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October 21, 2022
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Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: INVESTIGATION INTO THE FUTURE OF THE REGULATED GAS DISTRIUBTION BUSINESS IN RHODE ISLAND IN LIGHT OF THE ACT ON CLIMATE

Docket No. 22-01-NG

On June 9, 2022 the Rhode Island Public Utilities Commission ("PUC" or the "Commission") published a Notice of Commencement of Docket to investigate the future of the regulated gas distribution business in Rhode Island in light of the Act on Climate ("Act"), R.I. Gen Laws § 42.6-2 *et seq*. In its notice, the Commission sought feedback on the sufficiency of the draft scope. Project Canary is a Public Benefit Corporation and appreciates the opportunity to provide comments on this draft scope for the Docket.

Project Canary provides these comments to share information and put on the record the full range of options that exist on the supply side that can impact the decarbonization of the natural gas utility system, and therefore overall greenhouse gas emissions. The State of Rhode Island has clearly recognized the importance of a regulatory framework in reaching the State's requirements and timelines so that economy-wide reduction targets are accelerated and progress to net zero by 2050 by developing short-term and long-term greenhouse gas ("GHG") emissions reduction strategies. Project Canary applauds the Commission and the State for recognizing the crucial role of regulated agencies in this process. The certified low emission/methane natural gas market or certified gas, while nascent, is a viable option for the State and utilities to reduce GHGs in the natural gas life cycle, and ultimately meet carbon reduction goals in the near term.

Project Canary believes the staff of the Commission have identified appropriate purposes for the docket, and suggests the questions provided in the scope are adequate to begin the analysis. The overall sections are broad, comprehensive and support gathering information beyond the status-quo regulatory framework. Project Canary encourages the Commission to proceed with an all-of-the-above approach,

identifying what technologies are out there and setting up a framework that allows for the quickly evolving nature of technology development in the greenhouse gas emissions reduction market. Similarly, Project Canary recommends the Commission establish a process by which the framework can be reviewed and modified as necessary.

The Project Canary comments focus on two primary areas.

1. Project Canary supports the workplan that includes the steps of policy analysis, technical analysis, and policy development in the overall creation of the new regulatory framework. A thorough understanding of what technologies are available and within the jurisdiction of the State and the Commission, allows for the streamlined development of rules and tariffs.
2. The use of direct measurement and a framework that includes utility procurement of certified gas supports the alignment of the Act through the shared goal quantifying and mitigating greenhouse gases to decarbonize the energy supply chain.

About Project Canary

Project Canary (or the "Company") is a technology and data company that offers a suite of services designed to help lower the environmental impact of natural gas production, transportation, and distribution, including the rigorous, independent monitoring and operational certification of responsibly sourced gas (also known as "certified low emission gas") throughout the energy value chain. Project Canary also offers a robust, independent certification regime for operations throughout the energy value chain that can identify and track certified gas from wellhead to burner tip using both quantitative and qualitative metrics to measure impacts on air, water, land, and communities. By significantly reducing the fugitive methane associated with natural gas,[1] certified gas offers a valuable opportunity to fully realize the promise of natural gas as a reliable, affordable, and environmentally friendly fuel source for heating and electric power generation. Certified gas is natural gas that an independent third party has verified meets specific standards in all phases of operations to minimize emissions of methane and other greenhouse gases as well as other environmental effects. This results in a measurable decrease in greenhouse gas emissions in the upstream side of the market, making a significant impact in the life cycle of the molecules produced.

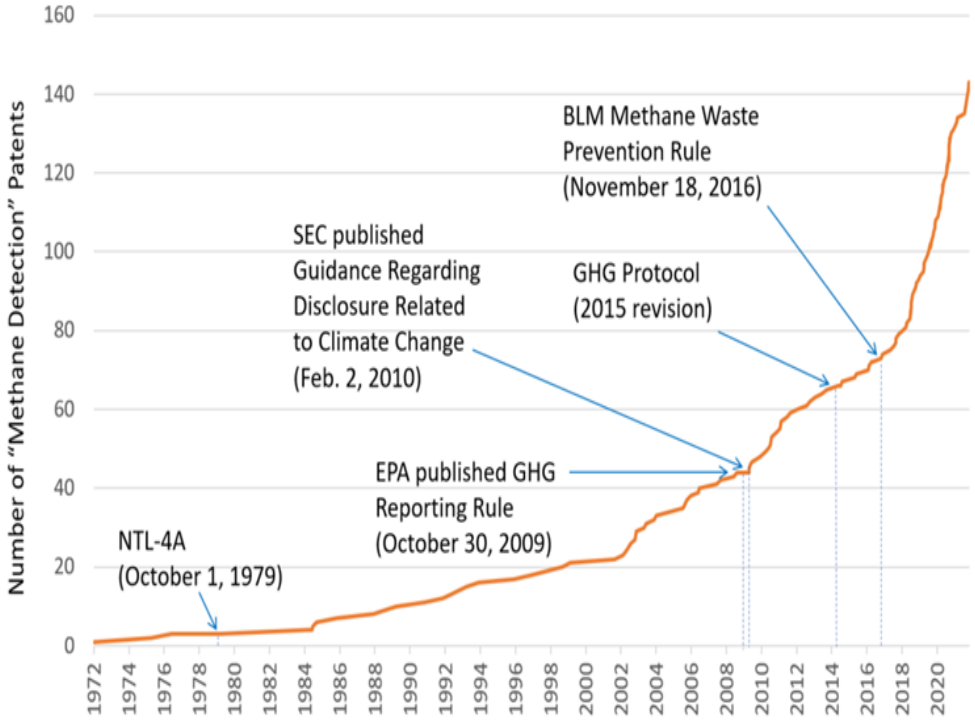
Workplan & Framework

Project Canary supports the Commission and the staff's goals of seeking feedback to ensure a robust and informative process that includes an in-depth dive into critical areas of policy and technology. While we support the entire list of questions, the Company would like to highlight a few specific areas that we believe are very meaningful to this process. In addition, Project Canary would encourage a framework

[1] Methane has a relatively high Global Warming Potential ("GWP"). As a result, reduction of fugitive methane emissions is a powerful tool for reducing total equivalent greenhouse gas emissions.

that allows the Commission to revisit the regulatory process as technologies continue to develop. Under policy analysis, the discussion of how emissions are accounted for in each sector is significant to the design of the overall framework. Setting up utilities to recognize the full benefits and receive credit for reduction of Scope 1, Scope 2, and Scope 3 emissions can create more pathways for the utility and the State to meet the carbon reduction goals. In addition, recognizing that the tools and actions available in the 1990 GHG inventory may look different that the current GHG inventory is notable as the market has seen drastic change in the last 3 years. Project Canary supports an all-encompassing approach to technology solutions to meet greenhouse gas emissions reductions and reduce the life cycle carbon intensity of natural gas. The emissions measurement and monitoring market has changed rapidly in the last two years, and continuous, real-time emissions measurement and quantification is readily available and affordable. By way of example, current regulations at the federal level around methane measurement and emissions reductions have driven rapid technological progress. The number of "methane detection" patents filed with the Patent and Trademark Office, has doubled since 2016, as seen in Figure 1.

Figure 1. Technology Development in Methane Detection



Source: U.S. Patent and Trademark Office, Patent Public Search Version 1.0.4 (2022).

This market is quickly evolving, and the Commission should be knowledgeable as to what technologies exist and develop as utilities and intervening parties may soon bring these options before the Commission to both achieve emissions reduction goals and seek cost recovery.

Project Canary applauds the Commission for pursing a technical analysis to understand what actions and option exist in the market for emissions reductions. Project Canary would welcome the opportunity to participate in a technical working group within the stakeholder group. Specifically, the question of appropriate baselines, the balance of timing with emissions reductions, tracking, and cost recovery mechanisms requires significant consideration and stakeholder input. The ability to research and work through assumptions and sensitivity analyses to determine multiple scenarios can enable the Commission and staff to set critical and impactful regulatory frameworks.

The Company supports the Commission's inclusion of the policy development section after a deep dive into technology. The input of the technical analysis paired with understanding the full scope of the regulation and the natural gas utility process from procurement and delivery, will support the development of solid regulation. Project Canary believes the understanding of natural gas supply and the tools to mitigate GHG emissions in the entire supply chain will greatly support the goals of the Act. With new goals in the climate space, it is time to revisit existing frameworks specifically around least cost procurement. Certified Low Emission Gas is a product that exists today that makes a drastic impact in methane emissions in the natural gas supply chain as shown later in these comments. It is currently available and affordable.

Project Canary encourages the Commission throughout this process to be open to evolving technologies and establish frameworks that support utilities employing new and evolving technologies to meet their carbon reduction goals. Similarly, as utilities take action to procure natural gas that is certified or responsibly sourced, the utilities should be able to take credit for the GHG emissions reductions occurring upstream in the supply chain. It is time for the Commission to consider replacing the least-cost regulatory construct with a best cost regulatory framework. This allows the Commission and the utilities to bring forth applications and ideas that could better meet the objectives and goals of emissions reductions in the State.

Certified Low Emission Gas

Certified low emission gas, or certified gas is produced at lower methane intensity (0.2% or lower) where the reduction in methane emissions can be monitored, quantified, and compared to the average of the basin the gas was produced in. It should be noted that the recently enacted federal Inflation Reduction Act (IRA) and 0.2% methane intensity is a proof point about a federally recognized standard. Utilities across the country are making commitments to procure only certified gas[2], issuing RFIs and RFPs for the procurement of certified gas, and including certified gas in their firm contracts for gas supply. Certified gas grew from essentially nothing in 2021 to approximately twenty percent of the U.S. natural gas market in early 2022.[3] Certified gas can be procured in significant volumes and at affordable costs. Premiums

[2] https://co.my.xcelenergy.com/s/about/newsroom/press-release/xcel-energy-commits-to-net-zero-carbon-goal-by-2050-MCZE7IKJSPUBEI5K3MZ5D3AZ74UQ

[3] https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/050922-right-time-right-place-for-haynesville-shale-to-meet-global-call-for-cleaner-natural-gas

range from 1-3 cents/mmbtu. This product is readily available today in every basin in the United States and is expected to continue to grow as a percentage of daily production. Additionally, national industry and business leaders are taking action in this space. The North American Energy Standards Board (NAESB) is currently developing a Certified Gas Addendum[4] to their standard contract, GTI Energy is developing protocols around certified gas[5], and Platts, part of S&P Global is seeking comment regarding a certified gas index.

The environmental benefit of certified gas can be quantified and has a significant impact on the reduction of methane in the atmosphere. Figure 2 is an example of the metric tons of CO2e that can be prevented if a utility procures certified gas with a methane intensity of 0.2% instead of the currently reported 0.454%[6]. In one utility's example that is the equivalent of taking 540,000 gasoline-powered cars off the road for one year.

Figure 2. Utility Example

Typical Natural Gas	
MMBtu produced methane	143,000,000
Henry Hub (Avg. 1H2022)	$6.07
Retail Fuel Cost(1)	$2,061,302,062
Customers	1,400,000
Annual Customer Bill	$1,472
Monthly Customer Bill	***$122.70***
MT of CO2e Emitted (3)	***5,106,306***

MMBtu produced methane		143,000,000	
Henry Hub (1H2022) + RSG ($0.01,$0.03,$0.05)	$6.08	$6.10	$6.12
Retail Fuel Cost(1)	$2,064,698,880	$2,071,492,515	$2,078,286,149
Customers	1,400,000	1,400,000	1,400,000
Annual Customer Bill	$1,474	$1,479	$1,484
Monthly Customer Bill	***$122.90***	***$123.30***	***$123.71***
MT of CO2e Emitted(2)		***2,574,608***	

For an additional $0.60 a month to customers, a utility can save 2.5 million tCO2e (equivalent of 540,000 gas powered vehicles)

Conclusion

Certified gas is a tool that can be used by all utilities and is effective for decreasing the life cycle GHG emissions of natural gas for all consumers in Rhode Island and should be included in the regulatory framework needed to meet the Act. The Commission has laid out a robust and detailed process and Project Canary supports the three areas of research into policy analysis, technical analysis, and policy

[4] https://www.naesb.org/news.asp See June 7, 2022, NAESB Initiates the Development of a Standardized Contract for Responsibly Sourced Natural Gas.

[5] https://www.gti.energy/veritas-a-gti-methane-emissions-measurement-and-verification-initiative/

[6] Sources: EPA, Wood and Mackenzie. (1) Stated EPA methane intensity of natural gas. Expresses methane emission per unit of gross gas production; the 0.454% figure includes only production operations and implicitly attributes all methane emissions from natural gas wells to natural gas production. (2) TrustWell® cutoff for certified gas methane intensity that a best-in-class operator can achieve. (3) The Intergovernmental Panel on Climate Change (IPCC) has indicated a GWP for methane of 82.5 when considering impact over a 20-year timeframe

development as well as a full stakeholder process. The new regulatory framework should allow utilities to maximize the tools available to reduce GHG emissions quickly in a cost-effective way.

The Company urges the Commission to include in its process a discussion of the role certified low emissions natural gas can play in meeting the State's overall greenhouse gas reduction goals and develop regulatory framework that allows for recognition of emissions reductions for Scope 1, Scope 2, and Scope 3 emissions while providing cost recovery mechanisms that can balance costs with quantifiable environmental benefit. The Company encourages the Commission to proceed with an all-of- the-above approach, learning what technologies exist and establishing a framework that supports and takes advantage of the quickly evolving nature of technology development in the greenhouse gas emissions reduction market. Project Canary would welcome the opportunity to participate in the technical working group. The Company appreciates the opportunity to provide comments in this process and looks forward to further participation.

Sincerely,

Michelle Moorman Applegate
Project Canary
Sr. Director of Policy