

Recovered Methane Supply

Request for Information

RFI Issue Date: July 17, 2023

Proposals Due: September 1, 2023

I. Background

The State of Colorado passed legislation in 2021 requesting utilities in Colorado file clean heat plans supporting efforts to reduce greenhouse gas emissions within the state. One important element of this effort is the expanded use of recovered methane from sources such as landfills, wastewater, dairy farms, and coal mines. For simplicity, all of these resources will be referred to as renewable natural gas (RNG) for this document. The utilities (Atmos Energy, Black Hills Colorado Gas, Colorado Springs Utilities, and Public Service Utilities of Colorado) (jointly referred to here as “Utilities”) are issuing a Request for Information from interested parties to identify future sellers of RNG.

The Utilities request general and technical responses to this RFI from RNG project developers, marketers and others (“Respondents”) that can provide for delivery of RNG within Colorado to the Utilities. Responders can provide information on RNG for sale from facilities currently in operation, projects that are under development or ventures being planned or considered. The requested information includes production method, daily production volumes, gas quality, locations, start-up dates, and contract terms. Utilities also request information about the Respondent.

II. Schedule/Communication

Schedule

The RFI schedule is listed below. Interested parties are requested to provide an early indication of participation to allow the Utilities to include those parties in future communications. A question-and-answer period is provided to allow time for potential respondents to gather information. The Utilities plan to notify each Respondent of the status of its project (no interest or potential interest at a later date). The Utilities will file their Clean Heat Plans with the applicable regulatory agencies (Colorado Public Utilities Commission (PUC) or the Air Pollution Control Division (APCD) of the Colorado Department of Public Health and Environment) on a rolling basis over the remainder of 2023. While those plans are being authorized (expected to be 6 – 9 months after filing), the Utilities may begin negotiations with the remaining Respondents to finalize contracts; however, binding agreements are not expected to be realized until after regulatory authorization is received as applicable.

RFI Issued	July 17, 2023
Deadline for Respondents to indicate participation	July 28, 2023
Deadline for Respondents to submit questions	July 31, 2023
Utilities respond to questions	August 7, 2023
RFI responses due date, 5:00 pm CT	September 1, 2023

Communications

Submit any specific questions regarding the RFI and indications of intent to participate by email to the following email address: 2023RMRFI@xcelenergy.com. If a question is company specific, it will be forwarded to the affected party. The applicable utilities will respond through direct email communication.

III. Requirements

The Utilities seeks information for RNG supplies which meet the following requirements:

- i. Gas quality requirements (see Exhibit 1 for tariff specifications)
- ii. General pressure requirements: greater than the line pressure of the connecting pipeline without exceeding that pipeline's maximum allowable operating pressure (MAOP)
- iii. Acceptable locations:
 - Gas originating in Colorado and purchased by a Utility within the state.
 - Utilities gas systems (see Exhibit 1 for links to maps or other information for each system).
 - Interstate pipelines (see Exhibit 1 for links to maps or other information for each system).
- iv. Finance Lease Accounting Considerations
 - Utilities' objectives with respect to contract provisions (term lengths, asset life, pricing structures, percentage of RNG sold to Utilities, etc.) are to avoid or minimize the adverse financial impact of imputed debt from a finance lease obligation as defined in Accounting Standard Codification 842.
- v. Environmental Attributes¹

¹ Environmental Attributes include but are not limited to: (i) any avoided emissions of pollutants to the air, soil or water such as Sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (ii)

- Utilities preference is to purchase the RNG together with all the environmental attributes associated with the RNG (the environmental attribute being sold should be associated with the physical renewable natural gas being produced in Colorado). In other words, the Respondent may not sell attributes from a generalized nationwide bank of similar attributes. The price of the physical gas and the environmental attribute should be stated separately. If Respondent wishes to sell attributes separately from the physical gas, the Respondent should contact the individual utility using the email addresses listed below.
- Utilities require the seller of the RNG to cooperate with Utilities in obtaining and conveying to Utilities all environmental attributes associated with the RNG, providing all reasonably necessary or useful paperwork, providing information, consenting to monitoring of activities and collection of data and all other activities reasonably necessary or useful for Utilities to obtain the full benefit of all environmental attributes.
- Utilities request the Respondents to confirm eligibility of the Recovered Methane to generate Recovered Methane Credits for use within the Clean Heat Program using one of the approved Recovered Methane Protocols (“Protocols”) that are included in the adopted Recovered Methane Rule². Respondents are also requested to include Recovered Methane Credit calculations in their response for their proposed project using the calculations from the relevant Protocol.

IV. Requested Information and Submission Requirements

Information should be provided in the spreadsheet entitled “Colorado RFI Forms.xlsx” issued together with this RFI document, to the fullest extent possible. The Utilities will accept a partial response only to the extent information is not available or applicable. However, the provision of partial information may make it more likely that a project will not be pursued later. Any and all information regarding the following topics that can be provided at this stage in the RFI process is appreciated:

any avoided emissions or reduced intensity of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases; (iii) “Green Attributes” within the meaning of California Air Resources Board rules and reporting requirements (or terms with similar meaning that may be recognized in the future under applicable law); (iv) displacement or avoidance of any amount of conventional natural gas or fossil energy generation resources; (v) the reporting rights to these avoided emissions and/or reduced intensities; and (vi) any renewable fuel attributes, including any necessary to generate Recovered Methane Credits under the Colorado Clean Heat Program and Renewable Identification Numbers under the federal Renewable Fuels Standard and credits under California’s Low Carbon Fuel Standard. Environmental Attributes do not include any tax incentives.

² Recovered Methane Protocols and Crediting and Tracking System | Department of Public Health & Environment (colorado.gov)

- i. General Information
- ii. Operations
- iii. Gas Quality
- iv. Pricing
- v. Financial and Ownership/Partnership
- vi. Environmental (the calculated CI score and estimated emissions reduction using the GREET model)
- vii. Other Information

Submission Requirements

The spreadsheet entitled “Colorado RFI Forms.xlsx” must be separately submitted via email, by 5:00 p.m. MT on September 1, 2023, with the subject “Colorado RNG RFI”. If the project is expected to connect to only one local distribution system, the spreadsheet should be submitted to that company address only. If the project may connect to multiple systems or to an upstream pipeline, the spreadsheet should be submitted to each company address listed below.

Atmos Energy: ColoradoRNGRFI@atmosenergy.com

Black Hills Colorado Gas: BHERNG@blackhillscorp.com

Colorado Springs Utilities: NatGasTrading@csu.org

Public Service Company of Colorado: 2023RMRFI@xcelenergy.com

Given the anticipated costs of RNG projects, it is expected that most, if not all, RNG projects will need to be shared among the participating utilities requiring the cooperation and sharing of information suggested here. However, the Respondent may submit its spreadsheet to the utility or utilities of its choice regardless of expected system interconnection. Each Utility will follow its own procurement processes when selecting and negotiating with RNG sellers.

V. Allocation of RNG Projects to Utilities

The Utilities reserve the right to allocate Respondent’s offered projects to the appropriate gas systems based on lowest cost with acceptable cost and environmental attribute information and in keeping with the State of Colorado’s clean heat goals. The Utilities plan to allocate projects in the following manner.

If the RNG project is proposed to interconnect to a local distribution company's system, that utility will be assumed to have the first right to pursue the transaction and the associated environmental attributes. The distance and the related cost from the RNG project to the utility interconnection point will be a primary driver in the selection of projects, which supports the assumption of the nearest utility having first rights. However, the Respondent may elect to submit its spreadsheet to a different utility if it so chooses.

Environmental attributes (if any remain after the first utility purchase) will be allocated to the remaining utilities using a ratio based on utility size (customer count). If an RNG project connects to an upstream interstate pipeline (such as Colorado Interstate Gas), the gas and environmental attributes will be allocated to the utilities using a ratio based on utility size (customer count). Each utility has the right to refuse purchase of the physical gas and related attributes, in which case, they will become available to the other utilities based on utility size (customer count).

The Utilities may agree to share environmental attributes if that action supports Colorado's clean heat goals and PUC requirements. The Colorado clean heat plans include cost caps for each utility and those cost caps are likely to limit the amount of participation each utility may have in the offered projects.

VI. Cost of Interconnection Facilities

The following utilities plan to request the PUC to allow it to include the cost of RNG facilities interconnecting with its system in its rate base. If the PUC grants the request, the RNG producer would repay the cost of the interconnection over time rather than paying that cost upfront. Details on the process for interconnection requests and financing will be developed following approval from the PUC.

- Black Hills Colorado Gas
- Public Service Company of Colorado

In all other circumstances, the Respondent will bear the cost of constructing the facilities to interconnect with the appropriate gas system:

VII. RFI Conditions

This RFI is issued for information and planning purposes – it does not constitute a binding offer to purchase. This RFI does not commit Utilities to contract for any supply or service, and does not constitute a commitment, implied or otherwise, that Utilities will take any procurement action. Utilities reserve the right to use any form(s) of solicitation to acquire gas supply, including RNG, and is under no formal obligation to pursue an agreement with any Respondent.

Respondents are encouraged to conduct their own investigation and analysis of any and all information contained herein or otherwise provided by or on behalf of Utilities. No Respondent will have any claim whatsoever against Utilities, its employees, officers, or consultants arising from, in connection with, or in any way relating to this RFI.

Participation in this RFI is voluntary. Utilities will not pay for any information or administrative costs incurred in response to this RFI; all costs associated with responding to this RFI will be solely at the Respondent's expense.

In its sole discretion and without notice to Respondents, Utilities reserves the right to: 1) modify, change, supplement or withdraw the RFI; 2) extend the submission date/time and/or to supplement, amend, substitute or otherwise modify the RFI at any time prior to the submission date/time; 3) require, permit or reject amendments (including, without limitation, submitting information omitted), modifications, clarifying information, and/or corrections to responses by some or all Respondents at any time before or after the submission date/time; 4) require, request or permit, in discussions with any Respondent, any information relating to the subject matter of this RFI that Utilities deems appropriate, whether or not it was described in the Response or this RFI; 5) decline to consider any response to this RFI; and, 6) elect to proceed or not to proceed with discussions or presentations regarding the subject matter of this RFI with any Respondent.

Utilities and Respondent agree to keep confidential information that is clearly identified as containing confidential and proprietary information, including but not limited to the response to the RFI as well as information and documents exchanged between Utilities and Respondent during the course of the preparation of the response to the RFI and the response evaluation process ("Confidential Information"). Utilities and Respondent shall only disclose the Confidential Information to those within their organizations with a need to know. In addition, such Confidential Information shall only be used by Respondent to respond to the RFI or by Utilities to evaluate the response. Utilities and Respondent agree that they shall not disclose Confidential Information to agents or consultants unless the agent or consultant has: 1) a need to know such information; 2) agrees to only use the Confidential Information to respond to the RFI or evaluate the Response; and 3) is contractually bound to disclosure standards and policies at least as restrictive as those set forth in this paragraph. Regardless of the confidentiality, all such Confidential Information may be subject to review by: 1) any other governmental authority or judicial body with jurisdiction relating to these matters; and 2) legal and regulatory discovery. Under such circumstances, Utilities and Respondent shall make all reasonable efforts to preserve the confidentiality of the Confidential Information, including requesting that it be filed under seal, but acknowledge that such treatment is neither automatic nor guaranteed.

Notwithstanding anything to the contrary, Colorado Springs Utilities is subject to and will

comply with the Colorado Open Records Act, C.R.S. § 24-72-201 et seq.

By submitting a response to this RFI, Respondents are deemed to have acknowledged and agreed to the conditions set out within it.

Exhibit 1 Links for Gas Systems Gas Quality Specifications and Maps

RNG facilities that can connect to the following systems will be considered. These systems may have additional biomethane specifications not listed in the applicable tariff. It is recommended that Respondents check with each system individually.

Colorado Utilities

Atmos Energy:

Gas Quality Specifications can be found in the Atmos tariff:

<https://www.atmosenergy.com/partners/pipeline-interconnects-and-gas-supply>

Atmos system map: [atmosenergy.com/utility-operationsrates/utility-operations/](https://www.atmosenergy.com/utility-operationsrates/utility-operations/)

Black Hills Colorado Gas:

Gas Quality Specifications can be found in the Black Hills tariff:

<https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/cog-bhcg-tariffs.pdf>

Black Hills Colorado system map:

<https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/cog-bhcg-tariffs.pdf>

Colorado Springs Utilities LDC Gas systems:

Gas Quality Specifications can be found in the CSU

tariff: <https://www.csu.org/Documents/NaturalGasTariff.pdf?csf=1&e=zsszBY>

CSU System map:

<https://www.csu.org/Documents/ServiceBoundariesMap.pdf?csf=1&e=2n8Qk5>

Public Service Utilities of Colorado (PSCo) LDC Gas systems

Gas Quality Specifications can be found in the PSCo Gas Tariff, Sheets R24B through R24D:

https://www.xcelenergy.com/staticfiles/xe/PDF/Regulatory/psco_gas_entire_tariff.pdf

PSCo system map:

<https://gastransport.xcelenergy.com/staticfiles/microsites/gastransport/docs/PSCO/Non%20Critical/ColoGasTransSysMap-EXTERNAL%202017.pdf>

Colorado Interstate/Intrastate Pipelines

RNG facilities that can connect to the following systems would be considered as further identified below.

Cheyenne Connector Pipeline

Connect within Colorado

Gas Quality:

<https://tallgrassenergyllp.trellisenergy.com/ptms/public/infopost/viewInfoPostingReportTable.do?reportType=10&tspld=1&proxyTspld=1>

System Map:

<https://tallgrassenergyllp.trellisenergy.com/ptms/public/infopost/getInfoPostingHome.do>

Colorado Interstate Gas

Connect within Colorado.

Gas Quality:

https://pipeline2.kindermorgan.com/Documents/CIG/CIG_EntireTariff.pdf#gtcq

System Map: <http://pipeline2.kindermorgan.com/default.aspx?code=CIG>

Northwest Pipeline, LLC

Connect within Colorado.

Gas Quality:

http://www.northwest.williams.com/NWP_Portal/extLoc.action?Loc=FilesNorthwesttariff&File=tariff_GTC.pdf

System map: http://www.northwest.williams.com/NWP_Portal/downloads.action

Rockies Express Pipeline – Rate Zone 1

Connect within Colorado.

Gas Quality:

https://pipeline.tallgrassenergyllp.com/Pages/PDFViewer.aspx?pipeline=501&file=REX_tariff.pdf&bm=gasqual

System Map: <http://pipeline.tallgrassenergyllp.com/Pages/SystemMaps.aspx?pipeline=501>

Rocky Mountain Natural Gas (RMNG) Intrastate Gas pipeline system

Connect within Colorado.

Gas Quality:

https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/co_rmng-tariff.pdf

System Map:

https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/co_rmng-tariff.pdf

Southern Star Central Gas Pipeline – Rawlins – Hesston Pool zone

Connect within Colorado.

Gas Quality:

<https://csimain.southernstar.com/EBBPostingDocs/other/TariffShark/tariff.pdf#gtcquality>

System Map:

<https://csimain.southernstar.com/EBBPostingDocs/Other/TariffShark/ProductionArea.pdf>

Tallgrass Interstate Gas Transmission – West Zone (Segments 105, 125, 130, 145, 150, 160, 790, 795, and Colorado Lateral)

Connect within Colorado.

Gas Quality:

https://pipeline.tallgrassenergyllp.com/Pages/PDFViewer.aspx?pipeline=302&file=TIGT_tariff.pdf&bm=gasqual

System Map:

https://pipeline.tallgrassenergyllp.com/Content/TIGT/TIGT_FERC_Web_Map.pdf

TransColorado Gas Transmission Company

Connect within Colorado.

Gas Quality:

https://pipeline2.kindermorgan.com/SearchTariff/Search_Tariff.aspx?code=TCP

System map:

https://pipeline2.kindermorgan.com/SearchTariff/Search_Tariff.aspx?code=TCP

Wyoming Interstate Company

Connect within Colorado.

Gas Quality:

https://pipeline2.kindermorgan.com/Documents/WIC/WIC_EntireTariff.pdf#gtcq

System Map: <http://pipeline2.kindermorgan.com/default.aspx?code=WIC>