

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-2230-PET

Petition of Vermont Gas Systems, Inc., pursuant to 30 V.S.A. § 248(i), for approval of an out-of-state renewable gas purchase contract with a term exceeding 5 years	
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Order entered: 07/11/2022

ORDER OPENING AN INVESTIGATION AND NOTICE OF SCHEDULING CONFERENCE

On June 13, 2022, Vermont Gas Systems, Inc. (“VGS”) filed a petition (“Petition”) with the Vermont Public Utility Commission (“Commission”), pursuant to 30 V.S.A. § 248(i), seeking approval of an out-of-state renewable gas (“RNG”) purchase contract with Archaea Energy Marketing LLC (“Archaea”).

The proposed contract will require VGS to purchase, at minimum, a volume of 300,000 dekatherm (“DTH”)¹ of RNG annually from a landfill RNG plant owned by Archaea in Waterloo, New York. The proposed contract includes a 14.5-year term with an option for an additional five-year extension. The proposed contract also includes an option for VGS to increase the total RNG volume purchased under the contract and allows for VGS to resell purchased volumes of RNG into renewable transportation fuel markets.

The Commission previously authorized VGS to establish an RNG program that enables VGS to offer its customers the option to purchase RNG as a portion of their natural gas usage.² The Commission also recently approved an alternative regulation plan (“ARP”) that allows VGS to include RNG as a component of its overall gas supply and incrementally increase the amount of RNG it supplies by up to 2% of overall gas sales each year for its firm customers.³ In its petition, VGS represents that this proposed contract “alone could secure 50% of the non-fossil gas needed to meet VGS’s supply goal for 2030” that will be needed to comply with Vermont’s

¹ One DTH is the equivalent of 1 million British thermal units (“MMBtu”).

² *Petition of Vermont Gas Systems, Inc. for a Renewable Natural Gas Program and Optional Tariff*, Docket 8667, Order of 9/6/17.

³ *Petition of Vermont Gas Systems, Inc. for approval of an Alternative Regulation Plan*, Case No. 19-3529-PET, Order of 08/11/21 at 4-5.

Global Warming Solutions Act (“GWSA”).⁴ VGS estimates that the proposed contract with Archaea will result in an approximate 3.6% increase to VGS’s overall firm rates.⁵

On July 5, 2022, the Vermont Department of Public Service (“Department”) filed comments recommending that the Commission initiate an investigation “to carefully evaluate the contract and ensure that the benefits of VGS’s efforts are delivered to Vermont ratepayers in a least-cost manner, consistent with 30 V.S.A. § 218c.”⁶ In support of this recommendation, the Department states that “[w]hile VGS is authorized to supply up to two percent of its supply [with RNG] under its [ARP] , that authority is not without regulatory oversight” and that the “scope and scale of the contract strongly suggests that it should be comprehensively evaluated to better understand the RNG commodity impacts, from ratepayer impact to greenhouse gas mitigation.”⁷

In today’s order, the Commission initiates an investigation into VGS’s proposed RNG purchase contract with Archaea. The Commission is committed to supporting increased use of RNG in Vermont to meet the State’s renewable energy goals, including the broader objectives and requirements included in the GWSA. VGS’s proposed contract, however, includes a relatively large supply of RNG with costs that will be passed on to VGS’s customers. The proposed contract also includes novel mechanisms, including the option to resell volumes of purchased RNG, that warrant a detailed regulatory review. We have determined that the Commission will need to obtain additional information from VGS and recommendations from the Department before deciding whether to approve the proposed contract with Archaea. Therefore, and in light of the Department’s recommendation, we are initiating an investigation into the proposed contract.

Under 30 V.S.A. § 248(i), the Commission “shall conclude its investigation within 120 days of issuance of its notice of investigation.” To expedite this investigation and ensure that we can make a final approval decision in a timely manner, we have assigned a hearing officer for the investigation and direct that a scheduling conference be held on July 21, 2022, at 1:00 PM via

⁴ Petition at 2.

⁵ Todd Lawliss, VGS, pf. at 7.

⁶ Department’s Comments at 3.

⁷ Department’s Comments at 2.

GoToMeeting videoconference⁸. Participants and members of the public may access the evidentiary hearing online at <https://meet.goto.com/955599669>, or call in by telephone using the following information: phone number: +1 (646) 749-3129; access code: 955-599-669.

Participants may wish to download the GoToMeeting software application in advance of the hearing at <https://meet.goto.com/install>. Guidance on how to join the meeting and system requirements may be found at <https://www.gotomeeting.com//online-meeting-support>.

The Commission requests that the Department and VGS file a stipulated procedural schedule for the investigation in advance of the scheduling conference if possible. If VGS and the Department are unable to stipulate to a procedural schedule, then the Commission requests that the parties file separate schedules. The parties should also be prepared to discuss potential dates for a workshop at the scheduling conference.

Pursuant to 30 V.S.A. §§ 20 and 21, VGS will be responsible for court reporter costs incurred by the Commission during the course of this proceeding and billed back to VGS.

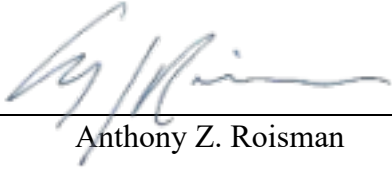
ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission (“Commission”) of the State of Vermont that:

1. Pursuant to 30 V.S.A. § 248(i), an investigation is opened into the renewable gas supply contract with Archaea Energy Marketing LLC entered into by Vermont Gas Systems, Inc. (“VGS”).
2. Pursuant to 30 V.S.A. § 8, Daniel Burke, Staff Attorney, is appointed to serve as the hearing officer to conduct the proceedings in this matter.
3. Pursuant to 30 V.S.A. § 10, a scheduling conference will be held before the hearing officer on July 21, 2022, commencing at 1:00 PM, via GoToMeeting videoconference.
4. Any proposed schedule(s) shall be filed into the case in ePUC by close of business, July 19, 2022.
5. Pursuant to 30 V.S.A. §§ 20 and 21, VGS will be responsible for court reporter costs incurred by the Commission during the course of this proceeding and billed back to VGS.

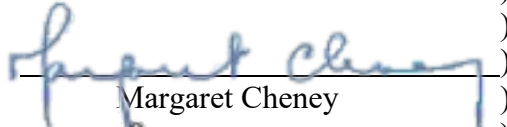
⁸ Pursuant to 30 V.S.A. §§20 and 21, Vermont Gas Systems, Inc., will be responsible for court reporter costs incurred by the Commission as a result of this hearing. Invoices for these costs will be mailed to the attorney(s) of record or the official representative(s) for Vermont Gas Systems, Inc.

Dated at Montpelier, Vermont, this 11th day of July, 2022.



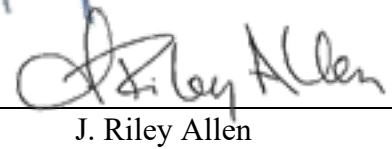
Anthony Z. Roisman)

PUBLIC UTILITY



Margaret Cheney)

COMMISSION

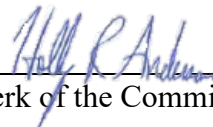


J. Riley Allen)

OF VERMONT

OFFICE OF THE CLERK

Filed: July 11, 2022

Attest: 

Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

PUC Case No. 22-2230-PET - SERVICE LIST

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