

November 16, 2021

VIA ELECTRONIC MAIL

Department of Ecology
Air Quality Program
P.O. Box 47600
Olympia, WA 98504-7600

RE: NW Natural Comments – Chapter 173-441 WAC Reporting of Emissions of Greenhouse Gases Updates

Northwest Natural (“NW Natural” or “we”) appreciates the opportunity to provide comment on the draft rule language for the Chapter 173-441 WAC, Reporting of Emissions of Greenhouse Gases (GHG) updates. NW Natural understands the importance of these rule updates to support the implementation of the Climate Commitment Act.

NW Natural has long supported the development of programs that effectively and equitably meet the State’s GHG emissions reduction goals. We are also working vigorously to decarbonize our pipeline by 2050 via our own voluntary goal. NW Natural is hopeful that the Climate Commitment Act and the resulting Cap and Invest program will align and support decarbonization efforts and believes that carbon accounting and GHG reporting will play an important role in the success of the program. NW Natural applauds Ecology’s foresight in updating the reporting rule and provides these comments in hopes of improving the final rule.

NW Natural's Business

In existence since 1859, NW Natural is a local distribution company (LDC) that provides natural gas service to roughly 2.5 million people via over 700,000 meters in Oregon and Washington (roughly 10% of which are in Washington). Throughout the region, the Company owns pipelines that carry gas to homes and businesses for water and space heating, cooking, and industrial processes.

General Comments

NW Natural currently provides GHG reporting data at the federal level to the EPA. The vast majority of the emissions reported are from the combustion of natural gas by our customers; a very small percentage (approximately 1%) of the total emissions reported are emitted by our facilities and pipeline for the operation and maintenance of the utility and its distribution system.

NW Natural understands the need to include natural gas suppliers in the Washington state reporting program, as required by the Climate Commitment Act. NW Natural believes that using existing methodologies like those used at the federal level are important for consistency, but that the rule updates should also allow for a more inclusive assessment of alternative fuels and future technologies. The proposed rule language for Chapter 173-441 WAC improves on the existing reporting protocols but should be expanded to meet the state's GHG emissions reduction goals.

Definition of Biomethane and Biogas

NW Natural appreciates Ecology adding a definition for biomethane to the rule language. Thank you for addressing this concern from the informal comment period. We would suggest broadening the definition of biogas to include any biogenic source, including woody biomass.

Covered Emissions

During the informal comment period, NW Natural advocated for changes to the draft rule language that would broaden the scope of fuel types and technologies recognized and accounted for in the reporting rule. NW Natural continues to be concerned that the scope of the reporting rule is too narrow and does not allow for current and future carbon-reducing technologies and fuels. NW Natural would like to propose the inclusion of other carbon-reducing technologies and carbon accounting methodologies in this program to better reflect the emissions actually generated from LDCs and their customers. Below is a summary of some of these items:

Biomass-derived fuels and biomethane: As currently proposed in the draft rule, LDCs are allowed to report biomass-derived fuels separately from natural gas. NW Natural is concerned that the rule text incorrectly only refers to biomass-derived fuels instead of biomethane purchased by the LDC on behalf of its customers. As defined in the rule, "biomass-derived fuels" does not include methane from renewable sources. Tables MM-1 and MM-2 of 40 C.F.R. Part 98 do not include biomethane equivalents. Please update 173-441-122(4)(b)(xii) and provide clarification that biomethane purchased by the LDC on behalf of customers will be reported separately from traditional natural gas.

In addition, the draft rule states that biomass-derived fuels that are purchased on behalf of and delivered to customers can be separated from natural gas emissions. Because of the interconnected design of the natural gas system and pipelines, much like the electric system, there is no way of tracking the specific molecule of gas purchased to a specific customer's meter. When an LDC purchases biomethane on behalf of customers, they are displacing that amount of natural gas on the system and therefore reducing the carbon emissions from the whole system. NW Natural suggests that biomethane, including sources outside of Washington that are attributed to use in Washington through a tracking mechanism such as the Midwest Renewable Energy Tracking System (M-RETS) or other programs (see below), should be accounted for and represented in the WA GHG reporting program. The addition of renewable thermal credits is consistent with other Washington regulatory programs such as the Clean Energy Transformation Act that allow for the use of renewable energy credits.

To reflect the way that the natural gas system operates, NW Natural is proposing that the words “delivered to” be removed from the rule language and that the addition of renewable thermal credits be addressed in the rule. As an example, the second sentence of 173-441-122(4)(b)(xii) could be changed to read “*CO₂ emissions from biomass-derived fuel and biomethane are based on the fuel or renewable thermal credits from biomass-derived fuels that the LDC has contractually purchased on behalf of ~~and delivered to~~ end users.*”

Pre-combustion and post-combustion carbon capture and sequestration: As NW Natural works to decarbonize our system, we are at the forefront of carbon reducing technologies and fuel. Integral to some of these technologies is the concept of carbon capture and sequestration. NW Natural is requesting that a broader array of pre- and post-combustion carbon capture and sequestration options be included in the WA GHG reporting program because these technologies reduce the GHG footprint of our operations and our customers’ usage. NW Natural understands that the draft rule allows for some reporting of emissions captured under 40 CFR 98 Subpart RR, Geologic Sequestration of Carbon Dioxide. Unfortunately, the adoption of this subpart is too narrow to address all the carbon capture and sequestration technologies and applications.

The recently released draft Cap and Invest rule language for 173-446 exempts facility emissions of “carbon dioxide [that] is permanently removed from the atmosphere either through long term geologic sequestration or by conversion into long lived mineral form.” NW Natural would like this exemption expanded to other facilities that utilize carbon capture, not just to those large enough to have to report under Subpart RR. To support this technology and expand its application, it is important that the emissions captured at smaller facilities, such as commercial and institutional facilities, be counted like emissions from large facilities. As we work to decarbonize the fuel in the system, post-combustion carbon capture installed on customers’ equipment provides another means of reducing the state’s emissions. Like other fuels already included or proposed for inclusion in the program, carbon capture and sequestration could be reported in terms of metric tons of CO_{2e} emissions captured.

In addition, NW Natural would again like to emphasize the importance of pre-combustion carbon capture and sequestration as an important step in the development of some zero-emitting fuels, like hydrogen, that can displace traditional natural gas in the pipeline. For this technology, the carbon that is generated from the partial oxidation or reformation of natural gas to produce hydrogen is captured and sequestered. In this scenario, only reporting the natural gas consumption (or oxidation) in the state would not reflect the actual emissions released. Natural gas would be used in the hydrogen production process, but it is not being combusted, and the resulting emissions from the fuel use are never released to the atmosphere. Using only the volume of natural gas consumed would overestimate the emissions released. Like post-combustion carbon capture, pre-combustion carbon capture could be reported in terms of metric tons of CO_{2e} emissions captured.

Finally, other fuels can be produced from captured waste CO₂ streams, such as synthetic methane, that are 100% compatible with the existing natural gas distribution system and have carbon intensities essentially equal to that of the hydrogen used to create them. It is unclear from the current draft of the rule how these emissions will be calculated. If these fuels are accounted for as traditional natural gas, then these synthetic fuels would have carbon counted twice, even though their carbon intensity is near zero. NW Natural is asking for these synthetic fuels to be reported separately from natural gas and biomethane, so that the reuse of captured waste CO₂ is taken into consideration.

NW Natural feels that proper carbon accounting that is inclusive of carbon capture technology will be important for the success and accuracy of the Climate Commitment Act.

Summary

As currently proposed, NW Natural feels that the updates to the reporting rule are too limited in scope and do not account for all the technology needed to decarbonize Washington's energy system. NW Natural therefore requests an expansion of the reporting program to include more options for fuels and carbon reduction technologies. We hope that, as technology continues to evolve, there will be mechanisms that allow for these options to be accounted for under this reporting program.

Thank you for your consideration of our comments. We look forward to the final rule and are happy to discuss more details of our comments and our vision for decarbonizing the natural gas system with Ecology staff.

Sincerely,

/s/ Kellye Dundon

Kellye Dundon

cc: Rachel Assink, Ecology
Neil Caudill, Ecology
Nels Johnson, NW Natural