



VIA E-PUC

November 9, 2018

Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Drawer 20
Montpelier, VT 05620-2701

Re: Case No. 18-3449-PET – Petitions of Salisbury AD 1, LLC

Dear Ms. Whitney:

Vermont Gas provides these comments in regarding the petitions of Salisbury AD 1, LLC (“Salisbury”) related to owning and operating a renewable natural gas facility in Salisbury, Vermont. Vermont Gas supports this project. We are excited that this in-state renewable natural gas (“RNG”) project is advancing and we look forward to working with Salisbury to bring this important in-state renewable resource to Vermonters.

Vermont Gas believes it may be helpful to the Commission to provide updated information regarding the status of its role in this matter.

First, Salisbury’s requests that the certificate of public good (“CPG”) issued April 4, 2016 to Lincoln Renewable Gas, LLC in Docket 8596 be transferred to Salisbury. In Docket 8596, Vermont Gas provided testimony from Christopher LeForce describing the natural gas facilities it intended to construct to enable the RNG to be transported by pipeline. The CPG issued in Docket 8596 contained certain provisions related to Vermont Gas’ construction of those facilities. This letter confirms Vermont Gas’ intention to construct those facilities as substantially as presented and described in Docket 8596.

For clarification, VGS notes that the PUC’s Order in Docket 8596, indicated that Lincoln and Vermont Gas had executed contracts related to the construction and operations of pipeline facilities and Vermont Gas’ purchase of some of the facility’s RNG. On April 15, 2016 Vermont Gas filed a letter with the PUC clarifying that those contracts had not yet been executed but were expected to be finalized and executed shortly. Vermont Gas has been actively working with Salisbury to finalize and execute similar agreements as summarized below.

Facilities Development Agreement (“FDA”): This agreement describes the terms and conditions, including financial obligations, under which Vermont Gas will construct the facilities necessary to interconnect Salisbury’s RNG project with the Vermont Gas distribution network. Under the FDA Salisbury will reimburse Vermont Gas for the cost of the facilities from the Goodrich farm to the

intersection of Halliday Road and 3 Mile Bridge Road, and the construction costs for the remaining distribution pipeline from Halliday Road to Route 7 will be the responsibility of Vermont Gas.

Operating Agreement: This agreement describes the on-going relationship between the RNG project and Vermont Gas, including such items as maintenance of the facilities constructed pursuant to the FDA, and the balancing of RNG supply relative to RNG sales. Because this Agreement requires that VGS will offer maintenance service to Salisbury that is not otherwise governed by a VGS tariff, VGS intends to file this agreement for Commission approval pursuant 30 V.S.A. § 229 unless the Commission indicates that such approval is not required for services that are incident to the project's Section 248.

RNG Sales Agreement: This agreement provides for Salisbury to sell to Vermont Gas, 40,000 Mcf of RNG at a fixed price for twenty-years. This agreement would not trigger Commission review under Section 248 because it is an in-state supply contract, however, consistent with VGS's obligation under its RNG Tariff approved in Docket 8667, VGS will review the proposed RNG supply arrangement with the Department of Public Service.

Finally, while not an agreement between Salisbury and Vermont Gas, Vermont Gas will also be entering into an agreement with Middlebury College to enable it to transport the RNG it purchases from Salisbury. Because this in-state transport service is not covered by a current VGS tariff, VGS intends to file that agreement for Commission approval pursuant to 30 V.S.A. § 229.

Vermont Gas believes that Commission approval under section 229 of the Middlebury College RNG Sales Agreement, and the Operating Agreement with Salisbury (relative to the maintenance service), can occur on a separate and subsequent path from the Commission's review of Salisbury's section 231 and 248 requests. Vermont Gas is aware of Salisbury's timing needs in terms of commencing construction in early spring 2019 in order to become operational by the end of 2019. As a result, Vermont Gas wishes to ensure that the regulatory review of these documents does not impact the construction timing in order to allow the delivery of renewable natural gas as soon as feasible to the benefit of Vermont Gas and its customers

We are excited to be working with Salisbury to bring this innovative RNG project to fruition.

Regards,



Eileen Simollardes
Vice President – Regulatory Affairs