

ABAG Publicly Owned Energy Resources (ABAG POWER)

Board of Directors

October 30, 2019

Agenda Item 5.c.

Natural Gas Aggregation Program

Subject: Renewable Natural Gas & Related Program Opportunities

Background: In reviewing the goals and services of the program, staff polled program participants in 2014, 2017, and 2018 to determine areas of interest which might add value to ABAG POWER. Energy saving assistance programs, renewable natural gas (RNG)¹, and web access to reporting have consistently ranked the highest.

Renewable Natural Gas

The program currently purchases fossil-based natural gas. Renewable natural gas offers environmental benefits that align with many members' Climate Action Plans, albeit at a higher price than traditional gas. To replace any portion of POWER's existing fossil-based gas purchases, RNG projects must be interconnected to PG&E's pipeline infrastructure rather than using the gas for onsite electricity generation. Through RNG supply, POWER could choose to offer a voluntary program for members to offset their fossil-based usage with varying amounts of RNG.

In August 2018, staff released a Request for Information (RFI) regarding the potential procurement of RNG and natural gas offset products or attributes. The five-question RFI was distributed to fifteen natural gas suppliers and marketers, utility infrastructure consultants, current carbon offset projects, and other industry groups. Review of the two responses were received made clear that:

1. Virtually all the RNG delivered in California is produced outside the state; and,
2. Generally, the current value and development of RNG is driven by the vehicle fuels market under California's Low Carbon Fuel Standard (LCFS) and the federal Renewable Fuel Standard (RFS) programs

There are very few RNG pipeline interconnection projects within PG&E's service territory. Wastewater treatment plants and

¹ Renewable Natural Gas, or biomethane, is an upgraded, pipeline-quality mixture of biogas produced by the breakdown of organic matter in the absence of oxygen. Biogas can be produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste.

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landfills are the municipally-owned facilities most likely to be producing biogas, though it is often more economical to generate electricity or produce compressed RNG for vehicle fuel rather than sell RNG. Since the RFI, staff has continued to stay abreast of industry and regulatory developments.

Web-based Utility Database Platform

POWER has used the Utility Manager Pro software application for basic utility accounting since 2015. In August 2019, the Executive Committee approved an upgrade to a web-based utility database platform that provides a web interface for unlimited concurrent user licenses. Member agencies will be able to modify their account portfolio, add additional utility (water, refuse, etc.) data, and view customizable usage and cost reports without assistance from staff. This upgrade is expected to be completed by the end of calendar year 2019. Member agencies will be invited to attend a web-based training to learn more about the capabilities of the web-based platform. Technical support for member agencies will be provided by program staff and the contractor.

Energy Saving Assistance Programs

ABAG POWER does not currently offer an energy saving assistance program, though ABAG did administer an Energy Watch Partnership from 2006 through 2008 and has administered the Bay Area Regional Energy Network (BayREN) since 2012.

Discussion Items:

One of the primary differences of POWER and PG&E is public ownership. Participants own and operate the pool and have equal voting rights in programmatic decisions. As the state continues to shift away from natural gas use, several opportunities may exist to enable POWER to provide natural gas service while simultaneously aiding member jurisdictions in meeting climate goals.

In June 2019, staff solicited interest from member agencies and related entities to form a working group to discuss natural gas emissions reductions and related initiatives. There was little response to the request.

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Since then, conversations with member and non-member jurisdictions have revolved around the following potential program offerings:

- Earmarking a certain amount of annual program savings for members' energy efficiency or fuel switching projects. Projects would be reviewed on an application basis, subject to Committee approval.
- Staff can monitor grant funding opportunities for aggregated methane reduction or energy efficiency projects on behalf of member jurisdictions.

Recommended Action: The ABAG POWER Board of Directors is requested to review and comment on the discussion items.

Issues: None.

Attachments: None.

Reviewed:


Brad Paul