March 17, 2021

Rep. Jamie Long (DFL) District: 61B
517 State Office Building
St. Paul, MN 55155
Sent via email to : Mike.Molzahn@house.mn

American Biogas Council SUPPORT for SF 421 – the Natural Gas Innovation Act

Dear Chair Long and Members of the Minnesota House Energy Committee:

As the voice of the US biogas industry, we're writing today to express our strong support for MN SF 421, Natural Gas Innovation Act. Incentivizing innovation in the natural gas industry will create growth in a critical renewable energy sector: the biogas industry and renewable natural gas (RNG) which is made from biogas. Not only is growth of these industries important for renewable energy, but Minnesota must recycle its millions of tons of organic material and biogas systems are one of only two ways to do that. They go hand in hand. The organic waste will not go away, nor will the emissions associated with not managing it. Because biogas is at worst a low carbon source of renewable energy, and at best a carbon negative fuel, we can be sure that more biogas will help plummet state GHG emissions while their construction also grows the local economy through new jobs and investment.

The American Biogas Council is the voice of the US biogas industry. We represent more than 250 companies and 2,800 individuals, including many in Minnesota and more interested in doing business in the state. The American Biogas Council is focused on making it easier to build more biogas systems through education and improving policy, and SF 421 will help.

We see 5 key reasons to support the Natural Gas Innovation Act:

1. Minnesota must recycle its organic material with the construction of new biogas systems;
2. RNG is one of the most significant ways for the gas business to shrink its carbon footprint;
3. Gas customers want the option to buy RNG instead of conventional natural gas;
4. The proposal would make Minnesota an attractive state for project development that leads to more sustainable agriculture and recycling and new investment and jobs; and
5. Minnesota has an opportunity to be included among the leading states to promote decarbonization of its gas supply;

1. Minnesota must recycle its organic material with the construction of new biogas systems.
Today, Minnesota has 38 operational biogas systems but the potential to build more than 730 new projects which could produce RNG from their biogas (ABC biogas state profile for Minnesota). If we just took the agricultural waste from Minnesotan farms, plus the food waste generated today and the sludge removed from wastewater at Minnesota's largest wastewater plants, at least 73 billion cubic feet of gas can be produced each year. The clean energy produced by these biogas systems would result in emissions reductions equivalent to removing 4.6 million cars from the road or growing 2 billion coniferous tree seedlings for ten years.

Allowing natural gas utilities to include RNG in their portfolios and creating a seamless process for approving interconnection between RNG projects and the gas distribution grid are essential steps for decarbonizing Minnesota's energy supply while retaining enough heating value to keep Minnesotans warm in the wintertime.

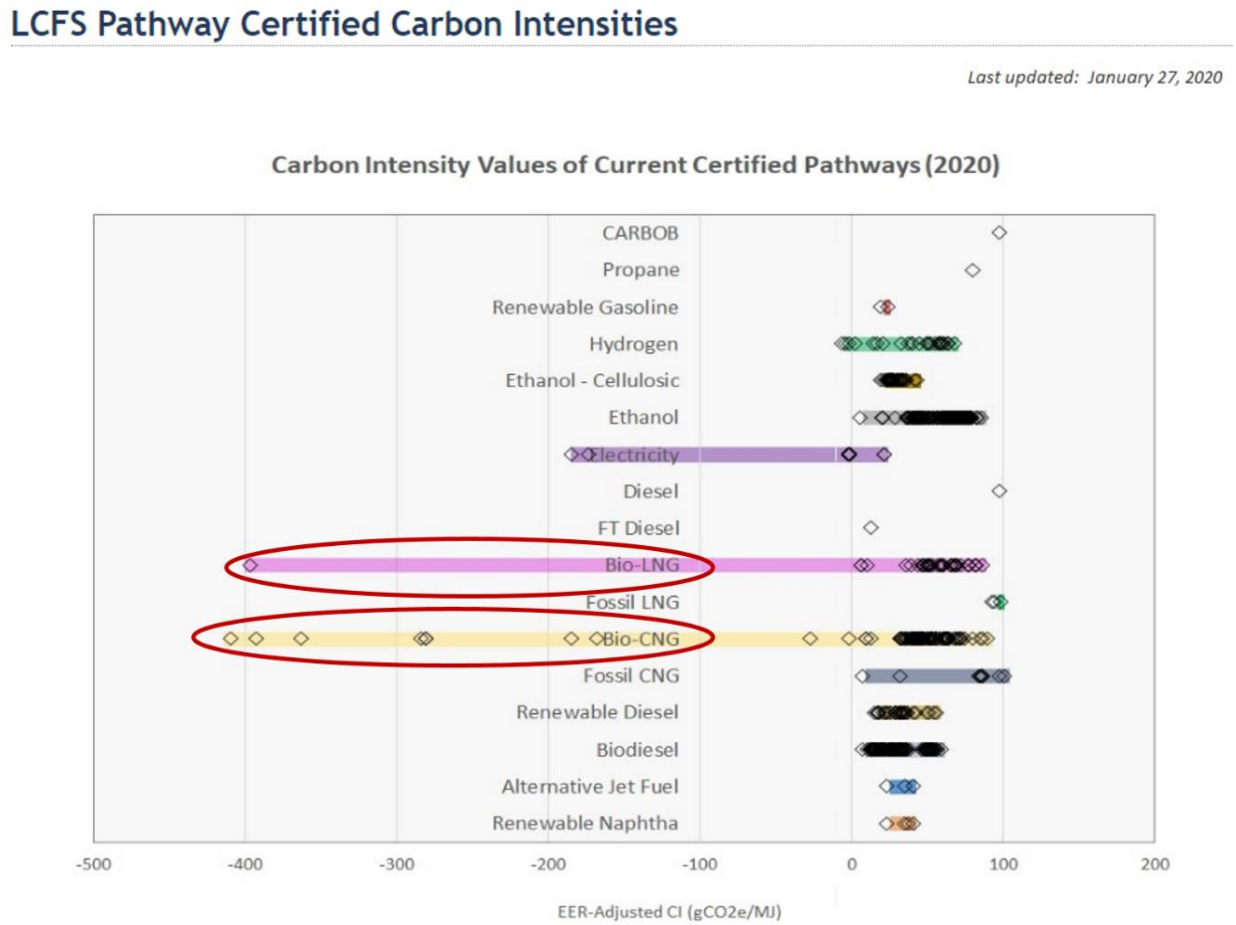
But this bill is about more than just renewable energy. Biogas and renewable natural gas production also make farms more sustainable by reducing methane emissions and putting more advanced manure management and nutrient recycling practices in place. When you make it easier for RNG projects to come online with policies like the Natural Gas Innovation Act, you simultaneously encourage the reduction of methane emissions and more advanced manure management and nutrient recycling practices. Since access to the gas distribution grid is key for selling the gas, encouraging natural gas utilities to acquire these resources will lead to waste management infrastructure as well. And when you have so much organic waste to manage, those policies prove to be a key component of a comprehensive approach to sustainability in the state.

2. An RNG program is one of the most significant ways for the gas business to shrink its carbon footprint

All over the country, gas utilities want and need to shrink their carbon footprint. Customers are demanding it and gas is needed for many things electricity can't provide alone. Utilities embrace RNG from biogas because of its low- and sometimes negative carbon value. For example, in March 2019, SoCalGas announced their commitment to replace 20 percent of its traditional natural gas supply with RNG by 2030 (and 5% by 2022) which would make them the cleanest natural gas utility in North America, even though they are the largest gas utility in the nation (source). These commitments can shrink carbon footprints dramatically because the biogas system eliminates carbon emissions throughout the entire lifecycle—from production to use.

Farms without biogas systems and open manure lagoons emit huge volumes of methane emissions. By putting that manure into a biogas system, those harmful methane emissions are eliminated and put to use to displace fossil fuels, like those from gasoline or diesel vehicles. When you add both benefits together, you can have biogas or RNG that's *deeply* carbon negative.

To further underscore the science behind the statement of carbon negativity, in California, the California Air Resources Board, a government agency, certifies every project that participates in its Low Carbon Fuel Standard using the Argonne National Lab GREET model. They look at how much in carbon emissions the projects will eliminate from the atmosphere if constructed. Almost all of the negative carbon projects in the entire program and by far, the most deeply carbon negative projects are all biogas and RNG projects. See the chart below (source):



3. Citizens and gas customers want the option to buy RNG instead of conventional natural gas

Across the country, the drive to create RNG programs is customer driven. Customers of products, like L'Oreal cosmetics (source) and UPS services (source) have driven those companies to buy renewable natural gas made from biogas, because gas is needed to make those products and run their business. Gas customers in Minnesota need access to the low carbon and carbon negative attributes of renewable natural gas. Access can only begin when RNG producers have places to inject renewable gas into natural gas pipelines, and by allowing natural gas utilities to incorporate innovative resources such as biogas and RNG into their portfolios, gas customers will be able to get a hold of those environmental benefits.

In addition, companies like Cargill, Starbucks, Unilever and others need renewable gas to be able to address Scope 1 and Scope 3 emissions.

4. Approving CenterPoint's interconnection petition will make Minnesota an attractive state for project development and lead to more sustainable agriculture, recycling, new investment, and jobs.

As companies consider where to develop biogas projects, one of the things they look for first is a regulatory environment that allows access to national RNG fuel markets. The more clearly that Minnesota demonstrates that it is a good place to invest into RNG projects, the more the state will have a leg up when it comes to attracting project developers and the jobs, energy, and greenhouse gas reductions they bring with them. If all the potential biogas systems in Minnesota can be realized, they would generate $2.19 billion in capital investments plus 18,261 construction jobs and 1,213 permanent jobs in the state to run on these systems. Approving this bill will signal to RNG producers that Minnesota is a place they should do business, and as an organization with a direct line to many such companies, we will make sure they are aware of the opportunity.

5. The Natural Gas Innovation Act asks the right questions when it comes to using alternative agricultural products.

Aside from the gas itself, biogas systems produce digestate, a soil product that can sequester carbon in Minnesota soils, prevent nutrient runoff into Minnesota's waterways, and can provide additional revenue for a biogas project, which helps to bring more systems online. By requiring the innovation plans to report whether they support the development and use of alternative agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, the benefits of alternative agricultural products will be able to be more recognized. In addition to energy policies such as a Renewable Heating Standard or an RNG Procurement Standard, standards for the use of organic soil products can also go a long way for bringing biogas projects online and for furthering the sustainable waste management capacity of Minnesota.

For all these reasons, we strongly urge the Minnesota House Energy Committee to support the Natural Gas Innovation Act, SF 421, allowing the state to increase sustainable energy options while fostering the creation of infrastructure that recycles organic material and nutrients, and will help protect air, water, and soil. Encouraging gas utilities to sell renewable gas is the way of the future, just like the option to purchase renewable electricity. We urge you to approve this petition and move Minnesota towards a more sustainable future.

Sincerely,

Patrick Serfass
Executive Director
American Biogas Council