**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of Tariff Revisions. | )  )  )  )  ) | Case No. 22-0179-GA-ATA |
| In the Matter of the Application of The East Ohio Gas Company d/b/a Dominion Energy Ohio for Approval of Carbon Offset Program. | )  )  )  ) | Case No. 22-0180-GA-UNC |

**INITIAL COMMENTS OF INTERSTATE GAS SUPPLY, INC.**

1. **INTRODUCTION**

In recent years, the natural gas market has changed. Many customers are demanding cleaner and more environmentally friendly natural gas options. While many customers have already chosen to acquire carbon neutral natural gas, there are many customers that are not aware such options exist. To bridge the gap, Dominion Energy (“DEO”) filed an application to establish a program that will educate consumers regarding carbon neutral products available from competitive retail natural gas (“CRNG” or “Suppliers”).

Interstate Gas Supply, Inc. (“IGS”) appreciates DEO’s leadership to educate consumers regarding environmentally conscious natural gas products. IGS is generally supportive of DEO’s proposal and looks forward to working with interested stakeholders to refine the parameters of the program.

**II. BACKGROUND**

On March 11, 2022, pursuant to the Ohio Revised Code 4905.70, 4929.02(A)(3), 4929.02(A)(11), and 4929.02(A)(12), DEO filed an application seeking Commission approval to facilitate a carbon offset program and to amend its tariffs accordingly. DEO’s application seeks to develop the “Decarbon Ohio Program”, providing customers an opportunity to select a supplier offering a carbon neutral natural gas product. Under the proposed Program, certified Energy Choice suppliers would be responsible for the purchase and sale of carbon offsets and marketing carbon-offsetting rates to interested customers.

The Program would encourage the buying of offsets to fund projects that reduce or mitigate environmental impacts associated with natural gas consumption. A carbon offset is an action or activity in the form of projects that compensate for the emission of carbon dioxide or other greenhouse gases to the atmosphere. An example of a carbon offset project is the planting of trees or carbon sequestration. Much like renewable energy credits on electricity side of the business, carbon offsets have the same impact as a Supplier acquiring and delivering renewable natural gas directly into DEO’s system.

The rise of consumer interest in carbon offsets in recent years has fueled demand for investments that will reduce emissions of carbon dioxide, methane, or other greenhouse gases. IGS believes that high-quality, verified nature-based carbon offsets are possible and are a necessary tool to slow climate change. When DEO recently surveyed its residential customers in its service territory, the survey firm found that 80 percent of respondents expressed interest in carbon offset products.[[1]](#footnote-2) This overwhelming positive response gives an understanding of how customers will respond to a carbon offset rate being offered in the marketplace.

DEO states that the Decarbon Ohio Program would be a voluntary, opt-in program for both suppliers and customers, specifically Choice-eligible residential and nonresidential customers taking service under the Energy Choice Transportation Service-Residential and Energy Choice Transportation Service-Nonresidential rate schedules. DEO will be responsible for running a customer usage data query for participating suppliers, converting the Mcf usage for the supplier’s enrolled customers to metric tons using an appropriate EPA conversion factor, and providing that information to the supplier.

DEO will also validate that carbon certifications are from pre-approved third-party verifiers and conduct an annual reconciliation and review of the participating supplier’s carbon offset credits, including any “true-up” assessment, to ensure that the supplier’s carbon offset credits are equal to or greater than the total usage for the supplier’s enrolled customers. Suppliers would be prohibited from relying on any carbon offset credits that the supplier had utilized for other carbon offset programs in Ohio or any other jurisdiction, for other customers, or for other time periods, or that have otherwise been double-counted in any way.

Additionally, DEO’s facilitation would include educating customers on the carbon-rate offerings, and administration, including, reviewing supplier eligibility, customer enrollment, program compliance, maintaining customer portals, and validating supplier certified carbon offset levels.[[2]](#footnote-3) IGS is a supplier in the DEO service territory that offers carbon offsets and would be an eligible participant in this program.

IGS currently offers a green program providing carbon neutral natural gas to customers in DEO service territory. Based on customers natural gas usage, IGS invests in projects that reduce carbon from the atmosphere. As a supplier, who would be eligible to participate in the Decarbon Ohio Program, IGS is generally supportive of the initiative.

Unlike a similarly proposed program by Columbia Gas of Ohio,[[3]](#footnote-4) DEO recognizes that competitive carbon offset products for natural gas already exists and are currently being offered by competitive suppliers. Both DEO and Columbia Gas of Ohio (“Columbia”) exited the merchant function several years ago,[[4]](#footnote-5) however, only Columbia’s application for a Carbon Reduction Rider is seeking reentry into competitive retail natural gas service. This is contrasted with DEO’s application which appropriately gives competitive retail natural gas suppliers the opportunity to promote an environmentally sustainable rate offer in response to consumer interest.

1. **COMMENTS**

IGS generally supports DEO’s proposal to limit their participation in the market and their role to educating customers of the importance of such a program or product, administering supplier eligibility, and ensuring compliance by validating that suppliers obtained sufficient carbon offset to fully offset emissions associated with enrolled customers.

Although IGS is supportive of DEO’s Decarbon Ohio Program, IGS believes a few modifications should be made to the application. First, suppliers should not have to re-enroll current green customers.[[5]](#footnote-6) As explained in the application once a customer chooses to enroll, the supplier will have to send DEO a change order for that customers with the change in rate to the Decarbon Ohio rate taking effect for the customer’s current billing cycle. IGS proposes that if a supplier is currently providing a green product, that complies with Decarbon Ohio, that the customer will not have to be re-enrolled. Alternatively, IGS suggests that Suppliers voluntarily report to DEO the greenhouse gas reductions associated with customers not enrolled into the Decarbon Ohio program.

Second, in their application DEO notes that if Decarbon Ohio does not prove successful with respect to customer and/or supplier participation, or if it is not achieving the intended benefits or in the public interest, DEO may discontinue the Program and file a new application to offer carbon offset credits directly to customers.[[6]](#footnote-7) Since DEO’s alternative proposal is not currently before the Commission, IGS will reserve comment on the merit of any alternative program.

Third, despite the voluntary nature of the carbon offset program, DEO is asking to determine supplier compliance and take actions that could result in “termination from DEO’s Energy Choice Program or suspension or rescission of the supplier’s certification.”[[7]](#footnote-8) This feature of the application raises legal and policy concerns. While IGS fully intends to participate and comply with the Decarbon Ohio program, the result of non-compliance should not be a unilateral decision by Dominion to rescind a supplier’s certification. IGS would request that the application be modified to comply with Commission rules regarding rescission of a supplier’s certificate which requires a Commission hearing and order.[[8]](#footnote-9)

1. **CONCLUSION**

IGS appreciates DEO’s leadership in filing the Decarbon Ohio program to increase customer education with respect to environmentally friendly natural gas offerings. IGS respectfully requests that the Commission approve DEO’s application for Decarbon Ohio with the modifications suggested.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I certify that this Initial Comments of Interstate Gas Supply, Inc*.* was filed electronically with the Docketing Division of the Public Utilities Commission of Ohio on this 13th day of May 2022.

*/s/ Stacie Cathcart*

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1. IGS Ex. 1 (DEO Response to Staff DR-1 a). [↑](#footnote-ref-2)
2. Application at 2. [↑](#footnote-ref-3)
3. *See* *Notice of Intent to File an Application to Increase Rates of Columbia Gas of Ohio, Inc.* (May 28, 2021). [↑](#footnote-ref-4)
4. *See In re the Application to Modify, in Accordance with R.C. 4929.08, the Exemption Granted to the East Ohio Gas Company d/b/a Dominion Energy Ohio* in Case No. 07-1224-GA-EXM, Case No. 12-1842- GA-EXM, Opinion and Order (Jan. 9, 2013) (“2013 Order”) and *In the Matter of the Joint Motion to Modify the December 2, 2009 Opinion and Order and the September 7, 2011 Second Opinion and Order* in Case No. 08-1344-GA-EXM, Case No. 12-2637-GA-EXM, Amended Joint Motion to Modify Orders Granting Exemption (Nov. 27, 2012), Opinion and Order (Jan. 9, 2013), and *Entry on Rehearing* (Mar. 20, 2013).  [↑](#footnote-ref-5)
5. Application ¶30. [↑](#footnote-ref-6)
6. Application ¶14. [↑](#footnote-ref-7)
7. Application ¶ 28, 34. [↑](#footnote-ref-8)
8. R.C. 4928.08 and 4929.20. [↑](#footnote-ref-9)