Premium To Customers. “The MPSC approved DTE Gas Co.’s gas cost recovery (GCR) plan for 2022-2023 with several revisions and a Section 7 warning about some costs (Case No. U-21064). The Commission authorized DTE Gas to implement a maximum GCR factor of \$5.07 per Mcf and a supplier of last resort

charge of 45 cents per Mcf for GCR customers and 30 cents per Mcf for Gas Customer Choice customers. The Commission also issued a warning under Section 7 of Public Act 304, MCL 460.6j, that a premium of \$36,808 the company paid for third-party certified responsibly sourced gas may not be recoverable in future reconciliation cases without clearly demonstrating benefits to customers.” [Michigan Public Service Commission Press Release, [10/12/23](#)]

COLORADO UTILITIES PURCHASE CERTIFIED NATURAL GAS, WITH XCEL ENERGY SEEKING APPROVAL TO PASS ON MILLIONS IN PREMIUMS TO CUSTOMERS ANNUALLY THROUGH 2030

XCEL ENERGY’S “CLEAN HEAT PLAN” ENTAILS INCREASING PURCHASES OF CERTIFIED NATURAL GAS, UP TO 100% OF TOTAL GAS PURCHASING IN 2030

Xcel Energy Submitted A Clean Heat Plan To The Colorado Public Utilities Commission On August 1, 2023 Which Proposes Purchasing Increasing Quantities Of Certified Gas. “Xcel Energy is striving to operate the cleanest natural gas system possible while continuing to serve our Colorado customers with reliable and affordable energy to power their lives. Our Clean Heat Plan, submitted to the Colorado Public Utilities Commission on Aug. 1, 2023, offers a portfolio of solutions so more customers can choose options that work for them—leading to greater emission reductions at lower cost.” [Xcel Energy Website, Accessed [10/11/23](#)]

Xcel Energy Has Committed To Procuring 100 Percent Of Its Gas Supply From Certified Producers By 2030. “The Company has committed to procuring 100% of our supply from certified producers by 2030 for both the gas LDC and our gas-fired electric generating units.” [Hearing Exhibit 106, Proceeding No. 23A-0392G, Page 14 of 27, Accessed [10/11/23](#)]

Xcel Energy Wants To Drastically Scale Up Its Purchase Of Certified Gas From 0 Dekatherms In 2024, to 71,168,913 Dekatherms By 2027, To 116,868,077 By 2030. [Hearing Exhibit 102, Proceeding No. 23A-0392EG, Page 23 of 71, Accessed [10/11/23](#)]

Xcel Energy Is Seeking Approval To Purchase Certified Natural Gas For One Year At A Premium From Williams. “...the Company is proposing a one-year purchase of CNG, and the related environmental attributes, from Williams, a large and well-established mid stream gas company. As discussed in the attached Memorandum of Understanding, Attachment SML-1, Williams has provided the Company with an indicative offer to sell CNG at a volume of 25,000 MMBtu per day of physical natural gas and its associated Environmental Attributes, for an initial term of 1-year. The Environmental Attributes are proposed to be sold at a small premium, which is reflected in the submitted Clean Heat budget.” [Hearing Exhibit 106, Proceeding No. 23A-0392G, Page 12 of 27, Accessed [10/11/23](#)]

XCEL ENERGY ANTICIPATES THAT CUSTOMERS WOULD PAY PREMIUMS FOR CERTIFIED NATURAL GAS, AND HIGHER PREMIUMS IN FUTURE THAN IN PAST

In 2023, Direct Testimony From Xcel Energy Employee Dr. Sydnie M. Lieb To The Colorado Public Utilities Commission Indicates That Customers Would Pay A Premium For Certified Natural Gas [CNG]. Dr. Lieb: “...in the event that the Commissions approves CNG attribute procurement, Public Service customers will pay a small premium for the emission benefits associated with CNG.” [Hearing Exhibit 106, Proceeding No. 23A-0392G, Page 16 of 27, Accessed [10/11/23](#)]

Dr. Lieb Introduced A Document Containing Publicly Filed “Responsibly Sourced Gas” Premiums That Other Utilities Faced As Part Of Her Direct Testimony. The document cites premiums paid by utilities in Michigan, Virginia, Pennsylvania, and Washington DC for certified gas. Premiums range from zero to six cents per dekatherm. [Hearing Exhibit 106 - Attachment SML-2: Publicly Filed RSG Premiums Proceeding No. 23A-0392EG, Accessed [10/13/23](#)]

In 2021, Direct Testimony From Jack W. Ihle, An Employee Of An Xcel Energy Subsidiary, Indicated That Xcel Energy Anticipated A Premium Of Between \$0.10-\$0.20/mmBtu For Certified Gas. “Another step we are considering is to obtain natural gas associated with gas additions to our generating fleet from ‘certified’ or ‘responsibly-sourced’ natural gas (‘RSG’) sources. This purchasing commitment would use third-party measurement and certification to ensure our natural gas would come from producers that are responsibly controlling upstream methane emissions. We are considering whether to obtain, on a calendar-year basis, the volumetric equivalent of the gas consumed by any new gas-fired generation resources from RSG. Based on our research, we believe that this higher-standard type of natural gas sourcing can be obtained for a relatively small cost increase of between \$0.10 per mmBtu and \$0.20 per mmBtu.” [Hearing Exhibit 102, Proceeding No. 21A-0141E, [3/31/21](#)]

Xcel Energy Anticipates That A “Modest Premium” Will Be Required For Purchasing Certified Natural Gas Going Forward, And That Future Premiums Could Be Higher Than Past Premiums. “The Company anticipates that a modest premium will be required for the environmental attributes related to CNG relative to conventional natural gas. We have tracked public regulatory filings in other states including Michigan, Pennsylvania, Washington DC, and Virginia, and the cost premiums seen in these filings is generally in line with how the Company has modeled CNG for the purposes of this Clean Heat Plan. Details are provided in Attachment SML-2. Given that this market is in its infancy, there is no price transparency at this point on which to base future cost estimates. However, since the Company’s plans call for more fulsome measurement processes, we anticipate that our future purchases could be higher than the premiums to date in other jurisdictions.” [Hearing Exhibit 106, Proceeding No. 23A-0392G, Page 14 of 27, Accessed [10/11/23](#)]

Xcel Energy Offers An “Optimistic” Estimate Of Premium For Certified Natural Gas At Five Cents Per MMBtu, And A “Conservative” Estimate Of Premium At Ten Cents Per MMBtu, With Marginal Abatement Costs Ranging Between \$19 And \$41 Dollars Per Ton Of CO2E.

Table 41. Certified Natural Gas Costs, Volumes, and Marginal Abatement Costs

Outlook	Year	Price Premium (\$/MMBtu)	Incremental Volume (MMBtu)	Cumulative Volume (TBTU)	Avoided Emissions (tCO2e)	Marginal Abatement Cost (\$/tCO2e)
Conservative	2025	\$0.10	20,000	0.02	87	\$33.36
	2026	\$0.10	35,715,961	36	133,652	\$36.16
	2027	\$0.10	35,432,952	71	111,091	\$38.41
	2028	\$0.10	29,252,336	100	84,317	\$39.74
	2029	\$0.10	28,065,553	128	75,219	\$40.68
	2030	\$0.10	16,722,337	145	40,590	\$41.24
Optimistic	2025	\$0.05	20,000	0.02	87	\$16.68
	2026	\$0.05	35,715,961	36	133,652	\$18.08
	2027	\$0.05	35,432,952	71	111,091	\$19.20
	2028	\$0.05	29,252,336	100	84,317	\$19.87
	2029	\$0.05	28,065,553	128	75,219	\$20.34
	2030	\$0.05	16,722,337	145	40,590	\$20.62

[Hearing Exhibit 102 - Attachment DRA-1, Proceeding No. 23A-0392EG, Page 23 of 71, Accessed [10/11/23](#)]

Xcel Energy Anticipates That Its Certified Gas Premiums Would Cost An Additional \$2.4 Million In 2026, \$4.6 Million In 2027, \$6.2 Million In 2028, \$7.1 Million In 2029, And \$7.1 Million In 2030.

[Hearing Exhibit 102 - Attachment DRA-1: E3, Proceeding No. 23A-0392EG, Page 60 of 71, Accessed [10/11/23](#)]

COLORADO SPRINGS UTILITIES BEGAN A CERTIFIED GAS PILOT PROJECT IN 2021

In March 2021 Colorado Springs Utilities Embarked On Certified Gas Pilot Project With Other Colorado Companies. “A Colorado natural gas producer, an infrastructure operator and local municipal utility have entered into a first-of-its-kind Responsibly Sourced Gas (RSG) pilot project with Project Canary, a Denver-based B-Corp focused on providing continuous emissions monitoring data and technologies across the energy sector. The unique wellhead to burner-tip RSG pilot extends across the energy value chain – from production, transportation and marketing of RSG – for consumer and community use locally in Colorado. The pilot project will consist of the following: Colorado Springs Utilities, a municipal utility in one of the state’s largest and fastest growing regions, will purchase certified RSG produced by Bayswater Exploration & Production, a Colorado-based oil and natural gas development company. The certified RSG will be gathered and processed by Rimrock Energy Partners, a provider of midstream services in the DJ Basin, before being delivered to Colorado Interstate Gas Company, a Kinder Morgan, Inc. (NYSE: KMI) subsidiary, which will transport the certified RSG to Colorado Springs Utilities.” [Colorado Springs Utilities Website, [3/11/21](#)]

In February 2021 A Storm Caused Natural Gas Prices To Skyrocket, With The Four-Day Weather Event Costing The Utility Eighty Percent Of Its Projected Annual Fuel Cost. “As noted on the Colorado Springs Utilities Website: Fuel costs are passed directly to customers through the Gas Cost Adjustment. Most Utilities customers use natural gas heat. Extreme demand for electricity and natural gas caused fuel prices to surge across the country, as a result of the weather event that affected much of the country Feb. 13- 16. Natural gas prices soared from approximately \$2.50/Dekatherm to nearly \$200/Dekatherm during the storm. During the four-day weather event, electric and natural gas fuel costs accounted for approximately 80% of Utilities annual forecasted costs.” [Colorado Springs Government Website, [3/11/21](#)]

WASHINGTON GAS, WHICH SERVES DC, MARYLAND AND VIRGINIA CUSTOMERS, HAS PURCHASED CERTIFIED GAS WITH THE INTENT TO PASS ON PREMIUMS TO CUSTOMERS IN FUTURE

Washington Gas Has Procured Certified Gas From Chesapeake Energy Corporation For 2021-2025. “In the 2021-2025 period, CG [Certified Gas] procurement would take place through third-parties. Washington Gas signed an initial contract with Chesapeake Energy Corporation, in partnership with Project Canary, to procure and deliver CG that meets a high level of emissions reductions standards. This transaction is estimated to have eliminated 4,609 metric tons of CO₂e when compared to the industry average for natural gas.” [Washington Gas Climate Change Action Program, [12/15/21](#)]

Washington Gas Intends To Continue Purchasing Certified Gas, Says Future Costs Depend On Market Conditions And Incremental Cost Will Be Billed Directly To Customers If Regulators Approve. “Washington Gas plans to continue pursuing CG contracts; in addition to the existing contract with Chesapeake. Washington Gas plans to incrementally increase the amount of CG in the transmission and delivery system. Leveraging Washington Gas’ procurement strength can help drive market behavior and result in significant reductions in upstream gas emissions. CG supply provides Washington Gas customers the reassurance that the source of their gas reflects the most environmentally sound choices. Washington Gas’ supply contract with Chesapeake was at zero premium. The future costs will be dependent on market conditions at that time. The incremental cost of CG will be billed directly to customers, subject to regulatory approval to do so.” [Washington Gas Climate Change Action Program, [12/15/21](#)]

TWO VIRGINIA UTILITIES, VIRGINIA NATURAL GAS AND DOMINION ENERGY VIRGINIA, HAVE MADE DEALS TO ACQUIRE CERTIFIED GAS; VIRGINIA NATURAL GAS WILL PASS ON COSTS

VIRGINIA NATURAL GAS APPROVED TO PAY UP TO FIVE PERCENT PREMIUM FOR “NEXTGEN GAS” FROM 2022 AND PASS ON COST TO CUSTOMERS

Virginia State Corporation Commission Approved Inclusion Of “NextGen Gas” In Virginia Natural Gas’s Supply With Cap On Premiums Up To 5 Percent Above Cost Of Non-Certified Gas. “Section XX of VNG’s Terms and Conditions to facilitate inclusion of NextGen Gas and RNG in the Company’s gas supply is approved as proposed, and the incremental cost cap of those purchases shall be set at 5% of the total annual projected comparable gas cost that would have been included in the Company’s Purchased Gas Adjustment component of its Quarterly Billing Adjustment, had those purchases not been made.” [Final Order of the Virginia State Corporation Commission, Case No. PUR-2021-00298, [11/22/22](#)]

Virginia Natural Gas Sought Approval To Recover Cost Premiums Up To 15 Percent Above The Cost Of Gas Without Certification. “VNG proposes to recover the commodity costs and any cost premiums associated with RNG and/or NextGen Gas through VNG’s traditional gas cost recovery mechanism as outlined in Section XX of VNG’s tariff. The recovery of any cost premiums would be limited to 15% of the total annual projected comparable gas cost for traditional geologic production.” [Direct Testimony of Joanne A. Mello, Case No. PUR-2021-00298, [6/9/22](#)]

Virginia Natural Gas Cited “Current Cost Prudency Criteria For Fuel Procurement” As Constraint It Sought To Lift In Order To Purchase More Certified Natural Gas. “VNG has already started to support the reduction of these upstream emissions by purchasing approximately 25% of its gas supply in 2021 from producers who commit to reduce their emissions through improved equipment or operating procedures. However, current cost prudency criteria for fuel procurement can constrain the ability to expand this percentage.” [Direct Testimony of Joanne A. Mello, Case No. PUR-2021-00298, [6/9/22](#)]

In 2019, Virginia Natural Gas Announced Its Aim To Be First Natural Gas Utility To Provide Customers With 100% Certified Gas. “Virginia Natural Gas (VNG) announced today that it aims to be the first natural gas utility in America to provide its customers with natural gas that is 100% sourced, transported and distributed by companies that have pledged to reduce greenhouse gas emissions to less than 1% across the natural gas value chain. And as a down payment on that pledge, it announced a deal to source a large percentage of its annual gas consumption from such companies starting this year. Beginning Nov. 1, VNG will begin purchasing one-fifth of its customers’ annual natural gas supply from select wells operated by Southwestern Energy (SWN).” [Virginia Natural Gas Website, [10/24/19](#)]

DOMINION ENERGY’S VIRGINIA SUBSIDIARY MADE DEAL WITH WILLIAMS TO PROCURE CERTIFIED GAS

Dominion Energy Virginia Announced A Deal With A Pipeline To Procure Certified Gas. “To that end, midstream operators are also working to decarbonize their assets to appeal to increasingly environmentally minded buyers. Late last year, pipeline giant Williams announced a deal with producer Coterra Energy and utility Dominion Energy Virginia to certify gas across all segments.” [[Energy Intel](#), [3/10/23](#)]

TENNESSEE HAS SEEN SEVERAL DEVELOPMENTS SUPPORTING THE INCREASED SALE AND PURCHASE OF CERTIFIED GAS

TENNESSEE LEGISLATURE PASSED LAW AUTHORIZING RECOVERY OF COSTS RELATED TO “INNOVATIVE” GAS DEPLOYMENT INCLUDING “RESPONSIBLY SOURCED GAS”

The Tennessee Natural Gas Innovation Act: “This bill authorizes a public utility to request, and the Tennessee public utilities commission to authorize, a mechanism to recover the costs related to the use or

development of infrastructure to facilitate use of innovative natural gas resources for natural gas utility customers, if the commission finds that the costs are in the public interest. For purposes of this bill, "innovative natural gas resources" include, but are not limited to, farm gas, biogas, renewable natural gas, hydrogen, carbon capture, qualified offsets, renewable natural gas attributes, RSG, and energy efficiency resources." [Tennessee General Assembly Website, Accessed [10/12/23](#)]

TENNESSEE GAS PIPELINE RECEIVED FEDERAL APPROVAL FOR "PRODUCER CERTIFIED GAS" POOLING SERVICE IN 2022, RECEIVED NO INTEREST IN FIRST YEAR OF OPERATIONS

Tennessee Gas Pipeline Received FERC Approval for Producer Certified Gas Pooling Service Proposal. "Tennessee Gas Pipeline Company, L.L.C. (TGP), a subsidiary of Kinder Morgan, Inc. (NYSE: KMI) today received approval for its producer certified gas (PCG), or responsibly sourced gas (RSG), aggregation pooling service from the Federal Energy Regulatory Commission (FERC). The PCG aggregation pooling service is now available at all pooling points across the TGP system. PCG is conventional natural gas sourced from production facilities that have been certified by a qualified third party to meet certain environmental, social and governance standards that typically focus on management practices for methane emissions, water usage and community relations. The service is designed to enable shippers on TGP to purchase and sell PCG supply at non-physical pooling locations, ultimately serving end-users, utilities, power plants and LNG facilities connected to the TGP system." [Kinder Morgan Website, [7/1/22](#)]

According to Tennessee Gas Pipeline Company's Filing With FERC In July 2023, No One Made Use Of Producer Certified Gas Pooling System In Its First Year. "In its PCG Order accepting the PCG Pooling Service Option... [...] the Commission accepted Tennessee's proposal to provide an informational report describing i) the level of utilization of the PCG pools vis-à-vis the non-PCG pools, ii) pool prices, iii) development of trading/certificate tracking platforms at the pools, and iv) Responsibly Sourced Gas ('RSG') volumes by third-party certification providers... [...] During the PCG Report Period, Tennessee established 20 PCG pooling points on its system, received confirmation that 16 receipt points source natural gas from production wells that have been certified in accordance with the criteria posted on Tennessee's Internet Website, and received proof of certification by three (3) producers allowing their Supply Aggregation service agreements to be able to use the PCG pools. Despite this activity, none of the producers have scheduled usage of the PCG pools during this 12-month period. Due to the lack of activity in the PCG pools, Tennessee does not have any information to report on items i, ii, and iv. Regarding item iii, Tennessee has been in discussions with Intercontinental Exchange (ICE) to establish a platform on which RSG can be traded and the corresponding RSG certificates tracked. Although no platforms have been established to date, the discussions with ICE will continue." [FERC E-Library, [7/31/23](#)]

GAS PRODUCERS PREDICT CERTIFIED GAS DEMAND WILL LEAD TO HIGHER PREMIUMS FOR CONSUMERS

Gas Producers Hope Utilities Will Pay A Premium, Up To 5% Above Market Price, For Certified Gas. "U.S. natural gas producers hope climate-conscious electric utilities and gas exporters will pay a premium for what they say is 'greener gas' that has been certified as coming from low-emission operations or from renewable sources such as landfills. EQT Corp, Chesapeake Energy and liquefied natural gas firms Cheniere Energy and NextDecade Corp are among the companies considering low-carbon certifications from groups such as Denver-based Project Canary. Gas certified as 'responsibly produced' and contributing less emissions could get up to 5% above market prices, or up to 15-cents per thousand cubic feet (mcf), proponents say." [Reuters, [6/30/21](#)]

WYOMING GAS PRODUCER JONAH ENERGY LLC ANNOUNCED IT HAD SOLD CERTIFIED GAS AT A PREMIUM TO UNDISCLOSED UTILITY IN 2022

Jonah Energy LLC Announced Sale Of Certified Gas “Priced At A Premium” To A “Major US Natural Gas Utility Company.” “Jonah Energy LLC (‘Jonah’), one of the leading sustainable natural gas producers in the U.S., has successfully executed a large natural gas sales agreement to provide gold standard certified natural gas to a major US natural gas utility company. [...] The one-year agreement is for 50,000 MMBtu/day and is priced at a premium to the applicable market index.” [PRNewswire, [11/2/22](#)]

ONE PENNSYLVANIA UTILITY PURCHASED CERTIFIED GAS WITHOUT PREMIUM; ANOTHER PA UTILITY OPTED NOT TO BUY BECAUSE OF PREMIUM

UGI Gas Purchased Certified Gas At A Competitive Price And Looks To Continue To Buy It When It Can Be Purchased Without A Premium. “UGI Gas has accepted an offer for certified natural gas. The offer was for a quantity of 1,200 Dth per day from November 2022 through March 2023 at the Tennessee Station 313 receipt point at a market price that is competitive with non-certified supply. [...] This is a fast-growing sector of the natural gas industry, and UGI Gas believes that certified natural gas transactions will likely become standard transactions that the Company can and should be able to engage in where, like here, the product may be purchased without premium.” [UGI Gas Filing With Pennsylvania Public Utility Commission, [6/1/22](#)]

PECO Energy Company Considered Purchasing RSG But Opted Not To, Due To Lack of Guarantee of Recovering Premiums. “The RSG price quoted was at an index plus a premium of four cents. Because there was no guarantee of recovery of the premium, PECO did not act on the offer.” [PECO Energy Company Filing with the Pennsylvania Public Utility Commission, [8/16/22](#)]

UTILITIES IN THE NORTHWEST, SOUTH CAROLINA, AND CALIFORNIA EXPLORED PROPOSALS TO ACQUIRED RESPONSIBLY SOURCED GAS

SOCALGAS IS COMMITTED TO INCREASING CERTIFIED GAS PURCHASING WHEN AVAILABLE AND ECONOMICAL

SoCalGas Said It Was Committed To Procure Increased RSG Supplies As Available And When Economical. “In an effort to support the reduction of GHG emissions and to minimize environmental and social impacts associated with its natural gas supplies, the Gas Acquisition Department assesses RSG [responsibly sourced gas] procurement opportunities and has committed to source increased RSG supplies as available and when it is economical to do so.” [SoCalGas Website, Direct Testimony of Martin F. Lazarus, [May 2022](#)]

AVISTA, WHICH SERVES CUSTOMERS IN THE PACIFIC NORTHWEST, ISSUED A REQUEST FOR PROPOSALS SEEKING RESPONSIBLY SOURCED GAS IN AUGUST 2023

Avista Issued A Request For Proposals Seeking Responsibly Sourced Gas For Deliveries In 2024 And Beyond. “Building on our aspirational goals to reduce natural gas emissions 30% by 2030 and to be carbon neutral in our natural gas operations by 2045, and to meet Oregon’s Climate Protection Program and Washington’s Climate Commitment Act carbon reduction requirements, Avista has released a request for proposals seeking renewable natural gas (RNG) / Responsibly Sourced Gas (RSG). The RFP is open to parties who currently own, propose to develop, or hold rights to resources, or those marketing a resource or portfolio of resources meeting Avista’s requirements for RNG/RSG. Bidders may submit multiple proposals; each proposal may include certain configuration, contracting or pricing options. Avista anticipates RNG/RSG deliveries to be no earlier than January 1, 2024.” [Avista Website, [8/31/23](#)]

Avista Indicated That RSG Purchases Intended To Meet State Requirements In Washington And Oregon As Well As Corporate Goals. “Question: Is Avista buying a certain amount of RNG/RSG for

their own sustainability i.e., buying gas for their own compressors or is the company buying for their clients? Answer: Avista is buying RNG/RSG to meet carbon reduction requirements in Oregon, possibly Washington, as well as to meet corporate goals.” [RNG RFP Bidders Conference Questions and Answers, Avista Website, Accessed [10/12/23](#)]

SOUTH CAROLINA’S PIEDMONT NATURAL GAS COMPANY PARTICIPATED IN COMMISSION HEARING ON FEASIBILITY AND COSTS OF PURCHASING RESPONSIBLY SOURCED GAS IN 2021-2022

Piedmont Natural Gas Company Is A Member Of Multiple Coalitions Of Natural Gas Companies Focused On Advancing The Procurement Of RSG. “Piedmont has joined forces with those in the industry who are working to achieve significant reductions in upstream methane emissions. For example, Piedmont, through its corporate parent, Duke Energy, is a member of the NextGenGas Coalition. The NextGenGas Coalition is an anti-trust compliant forum for companies that believe low methane emissions gas is an important part of an overall lower emissions future, and which strongly encourages upstream suppliers to produce, transport and store natural gas in an environmentally responsible manner. Other members include: Southern Company Gas, Washington Gas, Summit Utilities, Dominion Energy and DTE. We’ve also joined ONE Future, a coalition of natural gas companies focused on finding solutions to voluntarily reduce methane emissions across the natural gas supply chain – with a goal to lower emissions to less than 1% by 2025.” [Testimony of Sarah E. Stabley Docket and Michelle R. Mendoza, Case No. 2021-236-G, [10/21/21](#)]

As Of 2021, Piedmont Had Not Yet Purchased RSG Or Paid A Premium For The “Low-Emitting” Gas It Has Purchased. “Currently, Piedmont has not purchased any RSG. However, for the period of April 2020 to March 2021, 35% of the Company’s annual purchases were from suppliers who have low emissions (based on their indication of MI%) and/or have environmental and sustainability goals to reduce their methane footprint. Other Piedmont suppliers may also have low methane emission goals although their MI% is currently unknown to us. Notably, Piedmont has not paid a premium for this low methane emitting gas.” [Testimony of Sarah E. Stabley Docket and Michelle R. Mendoza, Case No. 2021-236-G, [10/21/21](#)]

Piedmont Gas Interested In Acquiring A Better Understanding Of Market Pricing And Availability Of RSG Before Purchasing, As Well As Public Utility Commission’s Willingness To Approve Associated Incremental Costs. “Piedmont is not currently in a position to provide an estimated cost impact associated with purchasing RSG. Piedmont needs a better understanding of market pricing for RSG and the amount of verifiable RSG available before it can determine the optimal amount of RSG to procure on behalf of its customers. [...] As explained in more detail in the testimony of witness Peter Narbaitz, there remain ambiguities surrounding the measurement and confirmation of RSG, and currently there is not a common set of standards to classify a substance as RSG. Further, the Company needs to better understand the perspective of this Commission and other public utility commissions in terms of the approval of any future incremental costs that may be associated with the procurement of RSG.” [Testimony of Sarah E. Stabley Docket and Michelle R. Mendoza, Case No. 2021-236-G, [10/21/21](#)]